

# School budget planning

How to plan and forecast your school budget effectively

Quick guides to efficient financial management



# Balancing the budget

The school budget planning process helps ensure you can deliver your three to five-year educational and developmental priorities while balancing the budget, and it can reap big benefits:

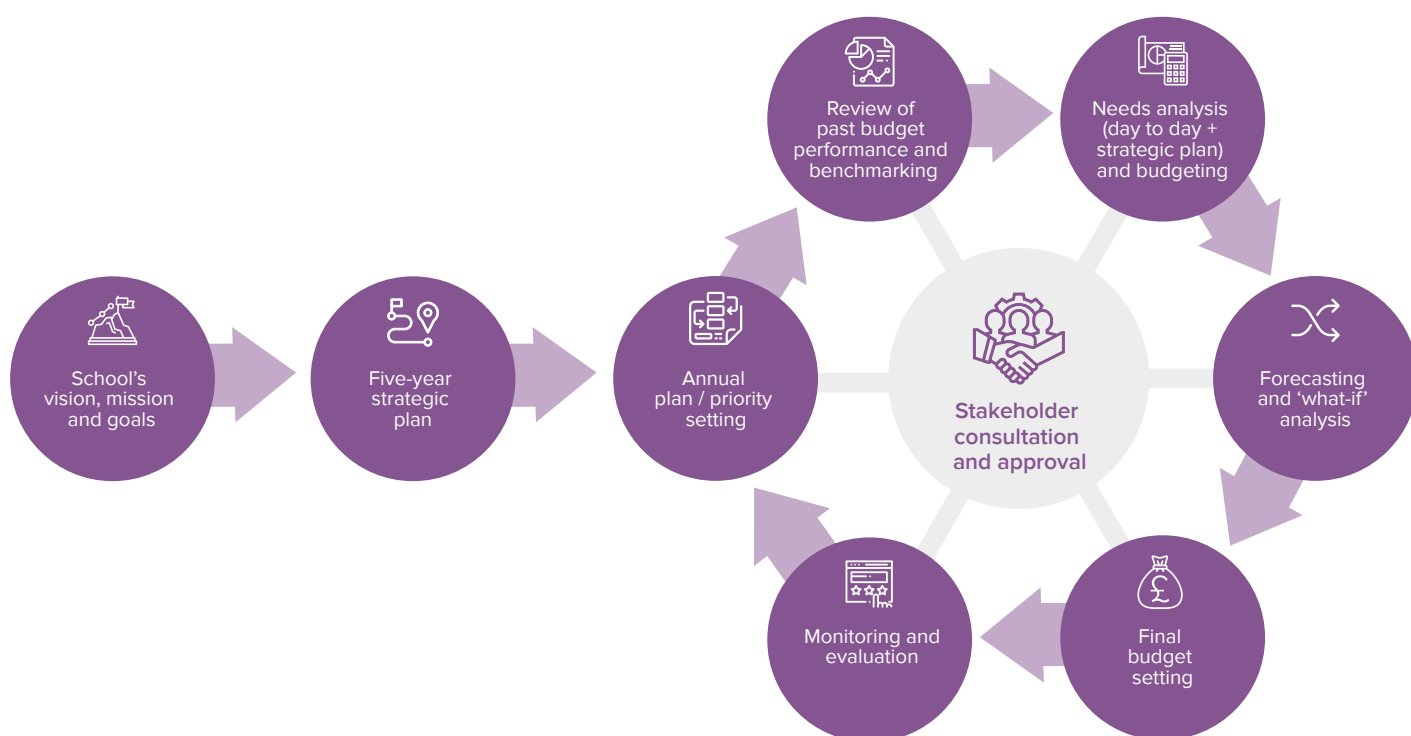
-  **1. Financial:** The risk of an in-year financial crisis is reduced and future deficits can be identified earlier, allowing time to put a plan in place to mitigate the risk.
-  **2. Educational:** The right resources will be in place to support the changing needs of the curriculum and mix of pupils.
-  **3. Developmental:** Unplanned underspend or overspend is less likely, meaning developmental plans can be delivered, and within budget.
-  **4. Reputational:** The school will be known for its sound financial management and fare better where there is competition for resources such as pupils, staff and sponsorship.

The school budget supports day-to-day operations and developmental needs. The basic services and resources required, such as utilities, grounds maintenance, catering and teaching staff must take priority. Funding to support the school improvement plan should be allocated once operational costs have been apportioned.

This guide takes you through the key stages of the school budget preparation process, gives practical advice for better planning and provides hints and tips for more accurate forecasting.

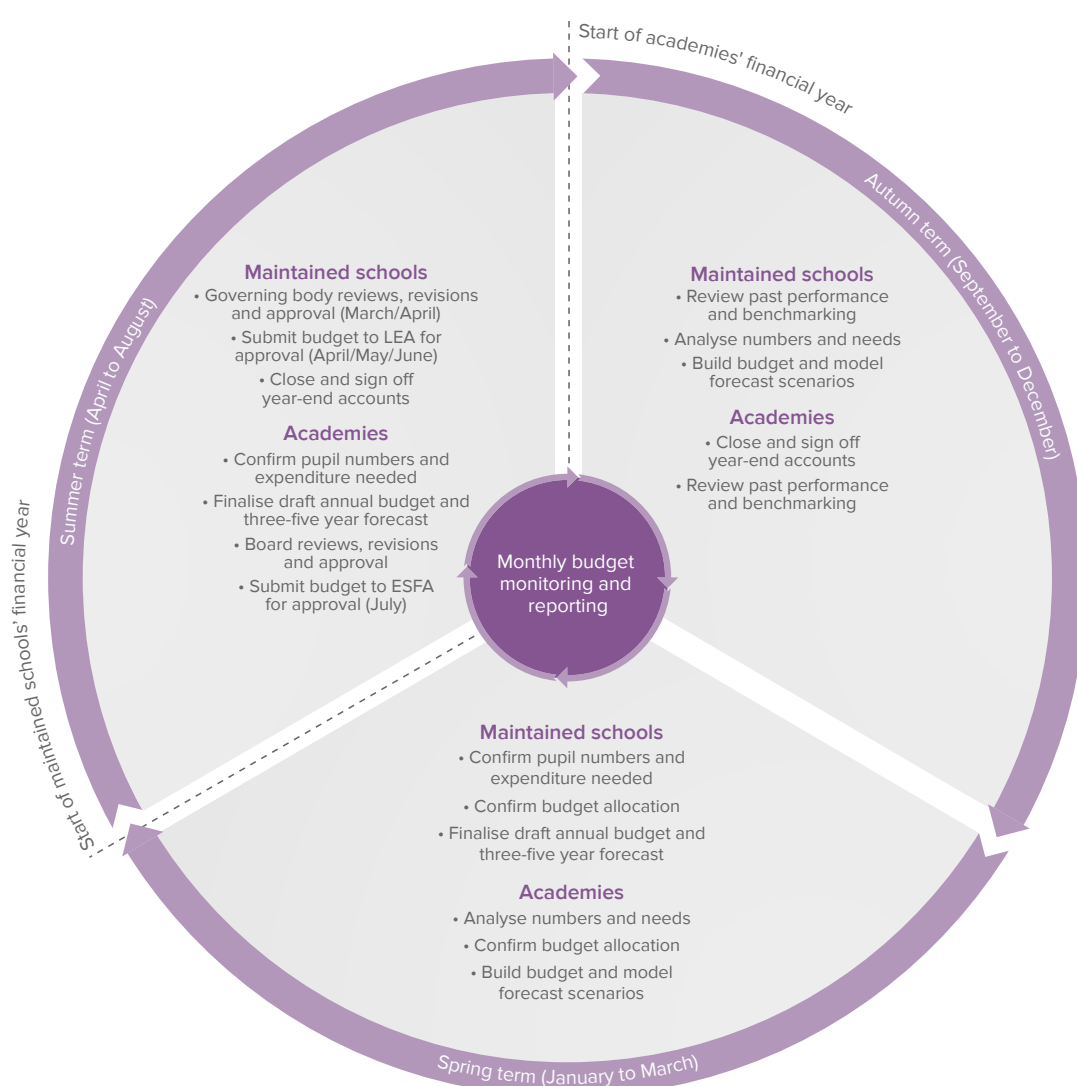
# The school budget planning process

School budget planning is a cyclical process and each stage feeds into the next for a considered, informed and realistic budget.








# The school budget planning calendar

Maintained schools are required to run their budgets in line with the local authority financial year while academies' budgets run parallel to the curriculum year. In both cases, it can be helpful to build the budget by undertaking predetermined actions at specific points in the year to avoid rushed decision-making.



# Budget review

Assessing historical data is a good place to begin your school budget preparation. By reviewing past performance against previous budgets, you can quickly identify patterns of income and expenditure. Your review should answer the following five questions:

-  1. What was the cost base?
-  2. How accurate were the cost estimates?
-  3. Where did underspends and overspends occur?
-  4. What can be learnt from procurement and contract management?
-  5. Where could resources be better used?

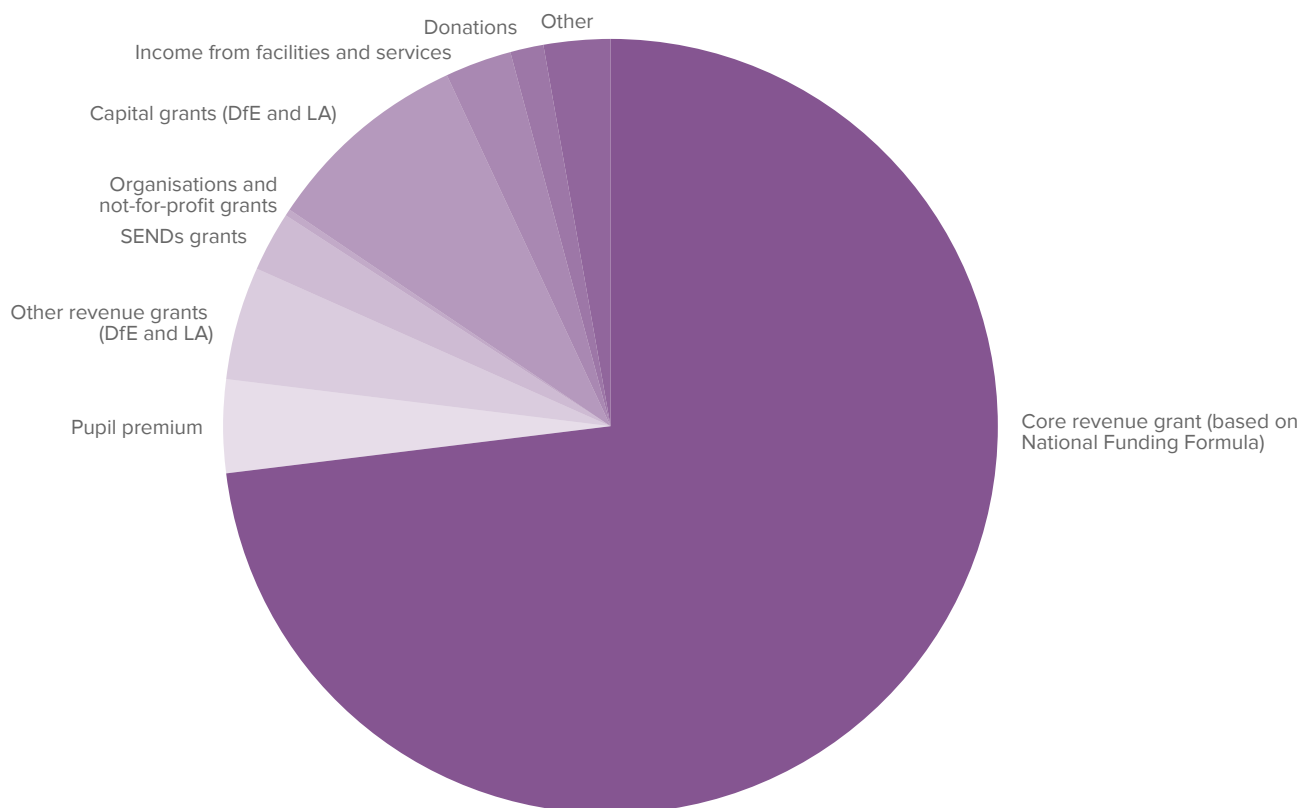
An alternative school budgeting method is a zero-based budgeting approach which begins with a blank sheet of paper. It offers a fresh view of the budget and links directly to the school improvement plan.

# Budget planning

It's important to model a range of income and cost scenarios based on key data. Here are the key things to consider:

## Funding

- Which funding streams are relevant to your school?
- How much funding is delegated to your school?
- How many pupils qualify for the 'Pupil Premium'?
- What funding is received as 'Devolved Formula Capital Funding'?
- What are your other sources of income such as sale of goods/services, lettings, charitable donations?



### Pupil number forecasts

- What are your current pupil numbers and characteristics?
- Has your catchment area changed? Have specialisms been introduced? Changes can result in a significant increase in the number of pupils with special education needs, eligible for the 'Pupil Premium' or who speak English as a second language.
- How many pupils are expected to qualify for free school meals?
- How many pupils are likely to have English as their second language?

Census data held by the local authority and stats gathered by feeder schools are good sources of information. Keeping up-to-date with neighbouring school developments can also help determine a flux in pupil numbers.



#### Top tip:

It's better to underestimate pupil numbers and if your school anticipates falling numbers be sure to take account of planned marketing spend.

### Curriculum requirements

- What resources, staffing and accommodation are required to deliver the curriculum?
- Which areas of the curriculum may need changing and which departments need extra help? Comparing exam results with projected results during the autumn term will give you a good indication.
- How could you use resources more effectively, and achieve better value for money?

Curriculum planning software can help assess the affordability of your preferred curriculum in the short and long-term so you can make decisions that will improve the efficiency of your budget.

### Staffing expenditure

- What are your current staffing costs and contracts? Be sure to update any changes in hours or pay, and projected cost increases.
- What are the latest national or legislative changes which might affect your budget? Small pay awards, National Insurance, pension provisions and the National Living Wage can all have an impact.
- How might your staff levels and requirements change, and how will they impact the budget? Budget for 'known-unknowns' such as vacancies, new starters, maternity leave, secondments, sickness and overtime.



#### Top tip:

Your staffing structure should reflect your curriculum timetable. Be sure to link curriculum changes and projected pupil numbers with staff planning.



#### Top tip:

When members of staff move on or retire, think about your requirements and how you can replace them most efficiently and effectively.



### Capital investments

Capital investments come in all shapes and sizes, and with different objectives. If your capital investment is at the larger end of the scale, make sure adjustments are modelled on a cost versus revenue basis, and check that in-year costs are feasible over the longer-term.

### Other costs

What are your other basic costs? Non-staffing costs make up a smaller proportion of your expenditure but can be easier to control and cut without affecting pupil outcomes. Include items such as:

- Exam expenditure
- Heating, lighting and maintenance of premises
- Equipment replacement and educational supplies
- Insurance
- Accommodation strategy
- Capital development work

**Top tip:**

Securing investment can often involve submitting a bid. Learning how to write effective bids can be fruitful.

**Top tip:**

Benchmarking your non-educational expenditure and costs against similar schools in the local area can help ensure you're getting good value for money. Sharing resources and buying power can reduce costs and increase efficiency.

# Budgetary forecasting

Like most schools, it's likely that you'll be facing some uncertainty about future funding, pupil numbers and staffing costs, and so it's important to model a range of income/cost scenarios. By using different models to demonstrate the impact of varying factors you can determine a more realistic three to five-year forecast. Factors might include:

- Funding over next three years
- Changes in pupil numbers and characteristics
- Curriculum changes
- Likely staff profiles
- Teaching staff salary rises
- Inflation
- Aims of the school development plan
- Longer-term improvement and development aspirations

Effective budget setting for multi-academy trusts (MATs) follows the same principles as for an individual school, and the budget will be affected by similar issues. Variables should also be factored in such as the context of the schools within the MAT, the kinds of support they need, expansion plans and the outcome of any due diligence on schools wishing to join the trust.

**Top tip:**

Model the scenarios based on the highest probability and impact to add the most value to the budget projection. Model trends rather than one-off changes.

**Top tip:**

Budget modelling software can save time, eliminate the need for complex calculations and improve accuracy when assessing 'what if' scenarios.

# Make the budget planning process quicker, easier and more accurate

The budgeting process can be complex. Using tools designed for the job not only makes the process easier and quicker, but it also reduces the risk of errors and oversights.

**Access Education Budgets** is a powerful budget planning tool used by 1 in 3 schools and half of all academies. The easy-to-use system allows you to:

- Plan and monitor your budget
- Create forecasts for up to five years
- Model the impact of changes
- Quickly produce comprehensive reports

By integrating a curriculum and staffing resource planning tool like **Access Education Curriculum**, you can also quickly understand the financial viability of your staffing structure and curriculum in the short, medium and long-term.

To discover how Access Education can help you improve the efficiency and effectiveness of financial management in your school or trust, please visit [www.theaccessgroup.com/education](http://www.theaccessgroup.com/education) and book your free online demo.





## Access Education

For over a decade, schools, academies, multi-academy trusts and local authorities have benefited from our extensive knowledge and understanding of the sector.

The Access Education software suite provides efficiency and engagement across your whole educational establishment. From finance and curriculum-based planning, through to HR, payroll, recruitment and screening, hosting and facilities management, all your school's software is brought together in one place on Access Workspace.

And if you need any help, our team of Education experts are on hand to provide tailored support and training during implementation and beyond.

Over 7,500 schools and academies across England and Wales – that's one in three – choose Access Education to transform the way they work, giving them the freedom to provide outstanding education.