

# **Briefing note**

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Title of Briefing: Changes to the Schools and Early Years Finance (England) Regulations 2017

## **Background**

The School Finance Regulations provide the legal framework for the funding of maintained schools in England, including how local authorities can allocate their schools budget and determine their local funding formula for individual schools. The Regulations were laid before Parliament in January 2017 and came into force in February 2017.

### Changes to the School Finance Regulations for 2017

The 2017 regulations relate only to the 2017/18 financial year and to a large degree make the same provisions as in the 2015 Regulations. However, there are some substantive changes relating to expenditure which can be retained centrally by local authorities and in how the early years formula can operate locally.

The main changes compared with the 2015 Regulations are referring to:

**Education Services Grant (ESG)** 

The DfE previously provided the ESG direct to local authorities to support their education functions. These functions were set out in the non-schools education budget. The ESG is ending from September 2017, with part of its funding being added to the Dedicated Schools Grant (DSG), which must be spent on the schools budget. As a consequence, many of the classes of expenditure that were previously funded by the ESG have now been added to schedule 2 of the 2017 Regulations, to enable DSG to be spent on them.

The new regulations enable local authorities to retain funding centrally within the schools budget in relation to those education functions that were previously funded by the ESG subject to the agreement of Schools Forum.

#### Early Years Funding

The latest regulations detail a number of changes which refer to:

- Changes in the way which early years providers allocations are calculated
- Allowable formula factors
- · Limit on the level of permissible centrally retained expenditure
- Funding to be retained for Special Educational Needs Inclusion fund
- Arrangements for the allocation of a new Disability access fund.

Please follow the links to the DfE website below which will take you to the 2017 finance regulations. We have also added a link to the explanatory memorandum which gives a summary of the changes.

Link to Full Regulations - http://www.legislation.gov.uk/uksi/2017/44/pdfs/uksi\_20170044\_en.pdf

Link to Explanatory Memorandum – http://www.legislation.gov.uk/uksi/2017/44/pdfs/uksiem\_20170044\_en\_001.pdf

#### Recommendations

Schools Forum are asked to;

1. Note the changes to the School and Early Years Finance Regulations for 2017