

SOUTH OTTERINGTON C.E. PRIMARY SCHOOL
BUDGET MANAGEMENT POLICY – AUTUMN 2015

MISSION STATEMENT:

In our school, we believe that by working together we will encourage balanced and challenging learning for children of all abilities and provide a welcoming, friendly and supportive environment in which Christian values are held in high regard.

Key drivers: Spiritual and moral development; Personal, social and emotional development; Community ~ including ICT; Creative arts.

RATIONALE:

It is the aim of the Governing Body to ensure that all financial resources available to the school are used in an efficient and effective manner in order to ensure that Value for Money is achieved from the resources available to the school

PURPOSES:

To conform with the requirements of DfE (Department for Education) and NYCC Children and Young People's Service policy. The detailed policy in terms of organisation of responsibility and accountability is based on the NYCC recommended model.

GUIDELINES:

Financial decisions will be made after consideration of:

- (i) the needs of the pupils and staff of the school;
- (ii) conditions and requirements laid down in the LA's approved LMS scheme
- (iii) the need to support and deliver the National Curriculum together with any additional elements agreed by the Governing Body.
- (iv) the resources delegated to the school;
- (v) priorities as identified in the costed development plan.

SOUTH OTTERINGTON C.E. PRIMARY SCHOOL

BUDGET MANAGEMENT POLICY ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

1. Roles and Responsibilities

- i) The Governors have a statutory responsibility for the oversight of the financial management of the school and for ensuring adherence to the Authority's LMS Procedure Rules
- ii) A Finance Committee made up of a selection of members of the Governing Body and the Senior Team will meet at least once a term (usually 4 times a year). The Committee will work to the agreed Terms of Reference (see Appendix A) as approved by the full Governing Body. The committee will consider termly monitoring statements as a minimum (in some cases monthly reports may be considered to be more appropriate), the school's budget and long term financial forecast, and the end of financial year outturn statement. The Committee will submit a brief summary report to the full Governing Body at least once per term.
- iii) The Headteacher will assume day to day responsibility for the budget and will, under a scheme of delegation approved by the Governing Body (see Appendix B), have the delegated authority to determine spending within approved budget headings. The School Administrator will ensure the proper processing of orders and invoices generated by the school and the checking of goods received. All individuals who are involved in the spending, collection and custody of school resources must observe satisfactory probity and regularity as reflected in the Authority's LMS Procedure Rules for schools with delegated budgets.

(Optional Paragraph – tasks covered will be dependent on the level of service purchased from the FMS Team)

- iv) The Governing Body has elected to employ the services of a Financial Management Services (FMS) Team Support Officer who will prepare the school's annual budget and longer term spending plans, maintain computerised records of income and expenditure in line with the DFE recommendations for Consistent Financial Reporting, check and reconcile the schools financial records to monthly tabulations provided by the LA (Local Authority) and to monthly bank statements, carry out monitoring procedures and produce regular monitoring statements for the Head and Governing Body (of Finance Committee).

2. Procedures

All documentation of accounts and finances will be kept in accordance with advice from the LA. Procedures for keeping accounts will be in accordance with the LA's LMS Procedure Rules. A copy of the school's most recent auditor's report will be available for inspection by Governors, OFSTED Inspectors and Officers of the LA.

3. Pecuniary interests

Governors and staff of the school will be required to complete a Register of their Business Interests and declare any links they have with any firm from which the school may wish to buy goods or services.

BUDGET

1. Aims and Objectives

The Finance Committee together with the Headteacher will consider the on-going development plans and will provide costings both for maintaining the required level of educational provision and also for proposals to develop the short, medium and long term aims and objectives as identified in the

School Development Plan. Such consideration will include the determination of an appropriate level of general contingency and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies on the development proposals in the School Development Plan. It is recognised that finite resources will lead to a need to place proposals into priority order and to accelerate/delay spending plans as circumstances change.

2. Budget Timetable

The Headteacher (or their representative), will prepare for consideration by the Finance Committee:

- i) Draft/consultation papers on issues to be addressed in preparation for the following year's budget – Spring Term,
- ii) Proposed start budget and long term financial forecast in March / April when the Section 251 statement of resources has been received for the full financial year, which will be approved by governors as soon as possible and submitted to the LA by the 1st June.
- iii) Outturn statements in May for the Governing Body to consider performance in the previous financial year.
- iv) Revised budget and updated long term financial forecast in the autumn term to reflect any staffing changes or updating of spending plans, or changes to pupil numbers. This will then be submitted to the LA before the end of December.
- v) Monitoring reports to be considered by the Finance Committee at least once a term with a brief report to the Full Governing Body. Reports will reflect both sums paid and sums committed but not yet paid and estimated expenditure and income for the remainder of the financial year against approved budget headings and will be reconciled to the LA's ORACLE statements and school bank statements.

3. Efficiency & Value for Money

Schools must seek to achieve efficiencies and value for money to optimise the use of their resources and to invest in teaching and learning. It is for Heads and Governors to determine at school level how to secure better value for money.

4. Financial Benchmarking

The Headteacher (or their representative) will prepare for consideration by the Finance Committee financial benchmarking comparisons on an annual basis each Autumn Term. The benchmarking data will be extracted for similar schools from either the local financial benchmarking database for North Yorkshire schools or the national DfE financial benchmarking database. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process.

5. Review of Contracts for Services

The Finance Committee will review the quality, cost and impact of services purchased from outside providers (including the LA) on an ongoing basis and before contracts are renewed. To assist in this process the Headteacher or their representative will prepare a schedule detailing the service contracts, together with values and renewal dates in order that priorities for review can be determined. After each review the Finance Committee will make recommendations to the Governing Body.

6. Standards of Financial Management

The Governing Body will have regard to any Standards of Financial Management endorsed by the DfE to evaluate the quality of their financial management and to aid in training staff to become better financial managers.

7. Level of Balances

The Finance Committee will annually review the balances situation of the school and make recommendations to the Governing Body. In making its recommendations the Finance Committee will indicate an optimum level of balances which has regard to the specific issues facing the school and acknowledge that resources are allocated to schools on an annual basis based on the number of pupils in the school at that time. The Finance Committee will have regard to the balance limits placed on schools: Nursery, Primary and Special Schools – 8% of budget or £20,000, whichever is the higher; Secondary Schools – 5% of budget. Any balances over these limits may be clawed back and redistributed by the LA. If balances over this limit are considered essential, for example to allow planned class restructuring in the case of falling rolls, a licensed surplus application, giving full reasons for the request will be submitted to the LA before the end of the Autumn Term. Regard will always be given to the most current advice available from the LA and DfE.

8. Submission to the LA

The Governing Body after approving the budgets, is required to send copies to the LA by the end of May each year. The Governing Body will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from representatives of the LA bearing in mind that deficits require the prior approval of the Corporate Director – Finance and Central Services and the Corporate Director of Children and Young People's Service

In addition to the budget the School will also submit the following documents to the LA in accordance with required timescales:-

- a Consistent Financial Reporting return (dates to be notified on an annual basis)
- an updated Budget and Long Term Financial Forecast (by 31st December).
- A copy of the signed Schools Financial Value Standard (on an annual basis) (*the first submission needs to be by 31st March 2013 or for those schools who did not achieve the FMSiS, the submission needs to be by 31st March 2012*)

9. Virement Procedures

Unless the level of change does not warrant it the budget will be revised each Autumn Term and the Finance Committee will be able to vire funds between budget headings within the school's overall budget (with the exception of any earmarked funds) or from unallocated resources as appropriate. Requests by the Head for the further virement of funds outside the scope of the Scheme of Delegation to the Headteacher (Appendix B) will also be considered by the Finance Committee and be subject to their minuted approval.

10. Quality of Information

Governors expect that the financial information they receive will be relevant, timely, reliable and understandable.

11. Extended Activities

The Governing Body will discuss, decide and minute their intention to use school budget funding to aid in the funding of extended school activities. The following extended school activities are provided by the school: a range of after school clubs.

12. Capital Expenditure

The Finance Committee will give consideration to the use of the devolved capital allocations available to the school in the light of the priorities identified in the School Development Plan and then

make recommendations to the Governing Body. Once considered by the Governing Body any plans for capital expenditure will be submitted to the authority for approval in accordance with the Authority's LMS Procedure Rules.

13. Documentation

All financial systems and procedures carried out will be in accordance with the LA's LMS Procedure Rules, Scheme of Delegation to Headteacher and the Bank Accounts For Schools Scheme. A copy of these documents will be readily available and kept up to date.

14. Purchasing

Before purchases are made consideration will be given to economies of scale available to the school from the goods and services offered by any LA negotiated corporate contracts. Information available from the LA's Procurement Services for Schools will also be given due consideration.

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved and where a single purchase of more than £5000 is involved, quotations will be sought from at least 3 suppliers and Governors consulted before a purchase is made. For purchases in excess of £50,000 tenders will be obtained as laid down in the LMS Contract Procedure Rules.

The Governing Body require that staff will follow official ordering procedures at all times and written pre-numbered orders will be used. Verbal orders will be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for their private use. All official orders will be recorded on the school's computerised financial system. Orders made on-line should also be followed by an official order.

When making purchases, staff must adhere to NYCC LMS Procedure Rules.

15. Procedures and Security

The school will make use of a computerised financial monitoring package approved and supported by the LA. Data will be input on a regular basis including financial commitments made by the school. Information will be input from and reconciled to the LA's financial statements and school bank statements every month. Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable. Security passwords will be maintained on the computer and documentation will be kept in a secure location. Regular backups will be made of the information held on the computer with the backups stored securely and separately from the computer.

16. Security of Stocks and Equipment

An inventory will be kept in the school and updated and checked on an annual basis in accordance with the LMS Procedure Rules and the Authority's guidance. The Governing Body will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets and a copy of the policy document will be available for inspection.

1. A register will be maintained of equipment removed from school for use off-site and when it was returned.
2. The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment in accordance with LMS Procedure Rules.
3. When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

17. Petty Cash

The amount of cash in the school will be kept to a minimum and all monies and financial records

kept in secure storage. There will be a limited use of petty cash.

18. Income

The Governing Body will implement a charging policy. Steps will be taken to ensure the early collection of income due and receipts issued and records kept in line with LMS Procedure Rules.

A copy of the Governor's Charging and Remissions policy for school activities will be available in school for inspection.

19. VAT Returns

VAT returns will be made promptly and accurately using the computerised system.

20. Staffing

The Personnel Committee (or equivalent) will be responsible for the Pay Policy annually within the provision of the Finance Committee and will consider appointments, terminations, promotions and performance management as necessary.

21. Insurance

The Finance Committee will annually make recommendations to the Governing Body about the insurance requirements of the school. The recommendations will have regard to the minimum cover requirements of the LA and to the costs of insurances services offered by the LA and other providers. The school will consider the additional "voluntary" insurance arrangements offered by the LA (eg staff absence insurance, contents insurance). The Finance Committee will have due regard to the terms of the insurance documents and these will be considered on an annual basis.

22. Computer Systems

The school will maintain approved software for the administration of financial records. The school has been registered in accordance with the Data Protection Act 1998. All data handling procedures undertaken by the school are in accordance with the LA's recommended practices for data security and information governance.

23. Audit

The systems for finance and administration will be subject to review from time to time by the Authority's Internal Audit Service provider and the County Council's external auditors. The Governors, Headteacher and staff will co-operate with auditors in accordance with the requirements of Procedure Rules and will consider and implement their recommendations in a timely manner.

FINANCE COMMITTEE**TERMS OF REFERENCE**

1. Ensure sound management of the school's financial situation and the achievement of Value for Money by monitoring and evaluating financial performance.
2. Establish regular reporting procedures and make recommendations, where necessary (including virement proposals), to the Governing Body.
3. Ensure the school development plan is fully costed and provides a sound basis for long term financial planning.
4. Give consideration to the initial budget and long term financial plans and make recommendations to the Governing Body.
5. Ensure that the school complies with the principles of Efficiency and Value for Money (including the use of local and national financial benchmarking data) to optimise the use of resources and to invest in teaching and learning.
6. Give consideration to the self evaluation of the school's financial management procedures against those contained within the DfE's Schools Financial Value Standard and identify any remedial actions required and associated timescales for implementation. A summary report and recommendations will be presented to the Governing Body.
7. Regularly review the policy on its level of balances and make recommendations, as appropriate, to the Governing Body.
8. To evaluate the quality, cost and impact of services purchased from all outside providers, including the North Yorkshire County Council Children and Young People's Service, before contracts are renewed.
9. To consider the priorities for use of the Devolved Capital Funding made available to the school and to make recommendations to the Governing Body.
10. To consider the annual insurance requirements and make recommendations to the Governing Body.
11. To receive the report of the Authority's auditors and to act upon any recommendations made therein.
12. Determine the school's charging policy.
13. To carry out an annual review of the schools Budget Management Policy and to make recommendations to the Governing Body

SCHEME OF DELEGATION TO THE HEADTEACHER

The Headteacher shall have delegated power to undertake all functions delegated to the Governing Body relating to the LMS Scheme except that:

- (a) he/she shall comply with all policy directions given to them from time to time by the Governing body;
- (b) he/she shall have the authority to expend all monies allocated to individual or specific items in the approved budgets without further reference to the Governing Body; but where no such specific item exists in the budget he/she shall not enter into any financial commitment without the consent of the Governing Body or in the case of an urgent matter, the Chairman thereof;
- (c) the above delegation shall not apply in respect of the appointment of staff. It shall be for the Governing Body to determine from time to time the extent of the power of the Headteacher to deal with staffing matters;
- (d) the Headteacher shall not vire from one budget head to another any sum exceeding 0.5%* of the delegated budget or £5,000* whichever is the lesser, without the consent of the Governing Body or, in the case of an urgent matter, the Chairman thereof;
- (e) the Headteacher shall maximise school funds by careful use of agreed investment opportunities; the Headteacher shall not transfer funds between current and investment accounts established under the BAFS policy unless a policy to do so has been agreed by the Governing Body (terms should be stated);
- (f) the Headteacher shall submit to the Governing Body at least one each term, and on such further occasions as the Governing Body may specify, reports on all expenditure incurred and commitments entered into, together with details of any income generated, since the last such report to the Governing Body; this report to include a comparison of these latest figures with the budget for the year;
- (g) any proposal to incur expenditure on new or significantly different policies to be the subject of a report by the Headteacher to the Governing Body; the report to include details of cost in both the current and future years;
- (h) the Headteacher shall have the power to nominate the Deputy Headteacher or another named (senior) member of staff to exercise the powers of this delegation during any periods of absence;
- (i) the Headteacher and any other person nominated under Regulation (h) above shall ensure that at all times the LMS Procedure Rules relating to schools with delegated budgets are complied with.

*the figure to be determined by the Governing Body