

## 16. Expenditure

### Preamble

Expenditure from the school's delegated budget needs to be in accordance with the annual revenue budget, which itself is prepared in conjunction with the school development and asset management plans, covering a longer period. The following Financial Regulations set out the framework within which Governing Bodies may incur expenditure from the delegated budgets.

**See also:**

Keeping Your Balance - Purchasing – Financial Controls

### Regulations

- 16.1. Written permission from the FBP CEF is required before the Governing Body spends any part of the schools budget share that does not fall within the purpose of the school and the Scheme.

**See also:**

Scheme for Financing Schools – Paragraph 2.18

- 16.2. Governing Bodies shall be free to commit expenditure over more than one financial year provided that such forward commitments are reflected in subsequent annual revenue budgets.
- 16.3. The annual revenue budget shall be prepared in conjunction with the school's development, improvement and asset management plans. Schools will be advised and assisted by the local authority in constructing long-term financial and management budgets to allow them an effective means of planning and monitoring over a period of years<sup>1</sup>.

**See also:**

Keeping Your Balance – Section B7

- 16.4. Even the best planning and forecasting is subject to changes in circumstances, which cannot be foreseen. Contingency planning and

---

<sup>1</sup> Three year plan required.

provision for future requirements where appropriate is an important aspect of sound financial management.

16.5. In creating the budget for any year, the school should take into account existing and future commitments and the variables that determine the school resources. Pupil numbers, donations and income from other sources should be carefully considered when examining the future financial position and whether expenditure plans can be sustained. New commitments may arise from:

- Service contracts overlapping financial years
- Building contracts overlapping financial years
- Building works (additional running costs)
- New equipment and its utilisation
- Planned replacement of equipment
- Changes to staff and pay levels
- Effect on staff increments
- Repayment of previous budget deficit
- Implementation of School Development, Improvement and Asset Management Plans

This list is not exhaustive.

16.6. Governing Bodies may borrow money from external lenders only with the written permission of the Secretary of State<sup>2</sup>. All requests should be processed through the FBP CEF. The school will need to submit a budget plan, setting out the purpose of the loan, repayment period and the consequences on the revenue budget for the duration of the loan.

**See also**

Section 3.3 of Scheme for Financing Schools

16.7. The above Financial Regulation does not apply to Trustees and Foundations, whose borrowing is regarded separate from the local authority. The loan must not be serviced directly from the delegated budget, but schools are entitled to agree a charge for the borrowing provided by the Trustees or Foundation.

**See also:**

Section 16.6 above

---

<sup>2</sup> To date no approvals have been granted by the Secretary of State.

- 16.8. The local authority may ring fence funding, which is devolved to schools outside of the scheme of delegation. Where such earmarked funding is given Governing Bodies shall ensure that:
- The sum given is not overspent, unless supplemented from the school's delegated budget
  - The sum given is spent only on the purposes for which it is given, otherwise grant may be lost. Where a loss of grant does arise from the failure of a school to observe this Financial Regulation, the expenditure will be treated as a charge against the school's delegated budget allocation
  - Earmarked funds<sup>3</sup> not spent in the specified period must be returned to the local authority.
- 16.9. Appropriate accounts are to be maintained to support the expenditure incurred from earmarked funds and reported to the FBP CEF.
- 16.10. Payments to governors are restricted to only allowances in respect of purposes specified in Financial Instructions.
- 16.11. Schools should not make payments duplicating those that are paid or reimbursed elsewhere.
- 16.12. In accordance with the provisions of the Scheme for Financing Schools, any financial cost arising from the act or omission of a Governing Body and falling initially upon the local authority, will be charged to the delegated budget of the school involved<sup>4</sup>.
- 16.13. If disputes arising from work carried out from internal service providers cannot be resolved by discussion between the Headteacher and the internal service staff, the issue will initially be referred to the service manager, who will discuss the matter further with the Headteacher. If the dispute still remains unresolved, a meeting may be requested by the Headteacher with the Strategic Lead holding overall accountability for the service unit<sup>5</sup>. As a last resort (and in exceptional circumstances) the matter should be referred to the Director for Childrens Services and Chief Executive.

---

<sup>3</sup> Example is Devolved Capital

<sup>4</sup> Any amount resulting from an act of omission does not constitute a legitimate reason for an approved deficit (see Section 4 Revenue Budget).

<sup>5</sup> A request can be made for a senior officer representative from the Childrens Services Directorate to also attend this meeting. A timetable of events to dispute resolutions is attached to these Financial Regulations.

**See also:**

A31 - Provision of services by the authority

A38 - Conduct of an Arbitration Hearing