

Title of Policy/Procedure	Budgetary Planning and Control Procedure
Reviewers(s):	Director of Finance and Operations Deputy Chief Financial Officer / Management Accountant
To be read in conjunction with the following policies:	Financial Procedures, Administration and Control Policy
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The Trust budgetary control and planning procedures

1. Organisational structure

Role	Responsibility
Board of Trustees (BoT)	Approve balanced budget
Finance Committee (FC)	Propose balanced budget to Board of Trustees (BoT)
Chief Executive Officer (CEO) Director of Finance and Operations (DFO) Deputy Chief Financial Officer/Management Accountant (DCFO) Trust Finance and Operations Manager (TFOM)	Provisional balanced Budget
Schools – Head teacher and School Business Officer Trust Leadership Team and Budget Holders	Work with TFOM to input school level and Trust level budgets

2. Financial Planning

- 2.1. Trustees and management must maintain robust oversight of the Academy Trust and take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.
- 2.2. The Board of Trustees must approve a balanced budget and any significant changes to it, for the financial year to 31st August, which can draw on any unspent funds brought forward from previous years.

3. Budget planning

- 3.1. The budget is separated into distinct and manageable categories/ledger (nominal) codes. This budget will, after endorsement by the Finance Committee and the Chief Executive Officer, go forward as the draft annual budget for authorisation by the Board of Trustees when it then becomes the Final Budget.
- 3.2. The budget setting process adheres to a strict annual timeline to ensure all steps are carried out and meet the Department for Education (DfE) and Education and Schools Funding Agency (ESFA) statutory reporting requirements and deadlines for Academies.
- 3.3. The budget planning timetable begins in the autumn term and ends in July each year. Schools and the Trust must take a longer-term view of their financial plans consistent with the requirement to submit three-year budgets to the ESFA in the summer term. The Trust Finance and Operations Manager works with the Trust leadership team and individual schools throughout the year to review, plan and implement their budget plans.
- 3.4. The Deputy Chief Financial Officer must maintain a clear statement of the assumptions supporting the budget. Budget Assumptions for pay awards, cost of living and inflation are agreed by Trust leadership in the spring term and are based realistic assumptions and

the best knowledge available at that time.

- 3.5. This budget is based on ledger (nominal) code income and expenditure plans rather than by cost centre. The budget is set using known and estimated income and expenditure values and reviews of. If the use of reserves is required, a request will be made to the Finance Committee by the CEO.
- 3.6. 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 School Development Plan objectives and the budgeted utilisation of resources.
- 3.7. The budgetary planning process will incorporate the following elements:
 - 3.7.1. Forecasts of the likely number of pupils to estimate the amount of DfE grants receivable
 - 3.7.2. Review of other income sources available to the school to assess likely level of receipts
 - 3.7.3. Review of past performance against budgets to promote an understanding of the Trust/school cost base
 - 3.7.4. Identification of potential efficiency savings
 - 3.7.5. Review of the main expenditure headings in light of the School Development Plan objectives and the expected variations in cost e.g., Salary increases/ increments, inflation and other anticipated changes.

4. Balancing the Budget

- 4.1. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding both in year and in future years of the three-year budget plan.
- 4.2. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where efficiencies can be made. Schools may need to re-prioritise tasks and/or defer projects until more funding is available.
- 4.3. 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 priority or need.

5. Finalising the Budget

- 5.1. Once the different options and scenarios have been considered, a draft budget should be prepared by the Headteacher and School Business Officer with Trust Finance and Operations Manager and discussed with the school's Local Governing Body.
- 5.2. A detailed individual and consolidated budget is prepared by the Trust Finance and Operations Manager with support as needed from the Deputy Chief Financial Officer for approval by the Chief Executive officer, Director of Finance and Operations, Finance Committee and Trust Board.

- 5.3. The final approved budget should be communicated to all staff with budget responsibility so that everyone is aware of the overall budgetary constraints. This budget is then submitted to the ESFA as the three-year Budget Forecast Return (BFR).
- 5.4. The budget should be seen as a live, working plan and revised throughout the year as circumstances evolve and or change. It should always reflect the school's most up to date position.

6. Monitoring and Review

- 6.1. The Trust ensures that financial plans are prepared and monitored and take a longer-term view to be consistent with the requirement to submit three-year budget forecasts to the ESFA.
- 6.2. This process of budget review is continuous and actual income and expenditure should be monitored on at least a monthly basis against budget. Schools are expected to update their forecast position each month on the budget software.
- 6.3. Monthly Management Account reports will be prepared by the Deputy Chief Financial Officer and available to schools on the tenth working day. The monthly reports detail actual income and expenditure against budget and a full year forecast for schools and at a summary level for the Chief Executive Officer, Director of Finance and Operations, Headteachers, the Local Governing Body (LGB) and the Trust Board. Schools should add a short narrative explanation on significant variances to the summary reports prior to them being shared with their governors.
- 6.4. Any potential overspend against the Trust's consolidated budget must in the first instance be discussed with the Chair of the Finance committee. Approval for significant payments against a school's overspent budget should be requested from the Chief Executive Officer/Director of Finance and Operations (DFO).
- 6.5. 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 mitigating action taken where appropriate. If a budget overspend is forecast, it may be appropriate to reallocate funding from another budget which will not be required or from any brought forward reserves.
- 6.6. Schools will carry out an annual benchmarking exercise each autumn term, supported by the Finance and Operations team. Comparisons can be made by individual schools as nationally available benchmarking data will be provided, as will Trust average and 'similar school' benchmarking data. This will help schools with their longer-term planning and review of their budgets.
- 6.7. All budget movements must be completed in line with authorities shown in the Scheme of Delegation.
- 6.8. Detailed records of historical expenditure and any mitigating action taken should be clearly documented as it will be useful in future planning.

7. Financial responsibility

- 7.1. The Board of Trustees has delegated responsibility for routine control to the Finance Committee and will meet on a regular basis to review Trust income and expenditure and ensure rigour and scrutiny in budget management.

8. Conclusion

- 8.1. A realistic and achievable budget is fundamental to the Trust's planning. Budget planning and control requires some decentralisation of responsibility therefore schools remain responsible for their expenditure and budget plans, subject to the Trust Scheme of Delegation.
- 8.2. These plans help the Trust Finance and Operations Manager and Deputy Chief Financial Officer produce a consolidated Trust budget. The budget needs consideration by the Finance Committee and the CEO and DFO in the summer term before approval by the Board of Trustees at their summer term meeting. The annual budget cycle is attached at Annex A, it is subject to regular review and is included in the Finance Timetable. The Finance Committee has delegated authority from the Board of Trustees to exercise control and advice over financial affairs.

Appendix A – Blue Kite Academy Trust Budget Planning Timetable

Autumn term	<ul style="list-style-type: none"> • Begin review of current financial year's budget (All) • Review pupil number estimates (All - termly) • Action any correcting or mitigating budget movements required (All) • Review future years' budget plans (TFOM / Trust / Schools) • Monitor current expenditure against budget • Annual benchmarking toolkit exercise (All)
Spring term	<ul style="list-style-type: none"> • Review future years' budget plans (TFOM / Trust / Schools) • General Annual Grant values for the next financial year to be added to school budgets (TFOM / DCFO) • Review pupil number estimates (All - termly) • Local authority release September pupil forecasts (Primary) • Draft budget assumptions to be collated (DCFO) • Trust leadership to agree budget assumptions (Trust) • Continue work on finalising school budget plans (TFOM / Schools) • Continue work to finalise Trust central budgets (CEO / DFO / DCFO / TFOM)
Summer term	<ul style="list-style-type: none"> • Review future years' budget plans (TFOM / Trust / Schools) • Review pupil number estimates (All - termly) • Meet with Local Governing Body to review draft final school budget (Schools) • Trust central budget to be finalised (CEO / DFO / DCFO / TFOM) • Final Draft schools, Trust and consolidated budget to Trust SLT (TFOM) • Final Draft consolidated budget to Finance Committee (DCFO) • Propose final balanced budget to Board of Trustees for Approval (DCFO) • Reconcile ESFA pupil forecast adjustment for new and growing schools (DFO / TCOM) • Complete ESFA Budget Forecast Return (BFR) (DCFO) • Agreement of ESFA BFR by Board of Trustees (BoT) • Submission of BFR to ESFA (CEO / DFO / DCFO)