



Llywodraeth Cymru
Welsh Government

CLOSED CONSULTATION, DOCUMENT

The School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026

We want your views on changes to the School Funding (Wales) Regulations 2010, the Education (Budget Statements) (Wales) Regulations 2002 and the Education (Outturn Statements) (Wales) Regulations 2003.

First published: 24 June 2025

Last updated: 24 June 2025

Contents

Introduction (<https://www.gov.wales/pdf-optimised/node/69025#174475>)

The current position (<https://www.gov.wales/pdf-optimised/node/69025#174477>)

Reasons for the proposed changes (<https://www.gov.wales/pdf-optimised/node/69025#174481>)

Proposed changes (<https://www.gov.wales/pdf-optimised/node/69025#174499>)

Consultation questions (<https://www.gov.wales/pdf-optimised/node/69025#174957>)

Introduction

This consultation seeks your views on proposed changes which will inform new Regulations, which amend and merge the School Funding (Wales) Regulations 2010, the Education Budget Statements (Wales) Regulations 2002 and the Education (Outturn Statements) (Wales) Regulations 2003.

Amendments aim to ensure a fair and transparent allocation of resources, enabling schools to effectively manage their finances and meet educational standards. This is particularly important, given the cost-of-living crisis putting schools and local authorities under significant pressure.

Amendments will also ensure they reflect current policy and legislation and update terminology accordingly, for example updates required as a result of the Additional Learning Needs and Education Tribunal (Wales) Act 2018.

We will consider all responses to this consultation. Once the consultation has completed, we will publish a summary report of responses on the Welsh Government website.

The School Funding (Wales) Regulations 2010 make provision for the funding of maintained schools in Wales and establishes the financial framework for local authorities and schools. Local authorities set budgets for their schools, which are determined by a local funding formula. They are made under sections 45A, 45AC, 47, 48, 49 and 138(7) and (8) of, and paragraphs 1(7) and 2B of Schedule 14 to, the School Standards and Framework Act 1998. They require a local authority to determine a number of budgets. They first require a local authority to determine its Non-schools Education Budget. This is made up of expenditure items that it will retain responsibility for. The items that form this budget are set out in Schedule 1 to the 2010 Regulations.

Separately the local authority must determine its Schools Budget. This is made up of expenditure items that relate to the provision and running of schools. The items that form this budget are set out in regulation 6 of the 2010 Regulations.

Having formed the Schools Budget the local authority must then deduct from it the items of expenditure which are set out in Schedule 2 to the 2010 Regulations. The sum left after those deductions is the Individual Schools Budget and represents the budget that will in turn be allocated to all the schools maintained by a local authority.

Finally, the local authority must allocate all of the Individual Schools Budget to School Budget Shares. That is the actual budget each school maintained by the local authority will receive from it.

The 2010 Regulations also make provision about the process and timings of the budget setting that a local authority must undertake.

The School Funding (Wales) Regulations 2010 (regulation 23) require a local authority when preparing its funding formula to ensure that 70% of its Individual Schools Budget (the budget it will allocate to schools it maintains) is allocated on the basis that 70% will be for pupil-led funding. That means the 70% will be allocated to individual schools on the basis of one or more criteria set out in the 2010 Regulation being pupil numbers, other factors relating to pupil numbers, nursery places and pupils' special educational needs.

The reference to special educational needs will now be construed as also including a reference to additional learning needs. Local authorities have discretion to distribute the remaining 30% so that they can take account of individual school circumstances, such as the size and condition of school buildings.

Additionally, each local authority must maintain a financial scheme outlining the financial relationship between the authority and its schools. This scheme details the responsibilities of headteachers and governing bodies concerning budget management and sets conditions for financial delegation.

The Education Budget Statements (Wales) Regulations 2002 and the Education (Outturn Statements) (Wales) Regulations 2003 specify the form, information and manner of publication of budget and outturn statements provided by the local authority. Those regulations are also made under provisions in the School Standards and Framework Act 1998.

The current position

Decisions on the level of funding available to schools and to other services are made by each local authority, as part of their overall budget and council tax setting.

The School Funding (Wales) Regulations 2010 came into force on 1 September 2010 for the financial year 2011 to 2012 and all subsequent years. They were made using powers in the School Standards and Framework Act 1998 (the SSFA). The School Funding (Wales) Regulations 2010 amalgamated and replaced the following Regulations:

- The Non-schools Education Budget, Schools Budget and Individual Schools Budget (Wales) Regulations 2003.
- The Schools Budget Shares (Wales) Regulations 2004.
- The Education (Local Authority Financial Schemes) (Wales) Regulations 2004.

The School Funding (Wales) Regulations 2010 makes provision about the following budgets:

- The Non-schools Education Budget (previously known as the LEA Budget) relates to central local authority functions and includes the costs of provision of a specialised nature, school improvement, access to education, further education and training for young persons and adults and strategic management.
- The Schools Budget covers expenditure directly aimed at supporting schools for which the local authority may retain funding centrally, such as Additional Learning Needs (ALN) services, school meals and milk. The amount of expenditure retained centrally is deducted from the Schools Budget and the remainder is the Individual Schools Budget.
- The Individual Schools Budget (ISB) is divided between the schools maintained by the local authority and delegated to schools.

The School Funding (Wales) Regulations 2010 place duties on local authorities to allocate, determine and notify schools and Welsh Ministers of their school

budgets. They detail classes or description of expenditure for the purposes of the budgets set out in the Regulations. They also require that 70% of a local authority's Individual Schools Budget is pupil-led and outline what is required in a local authority's financial scheme, publishing arrangements and approval of revisions.

The Education (Budget Statements) (Wales) Regulations 2002 prescribe the form, information and manner of publication of budget statements provided by the local authority. These statements are for budgeted spending for the upcoming financial year.

The Education (Outturn Statements) (Wales) Regulations 2003 specify the form, information and manner of publication of budget outturn statements provided by the local authority. These statements are for actual spending and reserves.

Reasons for the proposed changes

For many years, concerns have been raised about the level of school spending per pupil, differences across local authorities and between schools and whether funding levels are sufficient to meet the needs of pupils.

This led to the Children, Young People and Education Committee launching an inquiry into school funding in Wales. The Committee's **School Funding in Wales** (<https://senedd.wales/laid%20documents/cr-ld12643/cr-ld12643-e.pdf>) report contained 21 recommendations, including a recommendation that the Welsh Government review the statutory powers available to local authorities under the School Funding (Wales) Regulations 2010.

Following the Children, Young People and Education Committee's report, Welsh Government commissioned Luke Sibieta, an independent consultant to undertake an analysis of the school funding system and recommendations for improvements. The **Review of School Spending in Wales** (</review-school-spending-wales>) contained 12 recommendations. It reported the many complexities in school funding across Wales and recommended the need for more transparency and consistency in our funding.

Recently, the Welsh Government undertook a review of local authority school funding formulae. [The Review of School Funding Formula \(/review-school-funding-formula-wales\)](#) recommended that the 2010 Regulations should be revised.

We have considered the evidence in the above reports and the proposed amendments intend to address a number of the recommendations.

The proposed amendments will not affect change to the local authority's overall education budget.

Proposed changes aim to ensure a more transparent, consistent, and equitable approach to school funding across local authorities while maintaining the principles of local decision making and democratic accountability.

Proposed changes

The Welsh Government propose to introduce new School Funding, Budget Statements and Outturn Statement (Wales) Regulations 2026 which will amalgamate and incorporate amendments to the School Funding (Wales) Regulations 2010 ("the 2010 Regulations"), the Education Budget Statement (Wales) Regulations 2002 ("the 2002 Regulations") and the Education (Outturn Statements) (Wales) Regulations 2003, ("the 2003 Regulations").

The policy intention of the proposals is set out below.

Federated schools

We propose to make amendments to the 2010 Regulations to allow merging budgets of federated schools, to create a single federated budget across schools participating in the federation. This is similar to legislation in England, [The School and Early Years Finance \(England\) Regulations 2025 \(https://www.legislation.gov.uk/ukxi/2025/42/regulation/31/made\)](#). The ability to merge budgets will be permissive should a federation request it, that is a federation can

choose to receive their individual budgets as one amalgamated budget share. Federation is a process which enables more than one school to federate under a single governing body. This must be done in accordance with the Federation of Maintained Schools (Wales) Regulations 2014.

Currently under the 2010 Regulations, local authorities must determine an individual delegated budget for each school. In the 2010 Regulations this is referred to as the School's Budget Share. This applies for schools in a federation. Schools in a federation receive individual delegated budgets and any expenditure on joint activity across the federation must be classified to the appropriate school's budget. We understand that this can create additional bureaucracy and administrative work for schools as a federation of schools must account for their delegated budgets individually.

Under proposed amendments, the local authority will continue to determine delegated school budgets (i.e. the School's Budget Share) individually, using the same formula as for other standalone schools. However, the federation will then have the option of receiving their delegated budgets as a single budget share and then reporting against the single budget share. This could help federations use their budgets more effectively, reduce their administration and reporting, and support a more strategic approach under their single governing body.

Amendments are also proposed to the 2003 Regulations to allow federated schools who have opted for a single federated budget to report on their single federated budget, rather than on individual school budgets.

If a school was to leave the federation which has a merged, single budget share, the process is set out in the **Federation of Maintained Schools (Wales) Regulations 2014** (<https://www.legislation.gov.uk/wsi/2014/1132/contents/made>) and in **Federation process of maintained schools: guidance for governing bodies and local authorities** ([/federation-process-maintained-schools-guidance-governing-bodies-and-local-authorities](#)). This includes the establishment of a temporary governing body, allocation of budget to that body and the transfer of any land, property, rights or liabilities. If agreement cannot be reached on apportioning any surplus or deficit school budget, amended Regulations shall require the local authority to determine as appropriate.

In terms of setting a budget where one or more schools are to leave a federation which has been allocated a single budget share, the local authority must:

- determine the budget share for each of the leaving schools, and
- redetermine the budget share for the federation

Pupil numbers

The 2010 Regulations require 70% of funding for schools' budgets to be distributed on the basis of factors broadly related to pupil numbers. Currently, local authorities across Wales use a range of different data, collected at different points in the year, to inform pupil numbers.

In summary, the 2010 Regulations (regulation 23) require a local authority when preparing its funding formula to ensure that 70% of its Individual Schools Budget (i.e. the budget it will allocate to schools it maintains) is allocated on the basis that 70% will be for pupil-led funding. That means the 70% will be allocated to individual schools on the basis of one or more criteria set out in the 2010 Regulations. Those criteria are pupil numbers, other factors relating to pupil numbers, nursery places and pupils' special educational needs. The reference to special educational needs will now be construed as also including a reference to additional learning needs. Local authorities have discretion to distribute the remaining 30% so that they can take account of individual school circumstances, such as the size and condition of school buildings.

In line with recommendations in the Review of School Funding Formula, we propose to amend the 2010 Regulations to require local authorities to use the latest January PLASC data as the data used to calculate pupil numbers in initial budget determinations. This aims to increase consistency of local authority pupil number collection dates and data to increase comparability and therefore transparency for informed discussions about school budgets. Clearly defined data will assist schools to predict future budgets and plan accordingly.

Local authorities will still be able to use additional factors should they need to redetermine a School's Budget Share due to factors such as permanent exclusion, admission of a pupil permanently excluded from another maintained

school or any increase in the School's Budget Share arising from increases in pupil numbers during the course of that funding period.

The 2010 Regulations also set out criteria of which at least 70% of the Individual Schools Budget is allocated on pupil numbers in regulation 23. We propose to revoke regulation 23(1)(d) of the 2010 Regulations, which refers to 'children with special educational needs who don't have statements, but only up to 5% of the total amount allocated by the authority to primary and secondary schools from their individual schools' budget'.

The terminology is outdated with the Additional Learning Needs and Education Tribunal (Wales) Act 2018 as all learners with additional learning needs (ALN) are required to have an individual development plan. The 5% limit no longer fits with Welsh Government policy and limiting this funding to a percentage within the 70% has no benefit.

Deprivation

Currently, regulation 18(2) of the 2010 Regulations requires that a local authority must, in determining budget shares for both primary and secondary schools which they maintain, take into account in their formula a factor or factors based on the incidence of social deprivation among pupils registered at all such schools.

However, only a few local authorities have clear deprivation factors within their formula, and these can be of negligible amount. Some authorities use deprivation factors, such as eligibility for free school meals, as criteria for allocations on teachers and on ALN. A clear deprivation line will aid clarity and enable schools to make informed decisions.

We propose to amend the 2010 Regulations by providing, that in determining School's Budget Shares under paragraph regulation 18(2), the local authority must take into account in its formula, an amount for each pupil in respect of:

- a pupil's eligibility for free school meals, or
- a pupil's residency in relation to the Welsh Index of Multiple Deprivation

We are also proposing to amend the budget statement currently included in the 2002 Regulations, so that local authorities indicate the deprivation funding factors used within their funding formula (Annex B, part 2 notes, bullet number 2 refers).

It is well established in a vast body of evidence that socio-economic disadvantage is linked to worse educational outcomes in children. Higher levels of funding for disadvantaged pupils would help narrow the attainment gap. It remains a matter for individual local authorities how much funding they choose to allocate to meet this need. However, requiring local authorities to make funding for deprivation more transparent in their funding formulae, will help schools to understand the funding available to them and enable more informed discussions about appropriate levels of funding required.

We recognise that there are a range of needs for socio-economic disadvantage data across the school system and have commissioned ongoing work to consider the limitations and suitability of different data in meeting the range of these needs, including current use of eligibility for free school meals (eFSM) data as a proxy socio-economic disadvantage indicator. As part of this project, existing and alternative data sources will be reviewed and their potential to meet different needs will be considered. Outcomes from this will help inform future arrangements that will facilitate effective distribution of funding amongst the many other needs for this type of data.

Surplus school budget thresholds

The 2010 Regulations allow local authorities to direct a school governing body on how to spend a surplus in the school balance for a funding period, if the surplus is £50,000 or more for a primary school, or £100,000 or more for a secondary or special school. If the school governing body does not comply with the local authority's direction, the local authority may recover all or part of the surplus and allocate it to the authority's overall Schools Budget to be recycled to schools or for the benefit of schools as determined by the authority.

We believe that having a set monetary value at which a local authority can intervene does not reflect schools of different sizes and budgets. We therefore

propose to change the current monetary value to a percentage value to reflect schools of different sizes and with different budgets across Wales. This value is the trigger at which a local authority may take action. Local authorities would continue to work with schools to manage their budget and take into consideration individual circumstances in any decisions.

We propose to amend the surplus thresholds to 5%, rather than a monetary value, to reflect different school sizes. A percentage will also not be impacted by inflation in the way a monetary value will be. We also intend to include nursery and middle alongside primary, secondary and special schools.

Currently the local authority's financial scheme should prescribe for a statement from the governing body on surplus budget plans if it is above 5% or £10,000, whichever is greater (paragraph 19 of Schedule 4 of the 2010 Regulations.) We propose to remove the £10,000 reference but keep the 5% threshold. We also propose that the local authority's financial scheme must also include a statement setting out how the local authority will monitor the use by a governing body of the surplus included in any statement. We believe this will strengthen the process and transparency.

Deficit school budgets

We propose that amendments to the 2010 Regulations are made to require local authorities to include in their financial schemes a provision requiring a governing body to submit to the local authority for approval by the authority a plan to recoup or recover any deficits arising in relation to schools' budget shares ("deficit recovery plan").

Further, we propose to make amendments to the 2010 Regulations requiring a local authority to include in its financial scheme a statement setting out the process in relation to a draft deficit recovery plan:

- By when a draft plan must be submitted by the governing to the local authority for approval.
- The name and address of where a deficit recovery plan should be sent by the governing body.

- The form and matters to be dealt with in a deficit recovery plan.
- The duration of a draft deficit recovery plan.
- How long the local authority may take to consider a draft deficit recovery plan.
- The consequences of not submitting a draft deficit recovery plan to the local authority.
- Any requirements to review and amend the approved deficit recovery plan.
- The consequences of not complying with an approved deficit recovery plan.

This would help ensure that appropriate monitoring of a school's budget takes place and that support is provided in a timely manner.

Financial schemes

Local authorities are required to publish a financial scheme, which outlines the financial relationship between the authority and its maintained schools. These schemes are mandated by the School Standards and Framework Act 1998 and are binding on both the local authority and the schools.

Part 4 and Schedule 4 to the 2010 Regulations sets out matters in connection with such schemes.

Regulation 27 sets out the manner of publication of the scheme. The regulation currently requires a local authority to make a copy of their financial scheme available for reference without charge either at each school they maintain or on their website, and provide a copy to schools it maintains. We propose amendments as set out below to include that local authorities publish a copy of their scheme on their website instead of providing a copy to the governing body and headteacher of each school it maintains.

Regulation 27 will in the new Regulations require as follows:

1. For the purposes of paragraph 1(7) of Schedule 14 to the 1998 Act (prescribed manner of publication of schemes) a local authority must no later than the date the scheme comes into force publish the scheme on a website which is accessible to the general public.

2. The local authority must send an electronic copy of the scheme to the governing body and head teacher of each school maintained by the local authority.
3. Whenever a local authority revises the whole or part of its scheme, it must publish the scheme as revised in accordance with paragraphs (1) and (2) no later than the date that the revisions are due to come into force, together with a statement that the revised scheme comes into force on that date.

Delegation

Officials wish to include provision which would require local authorities to identify within their published financial scheme the areas of their Schools Budget which are not delegated to schools.

Local authorities have discretion around whether they delegate the expenditure headings in Schedule 2 to the 2010 Regulations. As a result, there are expenditure headings for which responsibility is delegated to schools in some local authorities, but that are retained centrally in others. This means that school budget levels in one local authority are not truly comparable with those in a different local authority.

Therefore, amendments are proposed to require local authorities' financial schemes to include the areas of their Schools Budget which are not delegated to schools but retained centrally by the local authority to spend on schools, to increase transparency. In line the requirements for approval of proposals to revise financial schemes (regulation 28 of the 2010 Regulations), this would be subject to agreement by the schools forum or Welsh Ministers.

Funding formula

We propose to also include a duty on local authorities to publish their school funding formula on their website to support transparency. This duty will apply to all local authorities. They will be able to choose which format they use, but it is envisioned that all local authorities would use a template provided by Welsh Government, as set out below.

The budget statement, it is proposed, will be the same document as the funding formula template. The Welsh Government will provide local authorities with an electronic spreadsheet in line with the templates set out within the new Regulations. We will request that local authorities use the set standard template as provided. This will ensure consistency of approach, aid comparability and reduce administrative workload.

Therefore, it is proposed that a new requirement is added to require a local authority to publish their funding formula on a website that is accessible to the general public and the local authority must send an electronic copy of the funding formula to the governing body and headteacher of each school maintained by the local authority. Whenever a local authority redetermines the determined formula, it must no later than the date that the redetermined formula is due to come into force, publish the redetermined formula. This must be published on their website and an electronic copy sent to the governing body and headteacher of its maintained schools, together with a statement that the redetermined formula comes into force on that date.

Schedules 1, 2 and 3 to the 2010 Regulations

Schedule 1 to the 2010 Regulations sets out the classes or descriptions for the Non-schools Education Budget (LA Budget) of a local authority. These are items of expenditure that the local authority retains responsibility for. As such this will not be delegated to schools and are not included within the School Budget.

Schedule 2 to the 2010 Regulations sets out the classes or descriptions which may be deducted from the Schools Budget by a local authority. The Schools Budget consists of items of expenditure that relate directly to the cost of running schools. As noted above the local authority will deduct from the Schools Budget the Schedule 2 expenditure items it chooses to retain centrally for the local authority to spend on supporting schools, to arrive at its Individual Schools Budget (ISB) which will in turn be divided up and allocated to all the schools maintained by a local authority (the School's Budget Shares).

Schedule 3 to the 2010 Regulations sets out additional factors which may be taken into account in a local authority formula.

The 2010 Regulations therefore allow local authorities discretion as to whether they delegate to schools a large number of expenditure headings which are set out in Schedule 2 to the 2010 Regulations.

As a result, there are expenditure headings for which responsibility is delegated from local authorities to schools in some authorities, but that are retained centrally by the local authority in others. This means that school budget levels in one local authority are not truly comparable with those in a different local authority. To help address this, we are seeking to ensure transparency around which expenditure headings a local authority is choosing to delegate, and which are being retained by the local authority.

The principle should be where possible funding should be delegated to schools (ISB). The Schools Budget retained centrally by the local authority to spend on supporting schools would be expenditure items considered potentially unsuitable for delegation as being:

- outside the influence of a head teacher or governing body
- too bureaucratic
- having unacceptable levels of risk
- benefiting from economies of scale
- requiring specific professional expertise, or
- complex by their nature

To help improve comparability and transparency, the new Regulations are proposed to amend the budget statement template (currently in the 2002 Regulations) to have Core Delegation, Discretionary Delegation and ALN Delegation columns. ALN Delegation will include expenditure within paragraphs 2 to 10 of Schedule 2 to the 2010 Regulations which a local authority delegates to schools. Discretionary Delegation will include any other expenditure within Schedule 2 which a local authority delegates to schools. Core Delegation will contain all expenditure within the Schools Budget that is not listed in Schedule 2 i.e. that which must be delegated to schools out of the Schools Budget.

As mentioned under the Delegation heading earlier, we also propose that local authorities would be required to identify and list areas in the School Budget which are not delegated to schools, within their published financial scheme. An

amendment to what is now Schedule 4 will reflect this.

Other than consequential amendments to bring the 2010 Regulations up to date with other legislation and update terminology where required, we are proposing very minor amendments to Schedules 1, 2 and 3. These are set out below.

We propose to include non-domestic rates (NDR) in Schedule 1, which sets out the Non-schools Education Budget. Currently rates is included in Schedule 3, paragraph 8 to the 2010 Regulations. This expenditure is outside of the influence of schools. It is by nature paid to schools only to be recouped by the local authority at the same rate. It is also a distorting factor in the funding of schools, because NDR bears no direct relation to the size of a school, whether by pupil roll or building area.

Schedule 2, paragraph 26 to the 2010 Regulations, includes 'Expenditure on licence fees or subscriptions paid on behalf of schools provided that the expenditure does not amount in total to more than 0.2 per cent of the authority's schools budget.' We propose to remove reference to 0.2% as we do not believe this is required.

We propose removing Schedule 3. Therefore, local authorities will be able to take into account in their formula any factor or criteria they feel appropriately relates to expenditure under the definition of the Schools Budget. However, any factor or criteria used must be formula driven.

Although Schedule 3 will be removed, paragraph 19 and 25 of Schedule 3 will be retained in the new Regulations. Paragraph 19 of Schedule 3, would be retained and expanded on, to uphold the point that a negative value cannot be applied in relation to income received by a school (which would include, but not be limited to, school meals, milk and other refreshments). Therefore, there can be no reduction in a school's budget to account for income the school receives (enacted through the local authorities' funding formula or otherwise). The phrase "negative value" is not defined in the 2010 Regulations but means that no deduction should be made from the School's Budget Share for a particular school as a consequence of any income received from providing these items.

Also, paragraph 25 (Schedule 3) will be retained, to expressly permit "Schools

whose budget shares would otherwise be reduced year-on-year by more than 5 per cent: the funding must be in accordance with a scale published by the authority". This is retained primarily to ensure the publication of scales to maintain the transparency.

These 2 exceptions are proposed to be moved to the section 'Additional factors or criteria' (currently Regulation 18). Regulation 18 is proposed to be amended to remove reference to Schedule 3.

Examples of appropriate factors and criteria for local authorities' funding formulae can be contained within accompanying guidance.

Budget statements

We propose to make some limited amendments to the 2002 Regulations.

However, we are trying to improve clarity, consistency and comparability. The changes are largely to do with the presentation of the information, rather than the substance of the information provided.

Part 1 of the budget statement in Schedule 1 to the 2002 Regulations is amended to include that the 'Budget Share per School' is further broken down into columns for Core Delegation, Discretionary Delegation and ALN Delegation. The values in each of these columns would add up to the 'Budget Share per School'. The same is applied to the 'Budget Share per Pupil'. As mentioned earlier, ALN Delegation will include expenditure within paragraphs 2 to 10 of Schedule 2 to the 2010 Regulations which a local authority delegates to schools. Discretionary Delegation will include any other expenditure within Schedule 2 which a local authority delegates to schools. Core Delegation will contain all expenditure within the Schools Budget that is not listed in Schedule 2.

To further aid transparency, we also propose to add two additional columns to the budget statement to record the estimate of the Schools' Budget Share for the following two funding periods (as required under regulation 9(2) of the 2010 Regulations).

Currently Part 2 of the budget statement in Schedule 2 to the 2002 Regulations provides for the information with respect to the methodology for determining schools' budget shares and Part 3 of the budget statement in Schedule 3 to the 2002 Regulations with respect to the budget share of each of the authority's schools.

We propose that this is amended so that, in essence, Part 2 provides for the methodology for determining schools budget share and the budget share of each of the local authority's nursery, primary, middle and secondary schools.

Part 3 would repeat Part 2 but in respect of the each of the local authority's special schools only.

The proposed templates and attached notes are attached to this document as Annex A and B.

The aims of these amendments are to aid consistency in the system and make it easier for stakeholders to understand their budgets, how they are calculated and to compare against similar schools.

We also propose to include a requirement that local authorities are required to prepare and to submit their Section 52 budget statements to Welsh Government using an electronic software spreadsheet.

As outlined earlier, the Welsh Government will provide local authorities with an electronic spreadsheet in line with the templates set out within new Regulations. We will request that local authorities use the set standard template as provided. This will ensure consistency of approach, aid comparability and reduce administrative workload.

We also propose to modernise the publication requirements so that every budget statement must be published by:

- supplying a copy to the Welsh Ministers, and
- making a copy available for inspection at all reasonable times and without charge on a website maintained by the local authority and accessible to the public

Every budget statement must also be supplied to the Welsh Ministers by electronic mail.

Outturn statements

We also propose to amend the date for the submission of outturn statements to the Welsh Government to the 31 July to allow for collection and verification for data to be published in October. This has been the practice for the past 6 years following amendments to the Accounts and Audit (Wales) (Amendment) Regulations 2018 which made changes to local authority statement of accounts deadline to 30 June. In summary that means an outturn statement must be published (and sent to the Welsh Ministers) before 31 July following the end of the financial year to which it relates.

The deadline for the Section 52 outturn statements was brought forward alongside that of the Revenue Outturn statements to allow effective collection and validation of data. The earlier date allows for collection and verification for data to be published in October and enables timely data being available for the settlement. The new Regulations will also apply to maintained nursery schools.

We also propose to amend the publication requirements so that they align with the publication requirements of budget statements as set out above.

Consultation questions

1. Do you agree with allowing the merging of federated school budgets to create a single budget across the federation?
2. Do you agree with local authorities being required to use the latest January PLASC data for calculating pupil numbers in initial budget share determinations?
3. Do you agree with proposed changes to require the deprivation factor in local authorities' funding formulae to take into account an amount for each pupil in respect of a pupil's eligibility for free school meals?
4. Do you agree with proposed changes to require the deprivation factor in

local authorities' funding formulae to take into account an amount for each pupil in respect of a pupil's residency in relation to the Welsh Index of Multiple Deprivation?

5. Do you agree with proposals to amend the existing numerical surplus values at which an authority may direct a governing body in respect of surplus to 5% of the school budget for all schools?
6. Do you agree with the proposal that local authorities' financial schemes should include a statement setting out how the local authority will monitor the governing body's use of surplus balances?
7. Do you agree that local authorities' financial schemes should contain a provision requiring governing bodies to submit a deficit recovery plan to their local authority for approval?
8. Do you agree that local authorities' financial schemes should include the form, process, persons involved and timings around deficit recovery plans?
9. Do you agree that local authorities' financial schemes should contain a list of expenditure descriptions or criteria (from the local authority's Schools Budget) which are not delegated to schools, but are retained centrally by the local authority to spend on schools?
10. Do you agree with proposed changes requiring local authorities' financial schemes to be published on their website, with an electronic copy being provided to the governing body and headteacher of each school it maintains?
11. Do you agree with proposed changes requiring local authorities' school funding formulae to be published on their website?
12. Do you agree with the proposed amendment to Schedule 1 to the 2010 Regulations (the classes or descriptions for the Non-schools Education Budget, previously known as the Local Authority Budget) to include non-domestic rates?
13. Is there anything you think should be added to or removed from Schedule 1 to the 2010 Regulations?
14. Do you agree with the proposed amendment to Schedule 2 to the 2010 Regulations to remove the 0.2% limit for licence fees or subscriptions?
15. Is there anything you think should be added to or removed from Schedule 2 to the 2010 Regulations?
16. Do you agree with proposed amendments to Schedule 3 to the 2010 Regulations, as set out in the consultation document?

17. Do you agree with our proposed amendments to Part 1, as set out in Annex A?
18. We've set out proposed amended notes to accompany Part 1 in Annex A. Do you agree with the proposed notes to Part 1?
19. Do you agree with amendments to Part 2 and Part 3, as set out in Annex B?
20. We've set out proposed amended notes to accompany Part 2 and Part 3 in Annex B. Do you agree with the proposed notes to Part 2 and Part 3?
21. Do you agree with proposed changes that the deadline for outturn statements to be submitted to the Welsh Government is amended to 31 July?
22. Do you have any views on the potential impacts of our proposals on human rights and the 9 protected characteristics, as described in the Equality Act 2010?
23. Are there any other costs, benefits or risks associated with the proposals?
24. What, in your opinion, would be the likely effects of the proposed changes on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.
 - Do you think that there are opportunities to promote any positive effects?
 - Do you think that there are opportunities to mitigate any adverse effects?
25. In your opinion, could the proposed changes be formulated or changed so as to:
 - have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English, or
 - mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

Please use the consultation response form to respond to the above questions.

For more information refer to our [accessibility statement](/accessibility-statement-govwales) (/accessibility-statement-govwales).