

## LLANGATWG COMMUNITY SCHOOL

### SCHOOL FINANCIAL MANAGEMENT POLICY.

The Governing Body of Llangatwg School, working with the head teacher and staff, has a collective responsibility to use the resources delegated to the school by the LEA, in order to deliver effectively the National Curriculum together with other national, WAG, LEA and school curricular priorities and policies.

The LEA funding formula determines the initial level of finance that is available in each financial year to the school. This is the schools Budget Share. It is a duty of the Governing Body to construct an annual budget for the school outlining the pattern of expenditure proposed for all delegated items. The Governing Body should not plan to expend more than the school's budget share, plus any income that is received and any reserves that are held, during any single year.

There are a number of elements within the funding formula: -

#### **1. Teaching Costs.**

About 75 per cent of the school's budget is received from this element of the formula. The amount delegated is based upon the number and ages of pupils, the number of pupils with special educational needs and the average teachers' salaries for that year.

#### **2. Non-Teaching Costs.**

This element accounts for about 5 per cent of the overall schools budget. It includes funds for clerical, administration, technician, ancillary, library and reprographics staff.

#### **3. Premise Related Costs.**

The premise costs include cleaning, catering, caretaking, energy and water costs, grounds maintenance and certain aspects of the maintenance of buildings. Up to 10 percent of the schools budget comes from this element.

#### **4. Capitation Costs.**

The capitation element accounts for about 5 per cent of the schools budget. It includes expenditures on such items such as books, equipment, examination fees, postages stationery, telephones and reprographics.

#### **5. Other Factors.**

Funding for other items is provided outside of the Formula (i.e. below the line). This includes funding for non-school use, kitchen fuel, long term sickness, rates, service level agreements and other items.

## **PREPARING THE SCHOOL BUDGET.**

The Finance & General Purposes Committee of the Governing Body is responsible for setting and approving the school budget. This is done following a thorough review of the previous year's expenditure pattern and a consideration of the level of reserves required and capital projects planned.

The actual budget is then prepared to take into account the following: -

1. the budget share from the LEA.
2. the amount allocated within the LEA formula to cover teaching , non- teaching, premise costs and capitation costs
3. curriculum requirements.
4. staffing requirements to maintain the curriculum.
5. unspent money carried over from the previous financial year .
6. additional funding from grants, sponsorship and the Education Improvement Grant and Pupil Deprivation Grant [EIG/PDG].
7. income earned through the year from interest and lettings.
8. the school's capital reserves.

### **Allocating Budget Amounts.**

#### **A. Teaching Costs.**

Teacher costs are calculated using the LEA provided teachers' salaries profile spreadsheet. This details salary costs for each member of staff, including incremental drift and additions for management allowances, threshold and movement along the Upper Pay Spine. It provides very accurately the total teachers' salary costs based on present staffing levels. Predictions have to be made for the possible September staffing level.

This information is used in conjunction with the LEA budget share figures and curriculum staffing requirements to determine proposed spending on teachers' salaries.

The allocation of costs for relief teachers provide funds to obtain "supply" teachers to cover for teacher's sickness. There are two parts to this element: -

1. day-to-day costs - short term teacher relief - possibly up to one week.
2. longer term costs - to cover long-term sickness - when the period of absence is known and relief staff are "contracted" at a lower rate of pay, for a set period of time.

The amount identified for spending in this category is based on a combination of historical expenditure and anticipated needs.

Recent changes to the Teachers National Conditions of Service have required a new approach to providing cover for short term absences. Full details are included in the Teacher Absence Policy.

## **B. Non-teaching costs.**

Non-teaching costs are calculated using the APT&C salaries profile spreadsheet. This facility also includes details of incremental changes and grading allowances together with total costs based on the present staffing levels

The proposed support staffing costs are then related to the budget share figures. The aim is to provide a quality service for teachers, pupils and parents which is obtained at a reasonable cost.

## **C. Premises costs.**

Proposed spending for premises costs is determined by obtaining estimates for: -

1. the cleaning contract.
2. the catering contract
3. the grounds maintenance contract.
4. the refuse collection service.
5. the planned expenditure on building maintenance and decoration.
6. energy and water costs.

The budget amount proposed for general maintenance and redecoration takes into account the governing body's desire to provide attractive and effective learning environments throughout the school

In addition funds have to be set aside specifically for emergency repairs and safety work.

The total amount charged to the school for Rates is funded by the LEA and therefore is a direct in and out item for budgeting purposes.

## **D. Capitation Costs**

The capitation costs element of the school's budget includes the following main spending categories: -

1. administration costs. (stationery, examination fees, telephones etc.)
2. contracts and repairs. ( reprographics, hygiene contracts, cooker hire etc.)
3. equipment and materials. (furniture, major equipment, swimming pool materials etc.)
4. learning materials. (Departmental funding, careers, special needs, books / resource centre etc.)
5. transport costs. (coach hire, mini bus costs, transport for work experience.)
6. service level agreements.

The specific amounts allocated to each category and the headings within each category are determined by considering: -

- a. historical funding.
- b. estimated spending requirements.
- c. proposed budget amounts within which spending is limited.

## **RESERVES**

The Governing Body recognises the need to hold reserves. Reserves are required:-

1. As a contingency fund - to deal with minor overspends in budget headings.
2. As a reserve fund - to deal with one or more major expenditures which could not be anticipated or estimated.
3. As a planned build up of funds to pay for some major work or project.
4. To cope with adjustments to the level of funding provided to the school year on year

ASCL recommends that schools should hold between 2.0 and 3.5 per cent as a genuine reserve fund. However, it is unlikely that any school will require in excess of £ 100,000 or less than £25,000.

The Governing Body accepts these upper and lower limits but understands that specific circumstances affecting the school may require them to be broken.

## **MONITORING OF THE SCHOOL BUDGET.**

1. The school Bursar has been delegated the responsibility for the day-to-day management of the school budget. This includes the virement of money between the various budget headings. The schools computerised financial management system records all transactions and can produce an immediate print-out of expenditure on any or all budget headings.

2. In practice there is very little movement of funds between budget headings during the year due to the detailed way the budget has been planned. Usually only additional income is added to certain budget headings as and when it becomes available. This is done to provide additional resources over and above basic requirements. (All virements must be reported to the Governing Body Finance Committee each term).

3. Overall expenditure is monitored using monthly financial reports. These report for each spending category (at level 3 within the computerised system): -

- a. budget allocation amount.
- b. additions / reductions to the additional budget. (virements)
- c. amount spent to date.
- d. amount committed.
- e. projected balances.
- f. notes and specific details.

4. Any pattern of expenditure that is unusual, problematical or in any way contentious would be referred either to a meeting of the Finance & General Purposes Committee or to the full Governing Body.

5. The full Governing Body receives a detailed report on the progress of the school budget each term and the Finance & General Purposes Committee will receive a very detailed statement of expenditure in every budget category at the end of the financial year.

Signed:

Position:

Date: