



BDMAT

Birmingham Diocesan
Multi-Academy Trust

Budget and Financial Planning Policy

Issued: May 2018
Next review due: Summer 2021



1.0 The budget cycle

1.1 The budget cycle is as follows:

- Autumn Term (Sept – Dec)
 - Implementation of current budget plan
 - Monitoring expenditure (continuous-monthly)
 - Reconciliation and closure of previous financial year
 - Initial planning for following September based on estimated pupil numbers (identifying any required restructuring early)
 - Draft foresight model updated for know changes (including staffing changes) and submitted to Finance Director by 31st December
- Spring term (Jan – Mar)
 - Monitoring and reviewing of year's budget
 - Revised budget where appropriate
 - Pre-planning new financial year
 - Review of planning for following year. If restructuring is likely for following this must take place during this term.
 - Draft Foresight model updated for know changes (including staff changes) and submitted to Finance Director by 31st March
- Summer term (Apr – Aug)
 - Detailed planning for forthcoming year based on latest numbers. Final draft budget and supporting narrative report submitted to the Finance Director by 31st May.
 - Preparation and submission of financial budget plan to the MAT for approval
 - Review of current year's budget.

1.2 All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

2.0 Responsibilities

2.1 The Finance Director is responsible for preparing the MAT Financial Strategy for approval by the Board of Directors. The Financial Strategy sets out the financial perimeters within which the MAT operate. Underpinning the financial strategy are the individual budgets and forecasts of the MAT's schools.

2.2 It is the responsibility of the Headteacher to prepare a sustainable budget and five-year forecast. The School finance lead (School Business Manager or head of

finance for the school or business unit) shall support the Headteacher in preparing the budget and 5 year forecast.

3.0 Preparing the budget and forecast

3.1 All schools are equipped with the Foresight Financial Modelling tool, which is used to prepare the budget and five year forecast. This model must be used to prepare the annual budget and 5 year forecast. Budgets have to be submitted in accordance with the timetable required by the MAT (see dates provided above).

3.2 The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the school development plan objectives and the budgeted utilisation of resources.

3.3 The budgetary planning process will incorporate the following elements:

- we expect the school to prepare a reconciliation between the actual payroll costs and that included within the plan to ensure it remains accurate;
- forecast of the likely number of pupils to estimate the amount of General Annual Grant;
- latest estimate of other ESFA funding e.g. pupil premium, Yr 7 Catch-Up or other specific funds;
- review of other income sources available to the school to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the school costs;
- identification of potential efficiency savings;
- review of the main expenditure headings in light of the development plan objectives and expected variations in costs e.g. pay increases, inflation and other anticipated changes;
- all carry forward balances;
- any unspent grants from the previous financial year;
- any funds held in school funds;
- known and expected staffing changes, including starters, leavers, maternity, grade changes and incremental increases;
- the Foresight spreadsheet will need to be submitted along with narrative report summarising the budget and key actions and risks to manage in order to achieve the budget and 5 year financial plan.

3.4 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase

income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available.

- 3.5 The Foresight planning tool includes a 5 year time horizon and we expect Schools to include indicative future plans and to provide a narrative report detailing the required actions and timelines to enable the school to return a sustainable operating position. We do not expect schools to submit budgets and forecasts showing unsustainable future years unless this is indeed the case.
- 3.6 The Foresight model should be updated at the end of each term and submitted to the Finance Director for review (in accordance with the timescale provided above). During the Summer Term (May) the final draft budget and narrative report should be submitted to the Finance Director for review. Budgets will need to be approved by the Board of Directors, after which point responsibility for this budget is delegated to the Headteacher and Finance Director in accordance with the Scheme of Delegation.
- 3.7 The approved budget is then entered onto the finance system at the start of the new financial year.

4.0 Budget changes

- 4.1 The budget approval process provides schools with a mandate to incur expenditure in line with the budget. Expenditure in excess of approved budget is not permitted.
- 4.2 The budget should be seen as a working document, which may need revision as circumstances change. Termly update to the Foresight plan are mandated by this Policy (see timeline above).
- 4.5 Any revision of the budget will need to be considered for approval by the Board.

5.0 Virements

- 5.1 With the exception of genuine 1 year fixed term contracts and agency costs virements from non-pay to pay costs budget headings are not permitted unless approval is granted in accordance with the Scheme of Delegation "Staff hiring and appointments".
- 5.2 All other movements between non-pay nominal codes, cost centres and periods with no overall impact on the bottom line can be authorised by the headteacher. Foresight and the loaded budget should be updated and the Finance Director informed of the changes.