

Title of Policy/Procedure	Budgetary Planning and Control Procedure
Reviewer(s):	Chief Operations Officer Chief Finance Officer
To be read in conjunction with the following policies:	Financial Procedures, Administration and Control Policy
Consultation Process	N/a
Policy Date:	May 2021
Review Date:	May 2023

Organisational structure

BOARD OF TRUSTEES (BOT).....	Authorise Budget
FINANCE, PERSONNEL & RESOURCES COMMITTEE (FPR).....	Propose Budget to BOT
CEO/CFO & COO.....	Provisional Budget
SCHOOLS - SLT/ BUDGET HOLDERS.....	Input

Budget planning

The budget is separated into distinct and manageable categories/ledger codes. This budget will, after endorsement by the FPR Committee and the Chief Executive Officer, go forward as the suggested budget for authorisation by the Board of Trustees when it then becomes the Final Budget.

The Chief Finance Officer must maintain a clear statement of the assumptions supporting the budget.

This budget is based on ledger code expenditure plans rather than by cost centre income & expenditure reports. The budget is set using in year income and in year expenditure and if the use of reserves is required, the request will be made to the Finance, Personnel and Resources committee by the CEO.

The annual budgets will reflect the best estimate of the resources available to the Trust/Academies for the forthcoming year and will detail how those resources are to be utilised. There should be clear evidence of integrated financial planning being linked to the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable
- Review of other income sources available to the academy to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of the Trust/Academy cost base
- Identification of potential efficiency savings and
- Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g., Salary increases/ increments, inflation and other anticipated changes.

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Finance Officer for approval by the Chief Executive officer, Headteacher, Local Governing Board and MAT Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budgets should be seen as a working document which will be revised throughout the year as circumstances change.

Monitoring and Review

This process of budget review is continuous and close watch must be kept over actual against predicted expenditure. Monthly reports will be prepared by the Chief Finance Officer. The reports will detail actual income and expenditure against budget and a full year forecast both for schools and at a summary level for the Chief Executive Officer, Headteachers, the LGB and MAT boards.

Any potential overspend against the budget must in the first instance be discussed with the Chair of the FPR committee. The accounting system requires approval for payments to be made against an overspent budget by the Chief Executive Officer/ Chair of Trustees/Chair of Finance.

The monitoring process undertaken by the trust and schools should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. All budget virements must be completed in line with authorities shown in the Scheme of Delegation.

Detailed records of historical expenditure and any corrective action taken will be of great value in future planning. Any further action taken must be clearly documented.

Financial responsibility

The Board of Trustees has delegated responsibility for routine control to the FPR Committee and will meet on a regular basis to review expenditure.

Conclusion

A realistic and achievable budget is fundamental to the trust's planning. Budget planning and control requires some decentralisation of responsibility, therefore schools responsible for expenditure with definable manageable areas help the Chief Finance Officer produce a consolidated budget. The budget needs consideration by the FPR Committee and the CEO before going to the Board of Trustees and a suggested time scale for Budget progression is included in the Financial Calendar. The FPR Committee has delegated authority from the Board of Trustees to exercise control and advice over financial affairs.