

A8. Budget Monitoring

Preamble

Regular monitoring of income and expenditure against the agreed budget is central to effective school financial management. It allows Governors, the Headteacher and staff to maintain financial control by continually reviewing the school's financial position and taking remedial action where necessary. Effective financial management will ensure the school's development/improvement plan objectives are being met and financial resources are effectively deployed against these local, region and national objectives (raising attainment and narrowing the educational gap).

See also:

Keeping Your Balance – Budget Monitoring

Regulations

- 8.1 Schools must monitor income and expenditure against their delegated budget. The Headteacher is to monitor the budget on a monthly basis, throughout the year. This function cannot be delegated to finance staff or an external bursar service.
- 8.2 Budget monitoring reports should be prepared and presented periodically, at least six times a year¹, to the full Governing Body for review. Governors may request more frequent reports and these must also be presented to appropriate committees.
- 8.3 Each school's Governing Body may determine the form and contents of financial reports but the following basic information should be considered as the minimum for inclusion:-
 - a) The original and any revised budget
 - b) Current actual income and expenditure plus commitments
 - c) An estimate of income and expenditure to the year end
 - d) A total projecting year end position for both income and expenditure
 - e) A comparison of the latest (a) and (b) figures

¹ As stated as requirement in DfE SFVS guidance issued April 2019

- f) Explanations for significant variances
- g) Reports should cover the total revenue budget and capital budget of the school
- h) An estimate of the in-year balance
- i) The balances brought forward from previous years and to be carried forward to next including (h) above
- j) Any explanation as to future use of any balances held or what steps are to be taken to bring any overspends back into balance

8.4 Where schools hold monies on behalf of others (for example, partnership, and other specifically identified income stream, other than the Dedicated Schools Grant) a separate report is to be provided for these monies using the reporting approach outlined above. This report is to be presented to both the school's governing body and the party or parties for whom the school is holding the monies.

8.5 Budget monitoring is to be carried out monthly at all levels and should include all devolved budget cost centres. Expenditure on individual initiatives is to be tracked to enable the school to assess cost and effectiveness against the criteria set out in the school's development/improvement plan and conditions associated with any specific funding.

8.6 It is important when considering actions to tackle any significant variances that these are not just concentrated on overspends. Underspends must also be considered as it is important to deploy all available resources to meet the School Development Plan and other externally set priorities.

8.7 Under section 2.2 of the "Scheme for Financing Schools" document schools are required to submit copies of the budget monitoring reports for Governors to the local authority four times a year (monthly for schools in deficit or subject to specific instruction)². These reports will be reviewed and discussed with the school at an appropriate level. This will ensure that the reports are robust to support the Governors role of strategic financial control.

See also:

Keeping Your Balance – Budget Monitoring

² Schools should ensure that the timing of reports requested by the local authority are reflected in the timetable to provide the governors reports in paragraph 8.2. This will reduce the reporting workload within the school and guarantee consistency of reporting.