

## Section 3: Budget monitoring

---

### 3. Why is this area important?

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the head teacher and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. However budgets are not set in stone. The original budget may need regular updating, following consultation with governors, to take account of in-year developments. If this is done it is important to retain a copy of the original budget to support future budget construction.

Careful monitoring of the budget also provides a mechanism to hold budget holders to account. This applies both to the use of devolved budgets within the school and to the way the school's resources are being used more broadly.

In practical terms, budget monitoring involves examining monthly monitoring reports and taking action to tackle any significant variances. This process should be carried out at all levels and include any devolved budget elements. Expenditure on individual initiatives should be tracked to enable the school to assess their costs and effectiveness against the criteria set out in the School Improvement Plan. By receiving regular reports, the governing body can feel secure about the way its decisions are being implemented and take action where it is needed to bring about changes. In this way, budget monitoring provides a useful starting point when setting the budget for the following year.

Guidance on schools' budget management – assistance in financial planning, including benchmarking using your school's CFR (Consistent Financial Reporting) information – can be found at:

[www.education.gov.uk/sfb/login](http://www.education.gov.uk/sfb/login) + school username and password

Online support for schools is also available from

<https://www.gov.uk/search?q=schools+cfr>

#### General contacts

**Gary Redhead:** Assistant Director-Schools Planning & Resources  
[gredhead@ealing.gov.uk](mailto:gredhead@ealing.gov.uk)

**Tamara Quinn:** Children's and families senior management team  
[tquinn@ealing.gov.uk](mailto:tquinn@ealing.gov.uk)

**Adam Whalley:** Programme & Commercial Manager  
[AWhalley@ealing.gov.uk](mailto:AWhalley@ealing.gov.uk)

### 3.1. Monitoring procedures

#### Monthly monitoring

The head teacher should produce monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and out-turn forecasts, against the approved budget.

- Schools can run reports from their local accounting systems (the majority of schools in Ealing use the SIMS FMS accounting package) which can provide them with the necessary information to produce an income and expenditure report.
- The governing body should receive clear and concise synopsis of the budget monitoring report at least three times a year. It is advised that the finance committee review the budget monitoring reports on a half termly basis.
- Schools should monitor income and expenditure not only against budget but also against the [schools improvement plan](#).
- Schools can find additional guidance on best practise budget monitoring techniques and procedures in the support notes of the [Schools Financial Value standards](#) (SFVS).

### 3.2. Cash flow forecasting

- To avoid liquidity issues head teachers should produce monthly cash flow forecasts to ensure that the school's bank account does not go overdrawn.
- For information on cash advances from LBE please refer to the [budget payments and cash flow spread sheet](#).

### 3.3. Consistent financial reporting

- Consistent Financial Reporting (CFR) standardises, simplifies and streamlines the reporting of school finances in all local authority (LA) maintained schools in England.
- For information of the CFR process please refer to the [DfE's consistent financial reporting guidance page](#).