

Revenue budgets

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Key Contacts

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Introduction

The School's Revenue Budget, prepared in conjunction with both the School development and asset management plans, provides details of how the Schools Delegated Budget and other devolved resources and any transfers to/from balances from previous years are to be spent. The Revenue Budget shows an analysis of the annual income and expenditure thereby, reflecting financial implications of the School's policies and provides a framework within which those who are responsible at the School for making payments should operate. It also provides the Chief Finance Officer (CFO) or his/her representatives, with the information they need to carry out their respective statutory responsibilities. These Financial Regulations seek to provide a framework for the preparation and notification of the Revenue Budget.

Revenue budget regulations

1.1 Upon notification by the Local Authority (LA) of the Individual Schools Budget (ISB), the Headteacher shall prepare a Revenue Budget at outturn prices for the relevant years. Planning for the use of resources should support the achievement not only School's objectives but also those relating to national and local priorities.

1.2 The School's Revenue Budget shall be prepared using the format prescribed by Ealing LA and the Revenue Budget shall be notified to Ealing LA no later than the specified date in May in the financial year to which the Revenue Budget relates. Provisional Budget Plans may be requested prior to this date, again in a form prescribed by the LA.

1.3 It is a matter for each Governing Board (GB) to decide upon the procedure for preparing and agreeing the annual Revenue Budget, but it should be prepared in conjunction with the School's development/improvement and asset management plans. The LA will provide support to this process through advice and information.

1.4 Each annual Revenue Budget should be prepared to break even or show a balance and should take account of any reserves (previous year balances). The annual Budget Plan will include projected financial commitments for the two subsequent years. Schools are not permitted to budget for a deficit. However, where this appears to be unavoidable the GB shall submit its case (prior to the submission of the Governor Approved Budget) to the LA, who shall determine the matter in consultation with the Director for Children and Adults Services or his/her representatives.

1.5 The Revenue Budget must be realistic and achievable. In this respect, the LA will check to see that this is so. Where the Revenue Budget as submitted does not meet this requirement, it will be returned to the School within Ealing LA's Budget approval process timeframe. This will be together with a preliminary Statement of Discrepancies. The GB will be required to reconsider the Budget and resubmit within a specified timeframe. The timeframe will be limited, and the Governors will be responsible for reconvening the Budget Approval meeting.

1.6 Any balances set aside in the Revenue Budget should have regard to the School's development and asset management plans and any specific balances guidance issued by the LA and DFE where appropriate.

1.7 As soon as any significant changes to the Revenue Budget have been agreed by the School's GB, those changes must be given to Ealing LA with details of costings.

1.8 The CFO or his/her representatives, shall provide financial advice to assist GB in fulfilling their responsibilities. GB's will supply the CFO or his/her representatives and the Head Teacher with such information as is required to fulfil their statutory duties and responsibilities.

Revision

Once the School's Revenue Budget has been approved by the GB and submitted to the LA, it is often the case that the GB will need to make changes to the plan during the financial year. The process of transferring budget provision between budget headings is known as Virement.

It is important that each School has in place a formal arrangement for approval of any revision of the Revenue Budget, which should be incorporated in the Schools own Financial Regulations. Such approval, up to a specified limit, may be delegated to a Headteacher or to a Committee of the GB. It is the responsibility of the GB to authorise such variations (Virements) to their Revenue Budget.

As soon as any revisions to the Revenue Budget have been agreed and those changes significantly affect the School Budget, the GB shall notify the LA, giving details of costings. It is not necessary to resubmit the entire Budget Plan; the notification is generally processed through the Schools Bursarial Officer.

The School will then amend its accounting system to reflect the latest position. Budget changes in excess of £5,000 or more are considered significant.

Governing board (GB)

1.1 The GB is empowered to vire between the various headings of income and expenditure within the Delegated Budget.

1.2 Where authority to vire has been formally delegated to the Headteacher or to a Committee of the GB, details of each virement must be reported to the next full GB for approval. This includes virements both to and from the School's accumulated carry forward.

1.3 The GB shall ensure that virement is undertaken as necessary to maintain the accuracy of Budget Monitoring. The School's accounting system will be amended to reflect the latest position. Significant change is taken to mean in excess of £5,000 where the School's overall annual budget is less than £1m and £10,000 above £1m.