
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the financial arrangements of local education authorities in relation to the funding of maintained schools for the financial years 2008-9 (funding period 1), 2009-10 (funding period 2), and 2010-11 (funding period 3).

The Financing of Maintained Schools (England) Regulations 2004, The LEA Budget, Schools Budget and Individual Schools Budget (England) Regulations 2004 and The LEA Budget, Schools Budget and Individual Schools Budget (Amendment) (England) Regulations 2005 are revoked.

These Regulations define the LEA Budget (regulation 3 and Schedule 1), the schools budget (regulation 5 and Schedule 2), and central expenditure (regulation 7 and Schedule 2). They provide the basis upon which a local education authority may determine schools' budget shares, and impose requirements in relation to schemes of delegation.

The most significant changes from the 2006 Regulations are: a new regulation on arrangements for pupils in maintained nursery schools and nursery classes (regulation 17); the replacement of the Schedule relating to Maximum Increase in Central Expenditure by a simpler provision (regulation 7); and the removal of sixth form funding from the calculation of the MFG (Schedule 4).

New regulation 17 provides that, in initially determining budget shares for funding periods 1, 2 and 3, local education authorities may count either pupil numbers and hours of attendance or places in maintained nursery schools and nursery classes in other primary schools. When redetermining budget shares for funding periods 2 and 3, they must take into account the number of pupils on specified dates unless particular circumstances apply. Where pupil numbers are counted, they may be weighted in accordance with: the age of pupils when admitted to the school; whether pupils have been admitted in excess of the agreed admissions number; and special educational needs.

The Schedule on Maximum Increase in Central Expenditure in the 2006 Regulations is replaced by a requirement in regulation 7 that a local education authority must limit any increase in central expenditure to the total amount of any increase in the individual schools budget plus any increase in expenditure on provision of nursery education by PVI providers, unless the schools forum agree to lift this limit.

Other changes are: new definitions of "gifted and talented pupils", "practical and applied learning" and "PVI providers", and changes to the definitions of "combined services", "schools specific contingency" and "termination of employment costs" in regulation 1(4); an amendment to the definition of the schools budget in regulation 5(1)(c) so that it now includes expenditure connected with a local education authority's functions relating to the provision of primary and secondary education; amendments to regulation 6 which make clear that pay arrears due to staff whose salaries are met from the schools budget and any costs of financing the payment of such arrears can be met from the schools budget even if monies funding payment of such arrears are appropriated from capital expenditure; a new requirement for local education authorities to advise schools of any likely redeterminations for funding periods 1, 2 and 3 before the beginning of funding period 1, and to notify schools of redeterminations within 28 days of making them (regulation 12); changes to the weightings and the dates relating to pupil numbers (regulation 15), and removal of references to pupils in maintained nursery schools and nursery classes in other primary schools from regulations 15 and 16; removal of the regulations relating to prior year adjustments; changes to the amounts attributable to excluded pupils and provision for a redetermination to be made to a school's budget share in any circumstances where a pupil leaves the school and is provided with alternative education funded by a local education authority (regulation 23); and a change to the limit on the

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number of pupils affecting the ability of the schools forum to approve additional arrangements from 20% to 50% (regulation 25).

Minor drafting changes to Schedules 1 and 2 include: removal of references to and School Organisation Committees; a change to the heading of Schedule 2 to make clear that the classes and descriptions of planned expenditure in the Schedule are prescribed for the purposes of the schools budget, and may be deducted to determine the individual schools budget; removal of references to the Threshold and Performance Pay Grant; inclusion of a reference to pay arrears for staff funded from the schools budget to make clear that arrears (as well as salaries) may be deducted under the Schedule (paragraph 25); changes to the wording of paragraph 29 of Schedule 2 and paragraph 15 of Schedule 3; and minor changes in the calculation methodology of the Minimum Funding Guarantee (Schedule 4) as the Schedule now relates to three funding periods, as opposed to two.