



Department  
for Education

# **School and Early Years Finance (England) Regulations 2015**

**Government consultation**

**Launch date 11 September 2015**

**Respond by 13 November 2015**

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## Introduction

The Department for Education is seeking views on the School and Early Years Finance (England) Regulations 2015. The regulations put in place the new, amended arrangements for local authorities to set school budgets for the financial year 2016 to 2017.

## Who this is for

- Chief finance officers and finance officers at local authorities;
- Chairs and clerks of schools forums; and
- Other interested parties.

## Issue date

The consultation was issued on 11 September 2015.

## Enquiries

If your enquiry is related to the policy content of the consultation you can contact the team on:

- [2015SchoolFinanceRegulations.Consultation@education.gsi.gov.uk](mailto:2015SchoolFinanceRegulations.Consultation@education.gsi.gov.uk)

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: [consultation.unit@education.gsi.gov.uk](mailto:consultation.unit@education.gsi.gov.uk) or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

## Additional copies

Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

## The response

The results of the consultation and the Department's response will be [published on GOV.UK](#) in Winter 2015.

## About this consultation

The Department is proposing to make the Schools and Early Years Finance (England) Regulations 2015. The Schools and Early Years Finance (England) Regulations 2014 relate only to the 2015-2016 financial year. The schools block unit of funding for 2016 to 2017 have previously been published online at [Schools funding arrangements 2016 to 2017](#) and [Schools funding 2016 to 2017: operational guide](#) on 16 July 2015. The proposed regulations will come into force in January 2016 and are to be applied for the financial year 2016 to 2017.

The Regulations largely provide for the same arrangements as last year. Some of the changes update references to key dates, to make them relevant to the financial year 2016-17.

Other changes introduced by the regulations are more substantial, but are mostly technical changes or changes to simplify the process. This consultation document makes 6 such proposed changes to the:

- Ability of local authorities to carry forward any unspent falling rolls fund or new schools fund;
- Ability of local authorities to use place-based funding for 2 year olds;
- Definition of amalgamated schools;
- Budgets of closed and amalgamated schools;
- Expenditure a local authority can incur from their non-schools education budget; and
- Authorised expenditure in respect of Children and Young People with High Needs.

We would like to hear your views on our proposals.

## Respond online

To help us analyse the responses please use the online system wherever possible. Visit [www.education.gov.uk/consultations](http://www.education.gov.uk/consultations) to submit your response.

## Other ways to respond

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email it or post it.

### By email

- [2015SchoolFinanceRegulations.Consultation@education.gsi.gov.uk](mailto:2015SchoolFinanceRegulations.Consultation@education.gsi.gov.uk)

## **By post**

Amy Sullivan  
Department for Education  
Great Smith Street  
London  
SW1P 3BT

## **Deadline**

The consultation closes on 13 November 2015.

## Updating changes

The follow changes are minor updates to the regulations.

### **1) Regulation 3: Amendments to the School Forums (England) Regulations**

Regulation 8 of the School Forums (England) Regulations refers to the School and Early Years Finance Regulations 2013. Regulation 8 has been updated so that it refers to the 2015 School and Early Years Finance Regulations.

The Department is considering the ways in which the interaction between the School and Early Years Finance Regulations and the School Forums Regulations might be improved, without changing the underlying policy as reflected in the regulations.

### **2) Regulation 14: Transitional arrangements**

The transitional provision in the School and Early Years Finance (England) Regulations 2014 for separate levels of funding for Alternative Provision no longer applies. Since September 2015 the value of all such places has been £10,000.

# **Regulation 8: Determination of the individual schools budget for the funding period and limit on increase in central expenditure**

## **Background**

Regulation 8 (7) makes amendments to how local authorities calculate individual schools budgets, and the funding they can retain centrally.

## **Proposal and rationale**

Any expenditure deducted by the local authority to support outstanding or good schools with falling pupil numbers where their capacity will be needed within three years, which is unspent can be carried forward to use on these funds.

Any expenditure incurred before the opening of new schools to fund the appointment of staff and to enable the purchase of any goods and services, which is unspent can be carried forward to use for this purpose.

The purpose of this change is to allow local authorities to carry forward any unspent falling rolls fund or new schools fund for the same purpose in the following year, in line with their ability to carry forward any unspent funding for growing pupil numbers and extra infant classes.

## **Regulation 16: Early Years provision**

### **Background**

Currently, local authorities can fund early years providers on a place-based (as opposed to participation-based) approach in certain circumstances. This allows local authorities to give early years providers a guaranteed level of funding when needed. For 3 and 4 year olds, this is limited to SEN children and children in need.

When the 2 year old entitlement was introduced, the option of using place-based funding was extended to all eligible 2 year olds on a temporary basis to help local authorities grow the offer and allow them to offer providers a guaranteed income even if the places were not filled.

### **Proposal and rationale**

Local authorities will no longer be able to fund all 2 year olds eligible for the early years entitlement using place-based funding. This is to be limited to SEN children and children in need.

The flexibility to allow place-based funding for all eligible 2 years olds was a temporary measure whilst local authorities developed their offer. The two year old programme is now embedded and from 2015-16, the Department has used participation-based funding. The circumstances for participation-based funding for 2 year olds are to be brought in line with those for 3 and 4 year olds. Regulation 16 (8) provides for this change.



# Regulation 21: New schools, merged schools and closing schools

## Background

Regulation 21 of the School and Early Years Finance (England) Regulations 2014 required local authorities to calculate the budget share of a new, amalgamated school by adding together the budget share of the discontinued schools which it replaced. In the following financial year, the amalgamated school was then entitled to 85% of the total lump sums the predecessor schools would have received. In the regulation, amalgamations of schools were defined only to include cases where two or more schools have closed and a new successor school has opened.

## Proposal and rationale

A frequent way of amalgamating is where one school closes and the other extends its age range. Currently, local authorities have to submit a written request to treat these as amalgamated schools. Additionally, this type of amalgamation is specifically referred to in the department's statutory guidance on school organisation.

The definition of amalgamated schools has therefore been expanded, so that the requirements outlined above also apply where a school has had their upper or lower age range changed as a direct consequence of another school's closure. This is provided for by regulation 21(7) and 21(8).

The purpose of this change is to bring the regulations into line with current practice and departmental guidance (which envisages amalgamations of this sort), and specifically to avoid the need for local authorities to submit requests to disapply the regulations in these cases.

Regulation 21 (9) enables a local authority to transfer any budget surplus of a closing school directly to the replacement school, in whole or in part, without having to channel it through the de-delegated contingency. We also propose to amend paragraph 4.8 of the Department's statutory guidance "Scheme for financing schools", which currently encourages local authorities to have a scheme which expressly prohibits the transfer of a surplus to another school.

# **Schedule 1: Additional education and training for children, young persons and adults**

## **Background**

Section 15B of the Education Act 1996 outlines the functions of a local authority in respect of education for persons over 19. A local education authority may secure the provision of education, training, of organised leisure time occupation and other provision.

## **Proposal and rationale**

Schedule 1 of the Regulations outlines the expenditure a local authority can incur from their non-schools education budget.

In order to bring the Regulations in line with policy intention, paragraph 18 has been amended so that local authorities' functions outlined under section 15B of the Education Act 1996 are included under Schedule 1.

## **Schedule 2 Part 4: Children and Young People with High Needs**

### **Background**

The matters listed in Schedule 2 to the Regulations are part of the schools budget, on which local authority expenditure is authorised. Paragraph 17 of Schedule 2 specifies expenditure in respect of pupils at special schools and special academies, or in reserved places at primary or secondary schools, where the expenditure cannot be met from the place funding described in Regulation 14. Paragraph 21 of Schedule 2 makes similar provision in relation to Pupil Referral Units.

### **Proposal and rationale**

Paragraph 17 of Schedule 2 has been updated to allow local authorities to authorise expenditure in respect of pupils at special academies, where it is unreasonable for the expenditure to be met from the general annual grant paid to an academy.

This change is to bring the regulations in line with current practice. Special academies do not receive place funding from the local authority under Regulation 14, but instead receive equivalent funding direct from the Education Funding Agency.

Paragraph 21 of Schedule 2 has also been updated so that it makes explicit reference to alternative provision academies. Local authorities are able to authorise expenditure in respect of pupils at alternative provision academies, where it would be unreasonable for such expenditure to be met from the general annual grant paid to an alternative provision academy. Similarly to the above, alternative provision academies do not receive place funding from the local authority under Regulation 14, but receive equivalent funding from the Education Funding Agency.



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