

## SCHEDULE 2

Regulations 6 and 8

### CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE SCHOOLS BUDGET OF A LOCAL AUTHORITY WHICH MAY BE DEDUCTED FROM IT TO DETERMINE THE INDIVIDUAL SCHOOLS BUDGET

#### PART 1

##### Historic commitments

1. CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

2. Expenditure in respect of—

- (a) prudential borrowing;
- (b) termination of employment costs, where the schools forum has approved the charging of these costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred;
- (c) services (often known as combined budgets) funded partly from central expenditure and partly from other budgets of the local authority or contributions from other bodies, where the expenditure relates to classes or descriptions of expenditure falling outside those in this Schedule;
- (d) special educational needs transport costs; and
- (e) purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority's schools budget,

which was approved by the schools forum or the Secretary of State before 1st April 2013.

3. Any deductions under any of paragraphs 1 and 2(a), 2(b), 2(c), 2(d) and 2(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the [2018 \(No. 2\) Regulations](#) for the previous funding period.

#### PART 2

##### Central Schools Expenditure

4. Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area, including expenditure resulting from the additional costs associated with establishing a new school.

5. Expenditure to be incurred due to a decline in pupil numbers in—

- (a) schools maintained by the authority which were awarded either the highest or the second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period; and
- (b) academies that have not previously been inspected under section 5 of the 2005 Act and have a predecessor school or schools which were awarded the highest or second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period,

where funding is likely to be necessary due to subsequent growth in pupil numbers at such schools before the end of the next three financial years after the funding period.

6. Expenditure to be incurred before the opening of new schools to fund the appointment of staff and to enable the purchase of any goods and services necessary in order to admit pupils.

7. Expenditure to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) (England) Regulations 2012(1).

8. Expenditure on licences which are negotiated centrally by the Secretary of State for all publicly funded schools.

9. Expenditure on the operation of the system of admissions of pupils to schools (including expenditure incurred in carrying out consultations under section 88C(2) of the 1998 Act) and in relation to appeals.

10. Expenditure under section 18 of the 1996 Act(2) in making any grant or other payment in respect of fees or expenses (of whatever nature) which are payable in connection with the attendance of pupils at a school which is not maintained by any local authority.

11. Remission of boarding fees payable in connection with the attendance of pupils at maintained schools and academies under sections 458 or 514 of the 1996 Act or section 10A of the 2010 Act.

12. Expenditure in connection with the authority's functions under section 47A of the 1998 Act (establishment and maintenance of, and consultation with, schools forums).

13. Expenditure on pay arrears due to staff employed at maintained schools and other staff whose salaries are met from the schools budget, and expenditure on the costs of financing payment of such arrears, where the expenditure is not chargeable to a maintained school's budget share under the terms of the local authority's scheme.

## PART 3

### Other Central Education Expenditure

#### Asset management

14. Expenditure in connection with education functions in relation to the following areas of expenditure—

- (a) management of the authority's capital programme including preparation and review of an asset management plan and negotiation and management of private finance transactions; and
- (b) landlord responsibilities of the authority (including in relation to land leased to academies),

which is not within the description of expenditure at paragraph 78.

#### Strategic management

15. Expenditure on education functions related to—

- (a) functions of the director of children's services and the personal staff of the director;
- (b) planning for the education service as a whole;

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(1) [S.I. 2012/10](#).

(2) Section 18 was amended by article 5(1) of, and paragraph 7 of Schedule 2 to, [S.I. 2010/1158](#).

- (c) authorisation and monitoring of expenditure which is not met from the budget shares of schools maintained by the authority, and all related financial administration;
- (d) the formulation and review of the methods of allocating resources to schools maintained by the authority, and other bodies;
- (e) internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972<sup>(3)</sup> in so far as the responsibilities do not relate to maintained schools; and
- (f) the preparation and review of plans involving collaboration with other local authority services or with public or voluntary bodies.

### **Other functions**

**16.** Expenditure arising from the authority's functions under Chapter 2 of Part 6 of the 1996 Act (school attendance).

**17.** Expenditure in connection with the authority's functions in relation to the standing advisory council on religious education constituted by the authority under section 390 of the 1996 Act<sup>(4)</sup> or on the reconsideration and preparation of an agreed syllabus of religious education in accordance with Schedule 31 to the 1996 Act.

**18.** Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933<sup>(5)</sup> (enforcement of, and power to make byelaws in relation to, restrictions on the employment of children).

**19.** Expenditure in relation to consultation and functions preparatory to consultation with or by governing bodies, pupils, or with other interested bodies in connection with education functions, which is not within the description of expenditure at paragraph 67 of this Schedule.

**20.** Expenditure on the authority's functions in relation to the exclusion of pupils from schools.

**21.** Expenditure in relation to provision of information to or at the request of the Crown and the provision of other information which the authority is under a duty to make available, which is not within the description of expenditure at paragraph 69 of this Schedule.

**22.** Expenditure on education functions related to revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority's annual statement of accounts, and the external audit of grant claims and returns relating to education, that is not within the description of expenditure at paragraph 74 of this Schedule.

**23.** Expenditure in connection with the authority's duty under regulation 9A of the School Information (England) Regulations 2008<sup>(6)</sup>.

## **PART 4**

### **Central Early Years Expenditure**

- 24.** Expenditure on early years provision, excluding expenditure—
- (a) on such provision in a maintained school;
  - (b) on relevant early years provision;
  - (c) on community early years provision; and

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<sup>(3)</sup> 1972 c.70.

<sup>(4)</sup> Section 390 was amended by section 140(1) of, and paragraph 93 of Schedule 20 to, the 1998 Act.

<sup>(5)</sup> 1933 c.12.

<sup>(6)</sup> SI. 2008/ 3093. Regulation 9A was inserted by [S.I. 2017/37](#).

(d) on excluded early years provision.

**25.** Expenditure on determining—

- (a) the eligibility for free school meals of a pupil who is being provided with early years provision;
- (b) the eligibility of a child for funded early years provision;
- (c) the eligibility of a child for the early years pupil premium; or
- (d) the eligibility of a child for the disability access fund.

**26.** Expenditure on an early years contingency fund, for subsequent distribution to providers of funded early years provision, as a result of the attendance of an additional number of children.

## PART 5

### Children And Young People With High Needs

**27.** Expenditure in respect of pupils with special educational needs in primary and secondary schools, and children with special educational needs in relevant early years providers, and those being provided with community early years provision, excluding expenditure—

- (a) in respect of pupils in places which the authority has reserved for children with special educational needs; or
- (b) where it would be reasonable to expect such expenditure to be met from a maintained school's budget share, the amount allocated to a relevant early years provider or the general annual grant paid to an academy by the Secretary of State.

**28.** Expenditure in respect of pupils—

- (a) with special educational needs at special schools and special academies; or
- (b) in places at primary or secondary schools which the authority has reserved for children with special educational needs,

where the expenditure cannot be met from the sum referred to in regulation 14(1) or 14(2) or where it would be unreasonable to expect such expenditure to be met from a maintained school's budget share or the general annual grant paid to an academy by the Secretary of State.

**29.** Expenditure in respect of persons provided with further education who are—

- (a) aged under 19 and have special educational needs; or
- (b) aged over 18 but under 25 and are subject to an EHC plan, and are not attending a maintained school, an Academy school, an alternative provision Academy, a non-maintained special school, or an independent school.

**30.** Expenditure on support services for children who have attained compulsory school age and for young people who are subject to an EHC plan or have a statement of special educational needs, and for such children and young people with special educational needs who do not have such a plan or statement.

**31.** Expenditure on services for children who have not attained compulsory school age and are subject to an EHC plan, and for such children with special educational needs who do not have such a plan.

**32.** Expenditure for the purposes of encouraging—

- (a) collaboration between special schools and primary and secondary schools to enable children and young people with special educational needs to engage in activities at primary and secondary schools;

- (b) the education of children and young people with special educational needs at primary and secondary schools; and
- (c) the engagement of children and young people with special educational needs at primary and secondary schools in activities at the school with children and young people who do not have special educational needs,

in cases where the local authority considers it would be unreasonable for such expenditure to be met from a maintained school's budget share or the general annual grant paid to an academy by the Secretary of State.

**33.** Expenditure incurred in relation to education otherwise than at school under section 19 of the 1996 Act or in relation to a pupil referral unit, where the expenditure cannot be met from the sum referred to in regulation 14(3) and, in the case of an alternative provision academy, where it would be unreasonable to expect such expenditure to be met from the general annual grant paid to such an academy by the Secretary of State.

**34.** Expenditure on the payment of fees in respect of children and young people with special educational needs—

- (a) at independent schools or at special schools which are not maintained by a local authority under section 63 of the 2014 Act; or
- (b) at an institution outside England and Wales under section 320 of the 1996 Act or section 62 of the 2014 Act.

**35.** Expenditure on hospital education services, aside from expenditure on hospital education places referred to in regulation 14.

**36.** Expenditure on special schools and pupil referral units in financial difficulty.

**37.** Expenditure on costs in connection with private finance initiatives and the programme known as "Building Schools for the Future" at—

- (a) maintained schools which provide secondary education falling within the description in section 2(2A) of the 1996 Act;
- (b) special schools;
- (c) special academies;
- (d) pupil referral units;
- (e) alternative provision academies; and
- (f) 16 to 19 academies(7).

**38.** Expenditure on the purchase of CRC Energy Efficiency Scheme allowances operated by the Environment Agency for pupil referral units.

**39.** Expenditure on the provision of special medical support for individual children and young people in so far as such expenditure is not met by an NHS Trust, NHS foundation trust, Clinical Commissioning Group or Local Health Board.

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(7) For the meaning of 16 to 19 academy and alternative provision academy, see sections 1B and 1C of the 2010 Act.

## PART 6

### Items That May Be Removed From Maintained Schools' Budget Shares – Primary and Secondary Schools

**40.** Expenditure (other than expenditure referred to in Schedule 1 or any other paragraph of this Schedule) incurred on services relating to the education of children with behavioural difficulties, and on other activities for the purpose of avoiding the exclusion of pupils from schools.

**41.** Expenditure on determining the eligibility of a pupil for free school meals.

**42.** Expenditure on making payments to, or in providing a temporary replacement for, a woman on maternity leave or a person on adoption leave.

**43.** Expenditure on making payments to, or in providing a temporary replacement for, any person who is—

- (a) carrying out trade union duties or undergoing training under sections 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992<sup>(8)</sup>;
- (b) taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- (c) performing public duties under section 50 of the Employment Rights Act 1996<sup>(9)</sup>;
- (d) undertaking jury service;
- (e) a safety representative under the Safety Representatives and Safety Committees Regulations 1977<sup>(10)</sup>;
- (f) a representative of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996<sup>(11)</sup>;
- (g) an employee representative for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006<sup>(12)</sup>;
- (h) taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- (i) undertaking duties as a member of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996<sup>(13)</sup>;
- (j) suspended from working at a school; or
- (k) appointed a learning representative of a trade union, in order for that person to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.

**44.** Expenditure on making payments to, or in providing a temporary replacement for, a person who is seconded on a full-time basis for three months or more other than to a local authority or the governing body of a school.

**45.** Expenditure on making payments to, or in providing a temporary replacement for, persons who have been continuously absent from work because of illness for 21 days or more.

<sup>(8)</sup> 1992 c.52; section 168A was inserted by section 43 of the Employment Act 2002 (c.22).

<sup>(9)</sup> 1996 c.18.

<sup>(10)</sup> S.I. 1977/500, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 1996/1513, 1999/860, 1999/2024, 1999/3242, 2005/1541, 2006/594, 2008/960, 2014/469, and 2016/562.

<sup>(11)</sup> S.I. 1996/1513, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 1999/3242, 2005/1541, and 2014/431.

<sup>(12)</sup> S.I. 2006/246, amended by S.I. 2010/93 and S.I. 2014/16.

<sup>(13)</sup> 1996 c.14.

46. Expenditure on insurance in respect of liability arising in connection with schools and school premises.
47. Expenditure on a Risk Protection Arrangement.
48. Expenditure on services to schools provided by museums and galleries.
49. Expenditure on library services.
50. Expenditure on licence fees or subscriptions paid on behalf of schools.
51. Expenditure on the schools' specific contingency.
52. Expenditure for the purposes of—
  - (a) improving the performance of under-performing pupils from minority ethnic groups; or
  - (b) meeting the specific needs of bilingual pupils.
53. Expenditure incurred for the purposes of supporting the improvement of standards in maintained schools, that is not required by the authority's functions in Part 4 of the 2006 Act.

## PART 7

### Items That May Be Removed From Maintained Schools' Budget Shares – Primary, Secondary and Special Schools, and Pupil Referral Units

54. Expenditure in relation to the authority's functions under section 510 of the 1996 Act (provision and administration of clothing grants) and under regulations made under section 518(2) of the 1996 Act.
55. Expenditure on the provision of tuition in music, or on other activities which provide opportunities for pupils to enhance their experience of music.
56. Expenditure incurred in enabling pupils to enhance their experience of the visual, creative and performing arts other than music.
57. Expenditure on outdoor education centres, but not including centres wholly or mainly for the provision of organised games, swimming or athletics.
58. Expenditure in relation to functions of the authority under Part I of the Local Government Act 1999(14) (Best Value) and the provision of advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement in the way the functions of those governing bodies are exercised, having regard to a combination of economy, efficiency and effectiveness.
59. Expenditure in relation to authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and all related financial administration.
60. Expenditure in relation to the authority's monitoring of compliance with the requirements of its financial scheme prepared under section 48 of the 1998 Act, and any other requirements in relation to the provision of community facilities by governing bodies under section 27 of the 2002 Act.
61. Expenditure in relation to internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972 in so far as the responsibilities relate to maintained schools.

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(14) 1999 c.27.

*Status: This is the original version (as it was originally made).*

**62.** Expenditure in relation to the authority's functions under regulations made under section 44 of the 2002 Act<sup>(15)</sup>, in so far as the functions relate to maintained schools.

**63.** Expenditure in relation to investigations which the authority carries out of employees, or potential employees, of the authority, or of governing bodies of schools, or of persons otherwise engaged, or to be engaged, with or without remuneration to work at or for schools.

**64.** Expenditure in relation to functions of the authority in relation to local government superannuation which it is not reasonably practicable for another person to carry out, and functions of the authority in relation to the administration of teachers' pensions.

**65.** Expenditure in relation to advice, in accordance with the authority's statutory functions, to governing bodies in relation to staff paid, or to be paid, to work under the direct management of the head teacher or governing body at a school, and advice in relation to the management of all such staff collectively at any individual school, including in particular advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such staff.

**66.** Expenditure in relation to determination of conditions of service for non-teaching staff, and advice to schools on the grading of such staff.

**67.** Expenditure in relation to the authority's functions regarding the appointment or dismissal of employees in maintained schools.

**68.** Expenditure in relation to consultation and functions preparatory to consultation with persons employed at schools or their representatives.

**69.** Expenditure in relation to compliance with the authority's duties under the Health and Safety at Work etc Act 1974<sup>(16)</sup> and the relevant statutory provisions as defined in section 53(1) of that Act, in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice.

**70.** Expenditure in relation to provision of information to or at the request of the Crown and the provision of other information which the authority is under a duty to make available, in so far as the information relates to maintained schools.

**71.** Expenditure in relation to the authority's functions pursuant to regulations made under section 12 of the 2002 Act (supervising authorities of companies formed by governing bodies).

**72.** Expenditure in relation to the authority's functions under the discrimination provisions of the Equality Act 2010<sup>(17)</sup> in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice.

**73.** Expenditure on establishing and maintaining those electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and schools which they maintain.

**74.** Expenditure on the appointment of governors, the making of instruments of government, the payment of expenses to which governors are entitled and which are not payable from a maintained school's budget share, and the provision of information to governors.

**75.** Expenditure on education functions related to revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority's

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(15) Relevant regulations made under section 44 of the 2002 Act are the Consistent Financial Reporting (England) Regulations 2012 (S.I. 2012/674).

(16) 1974 c.37.

(17) 2010 c.15.

annual statement of accounts, and the external audit of grant claims and returns relating to education, in so far as those functions relate to maintained schools.

**76.** Expenditure on monitoring National Curriculum assessment arrangements required by orders made under section 87 of the 2002 Act.

**77.** Expenditure on retrospective membership of pension schemes and retrospective elections made in respect of pensions where it would not be appropriate to expect the governing body of the school to meet the cost from the school's budget share.

**78.** Expenditure on landlord responsibilities in relation to maintained schools, and in particular—

(a) expenditure in pursuance of duties performed under the School Premises (England) Regulations 2012**(18)**; and

(b) expenditure in connection with duties under the Control of Asbestos Regulations 2012**(19)**.

**79.** Expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, or in respect of acts of discrimination against, any person except to the extent that these costs are chargeable to maintained schools' budget shares or fall within paragraph 2(b) of this Schedule**(20)**.

**80.** Expenditure on inspecting attendance registers under the Education (Pupil Registration) (England) Regulations 2006**(21)**.

## PART 8

### Deficit from previous funding period

**81.** Expenditure in relation to any deficit in respect of the local authority's schools budget from a previous funding period.

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**(18)** [S.I. 2012/1943](#).

**(19)** [S.I. 2012/632](#).

**(20)** Costs in connection with dismissal or premature retirement may be chargeable to a maintained school's budget share by virtue of section 37 of the 2002 Act.

**(21)** [S.I. 2006/1751](#), as amended by [S.I. 2007/603](#), [S.I. 2010/1172](#), [S.I. 2011/1625](#), [S.I. 2012/1033](#), [S.I. 2013/756](#), and [S.I. 2016/792](#).