

Building and Monitoring A School Budget

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- Governor's Role
- Funding Overview
- Budget Planning and Setting
- Budget Monitoring
- Reporting

Vision

- Clear Vision
- Clear Ethos
- Strategic Direction

Accountability

- Educational Performance School and Pupils
- Performance Management of Staff

Financial Performance

- Financial Oversight
- Money is Spent Well.

Strategic	Operational
Monitoring School's Financial Management	Day to day Financial Management
Reviewing and approving the School's Staffing Structure	Drawing up staffing plans based on the school's needs
Appointing the Headteacher	Managing the appointment process for teaching and non-teaching staff
Ratifying Staff Appraisal Policy	Carrying out Staff Appraisals

Local Authority	Governor	Headteacher	Schools Business Managers/ Finance
<ul style="list-style-type: none"> • Maintain Scheme of Financing and Financial Regulations for School • To calculate DSG allocations • Challenge balances • Agree deficit recovery plans • Complete statutory returns • Other finance issues 	<ul style="list-style-type: none"> • Agree Budget • Financial stewardship of School Budget on educational purposes • Ensure expenditure is within budget • Ensuring VFM • Ensure school complies with LA Financial Regulations • Comply with Schools Financial Value Standard 	<ul style="list-style-type: none"> • Prepare Annual Budget • Ensure School Improvement & Development plan drives the budget • Monitor day to day finance • Report regularly to Governors on finances 	<ul style="list-style-type: none"> • Responsible for day to day finances at school • Managing the procurement of goods and services. • Negotiate contracts for best value • Payment of suppliers • Bank reconciliations • Maintain financial records/systems • Produce reports for Head and Governors. • Payroll and staffing

Schools Finances are subject to OFSTED inspection and Local Authority Audit

Finance Committee Tasks

- Set Terms of Reference
- Approve annual budget
- Set limits of spend through Scheme of Financing / Delegation
- Monitor and review budget throughout the year
- Monitor School Funds
- Report back to Governing Body

- Setting financial priorities through the:
 - School Development Plan (SDP), also known as the School Improvement Plan
 - 3 year financial plan
 - The annual budget
- Deciding on how the school's delegated budget should be spent, in accordance with their SDP and the statutory curriculum requirements laid down by government
- Approving and monitoring the annual budget
- Ensuring the budget is managed effectively
- Ensuring the school meets all its statutory obligations, and through the head teacher complies with its LA's financial regulations or standing orders
- Determining virement and expenditure thresholds
- Evaluating the effectiveness of spending decisions

- Ensure that there is a handbook containing information and a description of financial systems and procedures for all staff with financial management responsibility
- Ensure that a full detailed local scheme of delegated powers is prepared
- Establish formal procedures and a timetable for budget planning
- Ensure that only a balanced sound budget is approved
- Ensure that financial records are maintained that can provide auditors and inspectors with explanations they consider necessary
- Respond promptly to recommendations made by auditors or inspectors

- Monitor the budget and implement virements when appropriate
- Ensure that the school obtains best value for money when purchasing goods and services
- Establish a charging policy for the supply of goods and services
- Establish and maintain a register of business interests of governors and staff who influence financial decisions. This should be open to examination by governors, staff, parents and the LA
- Ensure that financial duties of staff are clearly described to avoid potential conflicts

Guidance – 10 Key Questions/Areas

- Staff as a percentage of total expenditure
- How do we compare on pupil outcome, such as value added in comparison to other schools
- Average Teacher Cost
- Pupil Teacher Ratio
- Class Sizes
- Teacher Contact Ratio
- Proportion of budget spent on the leadership team.
- 3-5 year budget projections
- Spend per pupil for non-pay expenditure lines compared to similar schools
- Improvement plan priorities and relative cost options
- Contracts with costs and renewal dates

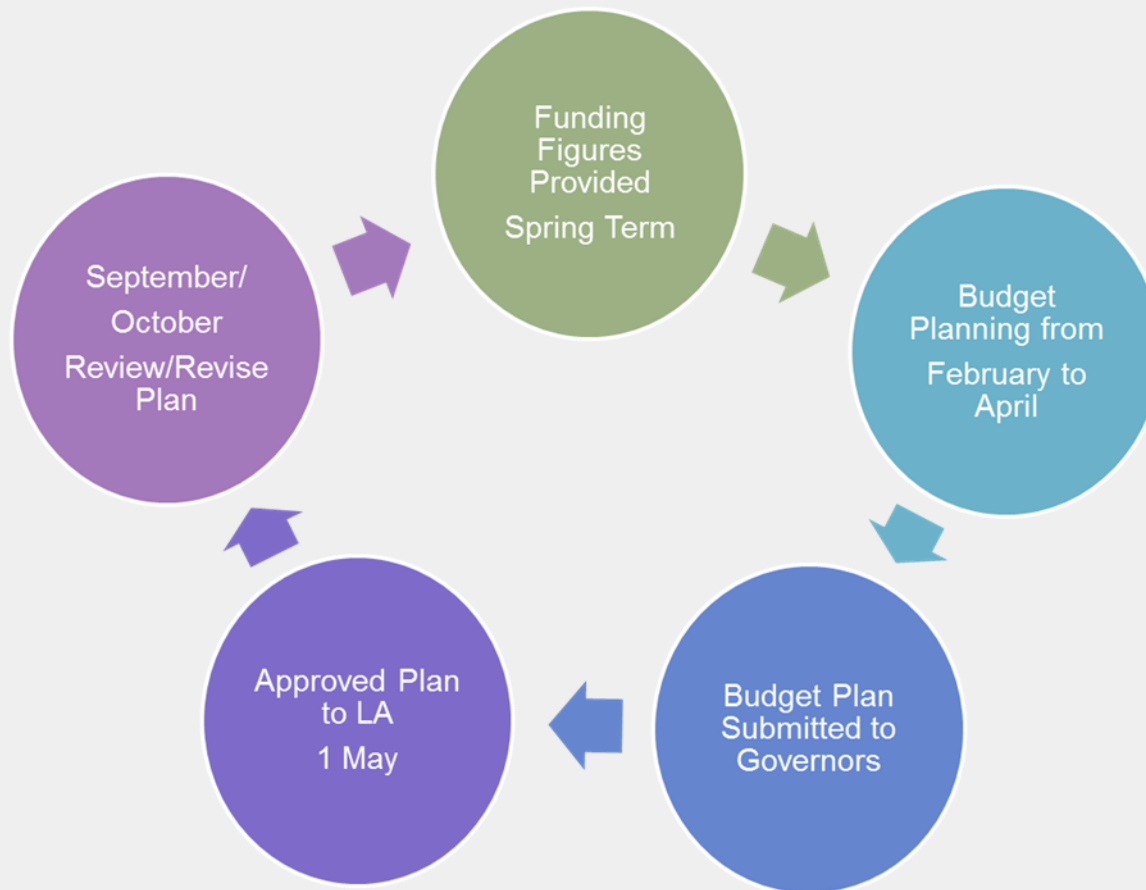
- Maintained Schools funded through Local Authority
 - Dedicated Schools Grant (DSG) split into three blocks – School, Early Years and High Needs
- Academies and Free Schools direct from ESFA with some grants direct from Local Authority
 - Funding Agreement will determine how academy funded
 - General Annual Grant (GAG) which is made up on two elements School Budget Share (SBS) and Education Service Grant (ESG) – Transitional rate from September 2017 applies.

Additional Funding Includes:

- SEN High Needs Top Up Funding
- Ever6 Pupil Premium
- EY Pupil Premium
- LAC Pupil Premium
- Post LAC Pupil Premium
- Service Children Pupil Premium
- PE and Sport Premium Grant (Primarys only)
- UIFSM (Universal Infant Free School Meals – Reception to Year 2)
- 16-19 Bursary (Sixth Form)

Academies and Free Schools

- The Academies Financial Handbook (AFH)
 - Compliance is a requirement of Funding Agreement
 - The ESFA will issue a Financial Notice to Improve (FNtI) where there are concerns about financial management and/or concerns about governance
 - Where requirements of FNtI are not met the Funding Agreement can be cancelled
 - Details the main financial and governance requirements



- Important to timetable for budget planning and school development planning
- Planning process should not only consider the year being planned for but should include review of the previous year and the following two years at least.
- How did it go? What changes do we need to make?
- Consider carefully pupil numbers in each successive year
- Review staffing requirements – if pupil numbers are rising more staff, if falling, fewer staff needed – not just teachers
- Review curriculum requirements in each year – importance of multi year strategic plans
- Need to detect trends – if a deficit is indicated, the earlier action is taken the better and easier to manage

Questions to raise:

- Is there a clear link between our development plans and our financial plans?
- Staff are the most significant part of annual expenditure – do we know what they all do? Are there better ways of deploying them?
- Is poor performance being addressed?
- How will successful performance affect the budget? Have we included incremental payments?
- Are our resources being deployed in such a way to obtain best value for money (economy, efficiency and effectiveness)?
- Do we ensure that all our expenditure is for the benefit of the children?
- Do we have any large projects planned? Are they one off spends or will they continue in following years?

Areas to be budgeted for:

- Staffing
- Premises
 - Repairs & Maintenance
 - Security
 - Cleaning & Caretaking
 - Utilities
- Supplies & Services
 - Learning Resources
 - Professional Services
- Income

Deadline Dates:

- Maintained Schools
 - Approved 3 year budget to be submitted to LA by 1st May 2018
- Academies and Free Schools
 - BFRO – Submitted in May - Current year actuals to 31st March; forecast to 31st August – does this reflect reports to Governors?
 - BFR – Submitted in July – Budget Forecast Return for September - August
 - Budget for future year only; best practice 3 years at least
 - Other items including: Depreciation, Cash at bank, MATs – reserves per academy, Investments/Loans
 - Do the figures appear reasonable?
 - Has it been submitted on time?
 - School efficiency metric

- Budget monitoring is the main process for reviewing actual spend/income received against the budget plan
- Ensures the budget is managed effectively and that the school is meeting all its statutory obligations and complies with financial regulations
- A budget monitoring cycle should be included in the school's financial procedures
- Procedures will describe what happens each week, month, term etc. who reviews what, what reports are produced, who looks at them, what records are kept
- Best practice for Headteachers and School Business Managers/Finance Officers to meet at least monthly to review budget and cost centre spending and detailed records kept

Maintained Schools

- Local Authority
 - Monitoring reports to LA in Autumn and Spring Terms
 - VAT submittals each month
 - Year End Close Down in April
- DfE
 - Annual CFR (Consistent Financial Reporting) return June of each year via COLLECT website

Academies and Free Schools

- Do not need to submit budget monitoring reports to the ESFA but do need to submit monthly management accounts to the Trust
- Must submit their audited accounts and auditor's regularity assurance report to the ESFA by 31st December
- File the accounts with the Companies Registrar as required under the Companies Act 2006
- August accounts return to be sent to ESFA by 31st January
- Publish the audited accounts on the Trust's website by 31st January
- VAT registered academies and free schools claim their VAT direct through HMRC online
- Non VAT registered academies and free schools claim their VAT back through VAT126 form

Reports

- Are the reports you receive understandable?
- Are they fully explained by school officers?
- Do Governors challenge the contents or just accept?
- Are they just figures or do you have some text, charts or other visual representations?

- Can highlight areas where efficiency could be improved
- DfE Benchmarking website
- Benchmarking within clusters
- Need to understand why there are differences between your school and other schools
- <https://www.gov.uk/guidance/schools-financial-efficiency-financial-benchmarking>

Why is cash flow monitoring important?

- A cash flow forecast is a plan which shows the physical cash expected to be received and paid out over a given period of time
- The forecast should be produced at the beginning of each financial year and should be updated throughout the year to reflect changes in expected income/expenditure
- The cash flow position should be reported to Governors regularly
- The LA should be notified of any cash flow issues as early as possible as schools cannot go into a cash deficit
- See example cash flow statement

Statutory Reporting for Maintained Schools

- From September 2016 you must publish a strategy for the school's use of the pupil premium. You no longer have to publish a 'pupil premium statement'.
- For the current academic year your strategy must include:
 - Your school's pupil premium grant allocation amount
 - A summary of the main barriers to educational achievement faced by eligible pupils at the school
 - How you'll spend the pupil premium to address those barriers and the reasons for that approach
 - How you'll measure the impact of the pupil premium
 - The date of the next review of the school's pupil premium strategy

- For the previous academic year you must include:
 - How you spent the pupil premium allocation
 - The impact of the expenditure on eligible and other pupils
 - Pupil premium funding is allocated for each financial year, but the information you publish online should refer to the academic year, as this is how parents understand the school system.
 - As you won't know allocations for the end of the academic year (April to July), you should report on the funding up to the end of the financial year and update it when you have all the figures.
 - The Teaching Schools Council has published templates to support schools in presenting their pupil premium strategies. Use of the templates is voluntary.

<https://www.tscouncil.org.uk/resources/guide-to-effective-pupil-premium-review/>

Statutory Reporting for Academies and Free Schools

- Academies and Free Schools should read their funding agreements to establish what needs to be published on their websites.
- Guidance on what DfE recommends you publish is also available. <https://www.gov.uk/guidance/what-academies-free-schools-and-colleges-should-publish-online>



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