

Budget Management Policy (October 2024)

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Date adopted by School Governing Body	16 October 2024
Date reviewed	October 2024
Date of NYC model policy	September 2024
Next review	September 2025

Comment

Reviewed by MW

AIMS:

It is the aim of the Governing Body to ensure that all financial resources made available to the school are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which individual members of the school staff and the Governing Body can achieve this.

This policy conforms to the requirements of the LMS Scheme for the Financing of Schools (hereafter referred to as the LMS Scheme) as set out by the Department for Education (DfE) and the North Yorkshire Council LMS Financial and Contract Procedure Rules (hereafter referred to as the LMS Procedure Rules). The framework within this policy should be operated in conjunction with both the LMS Scheme and the LMS Procedure Rules. It is based on the Council's recommended model.

GUIDELINES:

Financial decisions will be made after consideration of:

- a) the needs of the pupils/students and staff of the school;
- b) the conditions and requirements as laid down in the LMS scheme;
- c) the need to support and deliver the National Curriculum together with any additional elements as agreed by the Governing Body;
- d) the financial resources delegated to the school; and
- e) the priorities as identified in the costed school development plan.

ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

ROLES AND RESPONSIBILITIES

1. The Governing Body

The Governing Body has a statutory responsibility to oversee the financial management of the school and to ensure adherence to the LMS Procedure Rules.

The Governing Body recognises the importance of clearly defining the roles and responsibilities of its committees, the Executive Headteacher and other staff.

2. Finance or Resources Committee

The Governing Board has chosen not to establish a resources/finance committee. There are governors who have significant experience of school financial management and they challenge the Executive Headteacher and other senior school leaders to consider the following;

- a) financial monitoring statements,
- b) the school's budget and long term financial forecast,
- c) the end of financial year outturn statement, and
- d) the annual completion and submission of the Schools Financial Value Standard (SFVS).

All decisions will be made at Full Governing Board level.

3. The Executive Headteacher

The Executive Headteacher is responsible for:

- a) the detailed preparation of the Federation's budgets which addresses the strategic aims and targets established by the Governing Board;
- b) the day-to-day management of the school budget under the Federation's Scheme of Delegation which is approved by the Governing Board; and
- c) ensuring the effective operation of the finance function within the school, to include:
 - i. the roles of each member of staff being clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
 - ii. the adherence to the LMS Procedure Rules;
 - iii. the establishment of systems to ensure that financial control is maintained at all times including procedures in the absence of key staff; and
 - iv. the maintenance of appropriate documentation and transactional records.

4. The Bursar/Business Manager

The Governing Board has elected to employ the services of a **Financial Management Services (FMS) Team Support Officer** who is responsible for:

- a) the preparation of the Federation's annual budgets and longer term spending plans;
- b) the maintenance of computerised records of income and expenditure in line with the DfE recommendations for Consistent Financial Reporting;
- c) the checking and reconciliation of the school's financial records to monthly tabulations provided by the Local Authority and to monthly bank statements; and
- d) the undertaking of monitoring procedures and the production of regular monitoring statements for the Executive Headteacher and Governing Body (or Finance/Resources Committee).

PROCEDURES

All documentation of accounts and finances will be kept in accordance with advice from the Local Authority.

Procedures for keeping accounts will be in accordance with the 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 Local Authority.

PECUNIARY AND OTHER BUSINESS INTERESTS

Register of Interests

Under the Schemes for Financing Local Authority Maintained Schools, School Governing Bodies are required to establish, and keep updated, a register that lists for each member of the Governing Body (including, as appropriate, Associate Members), the Executive Headteacher and those other members of staff who can influence purchasing decisions, any business interests that they, their partner or any member of their immediate family have.

Governing bodies are under a duty to publish on the school website their register of interests. The information to be published should, as a minimum, include for each governor:

- their full name;
- date of appointment/date they stepped down;
- their category of governor;
- which body appoints them;
- their term of office;
- their attendance record at governing body/committee meetings over the last academic year;
- the names of any committees the governor serves on;
- details of any positions of responsibility such as chair or vice chair of the governing body or a committee of the governing body; and
- details of any relevant business interests, any other educational establishments they govern and any relationships with members of the school staff (spouses, partners or relatives).

This requirement also applies to associate members.

This register must include all business interests such as directorships, share holdings with a value in excess of £5,000 and other appointments of influence within a business or any other organisation that may have dealings with the school. The disclosures should also include business interests of partners or relatives who may have dealings with the school.

The Clerk to the Governing body should ensure that the register is kept up to date and complete and includes all governors, associate members and relevant staff. Where applicable, signed and dated nil returns should also be kept. It is good practice to review the register on an annual basis.

In addition, it is good practice for members of staff who can influence purchasing decisions to complete a register of their interests. This register should be maintained by the Executive Headteacher.

The school must ensure there are adequate arrangements in place to manage related party transactions, as detailed in the Schools Financial Value Standard (SFVS). A related party transaction is one where a contract is awarded to a person or body that has close links to the person awarding the contract. In these circumstances effective systems will be implemented to ensure that open and transparent procedures are followed, and any potential conflicts of interest are adequately and appropriately managed. The school must submit a termly Related Party Transaction template to the Local Authority. In addition, a full year submission will also be required, covering the period 1st April to 31st March, to be returned as part of the SFVS submission. The Local Authority have produced some best practice guidance that schools can refer to. *(Schools may wish to include details of the process which will be implemented including reporting arrangements).*

BUDGET

1. Aims and Objectives

The Executive Headteacher, headteachers, heads of schools together with the governing board will consider and provide costing information both for maintaining the required level of educational provision as well as proposals to develop the short, medium and long term aims and objectives as identified in the Federation Improvement 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 within the Federation Improvement Plan.

It is recognised that finite resources will lead to a need to prioritise proposals and to accelerate/delay spending plans as circumstances change.

2. Budget Timetable

The Executive Headteacher (or their delegated representative) will prepare financial information for consideration by the Full Governing Board and submit it to the Local Authority, where applicable, in line with the following timetable:

Date	Action / Response
Mid February	S251 budget resource allocation for the next financial year received from the Local Authority

Spring term	Prepare papers on issues to be <u>addressed</u> in preparation for the setting of the following year's budget
By March 31 st	Prepare and submit a Schools Financial Value Standard (SFVS) return, together with a copy of the relevant minutes of the Governing Body or Committee at which it was approved
March / April	Prepare and present to the Governing Body the proposed start budget for the next financial year and the long term financial forecast
May	Prepare and present outturn statements to enable the Governing Body to consider the financial performance in the previous financial year
May (school finance team will confirm date on an annual basis)	Prepare and submit a Consistent Financial Report return detailing the income and expenditure from the previous financial year (to be used for future benchmarking purposes) to the Local Authority
By May 20 th	Submit the approved start budget to the Local Authority
Autumn term	Prepare and present to the Governing Body the revised budget and updated long term financial forecast , reflecting any staffing changes or updated spending plans, or changes to pupil numbers
By December 31 st	Submit the approved revised budget to the Local Authority

The Governing Board will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from representatives of the Local Authority bearing in mind that deficits require the prior approval of the Corporate Director – Strategic Resources and the Corporate Director – Children and Young People's Service.

Budget monitoring reports will be considered by the governing board at least once a term including a brief report. 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 Local Authority's ORACLE statements and school bank statements. To meet the requirements of the Schools Financial Value Standard (SFVS) governors will receive 6 budget monitoring reports per year, with the opportunity for the Governing Body to raise questions at least 3 times per year.

3. Efficiency & Value for Money

The Federation will seek to achieve efficiencies and value for money to optimise the use of its financial resources and to invest in teaching and learning. It is the responsibility of the Executive Headteacher and Governing Board to determine at Federation level how to secure better value for money.

4. Financial Benchmarking

The Executive Headteacher (or their representative) will prepare for consideration by the Full Governing Board 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 school also has access to



“View my financial insights” (VMFI) which is an online tool, which helps schools view and improve their financial performance. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process. The school must publish a link on their website to the DfE schools financial benchmarking service.

5. Review of Contracts for Services

The Governing Board will review the quality, cost and impacts of services purchased from external providers (including the Local Authority) on a regular basis **and** before contracts are renewed. To assist in this process the Executive Headteacher or their representative will prepare a schedule of service contracts to include values and renewal dates in order that priorities for review can be determined.

6. Standards of Financial Management

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

7. Level of Balances

The Governing Board will annually review the balances situation of the Federation. Recommendations will be provided by the FMS Officer. In making their recommendations, the FMS Officer will indicate an optimum level of balances which has regard to the specific issues facing the Federation whilst acknowledging that financial resources are allocated to schools annually on the number of pupils in the school at that time.

The Governing Board will have regard to any balance limits placed on schools by the Local Authority and DfE.

8. Virement Procedures

Unless the level of change does not warrant it the budget will be revised each Autumn Term and the Governing Board 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 Executive Headteacher for the further virement of funds outside the scope of the Scheme of Delegation to the Executive Headteacher will also be considered by the Full Governing Board and be subject to their minuted approval.

9. Quality of Information

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

10. Extended Activities

The Governing Body will discuss, decide and minute their intention to use school budget funding to support the provision of extended school activities.

11. Capital Expenditure

The Executive Headteacher will give consideration to the use of the devolved capital allocations available to the school in the light of the priorities identified in the Federation Improvement Plan and then make recommendations to the Governing Body.

The Executive Headteacher, on behalf of the school, will submit a Project Proposal Form in order to seek the Local Authority's consent for any proposed building work, irrespective of the funding source, as per the LMS Procedure Rules.

12. Documentation and Retention of Records

All financial systems and procedures carried out will be in accordance with the Local Authority's LMS Procedure Rules, Scheme of Delegation to the Executive Headteacher and the School Finance Manual. A copy of these documents will be readily available and kept up to date.

All records will be retained in line with the Local Authority's Records Retention and Destruction Schedule for Schools.

13. Purchasing

Before any purchase is made, consideration will be given to any potential economies of scale to be had through use of Local Authority negotiated corporate contracts.

Information available from the North Yorkshire Procurement Service for Schools will be given due consideration.

Where possible the school will consider a Department for Education approved framework when purchasing goods or services. The framework details quality-checked suppliers, encouraging value for money and complying with buying procedures and procurement law. This service replaces 'Deals for Schools.'

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved. Where quotes are not invited, a Best Value Form will be completed. Contracts valued at £25,000 or more (exclusive of VAT) must be published to Contracts Finder.

Where a single purchase of more than £25,000 exclusive of VAT for Goods and Services, Works or Social and other specific services is involved, further advice will be sought from procurement to ensure that LMS Procedure Rules are followed.

The Governing Board requires 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. No orders should be raised which takes expenditure over the budget approved by the governing body. 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 the LMS Procedure Rules.

14. Purchasing Cards

The Governing Body will follow the Local Authority policy and procedures for the use of purchasing cards. Cards must only be used to procure goods and services on behalf of the school or Federation. They must not be used to obtain cash or for personal transactions.

15. Procedures and Security

The Federation will make use of a computerised financial monitoring package approved and supported by the Local Authority.

Data will be input on a regular basis including financial commitments made by the Federation. Information will be input from and reconciled to the Local Authority'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 of stocks and equipment held in each school will be maintained and checked on an annual basis in accordance with the LMS Procedure Rules and the Local Authority's guidance.

The Governing Body will ensure appropriate and adequate insurance arrangements are in place to protect each school's assets and a copy of the policy document will be available for inspection.

A register will also be maintained of equipment removed from any school for use off-site and when it was returned.

The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment in accordance with LMS Procedure Rules.

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 associated financial records kept in secure storage. Only staff authorised to do so will have access to petty cash.

There will be a limited use of petty cash. Gifts for employees, including the purchase of flowers, will be met from staff donations and not petty cash.

18. Income

The Governing Board will implement a charging and remissions policy for school activities which will be made publicly available on the school website. Steps will be taken to ensure the early collection of income due and receipts issued and records will be kept in line with the LMS Procedure Rules.

Each school will operate an online income collection system which has been approved for school use by the Local Authority and in line with the LMS Procedure Rules.

The writing off of debts will be undertaken in line with the LMS Procedure Rules; that is:

- a) For debts up to £250 in value, the school will seek the approval of the Governing Body; and
- b) For debts over £250, the approval of the Local Authority must be sought (further to the endorsement of the Governing Board to do so).

19. VAT Returns

VAT returns will be made promptly and accurately using the computerised system in line with the Local Authority's deadlines.

20. Staffing

The governing board will be responsible for the Pay Policy annually and will consider appointments, terminations, promotions and performance management as necessary. The school must publish annually on their website the number of individuals (if any) earning over £100K in £10K bandings.

21. Insurance

The Executive Headteacher and FMS Officer will make recommendations annually to the Governing Board as to the insurance requirements of the school. The recommendations will have regard to the minimum cover requirements of the Local Authority or cover offered by the RPA and to the costs of insurance services offered by the Local Authority, RPA and other providers.

The school will consider the additional "voluntary" insurance arrangements offered by the Local Authority and RPA (i.e. staff absence insurance).

The Governing Board will have due regard to the terms of the insurance or RPA cover documents and these will be considered on an annual basis.

The Governing Board will notify the Insurance and Risk Management Service of any eventuality that could affect the Local Authority's insurance arrangements.

22. Computer Systems

Each school will maintain approved software for the administration of financial records. Each school has been registered with the Information Commissioner's Office (ICO) in accordance with the Data Protection Act 2018 and the General Data Protection Regulations (GDPR) 2018. All data handling procedures undertaken by all schools are in accordance with the Local Authority's recommended practices for data security and information governance, and in line with the school's information policies and privacy notices.

23. Counter Fraud Arrangements

The Federation will maintain a robust system of controls to safeguard itself against fraudulent or improper use of public money and assets. The Governing Board will ensure that it has adopted a whistle-blowing policy and, along with the Executive Headteacher, must inform all staff of all school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching these controls. This information must also be included in the induction of new school staff and Governors.

24. Audit

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