



## **Ripon Grammar School**

### **Budget Management Policy (incorporating Personnel)**

**October 2018**

#### **AIMS:**

It is the aim of the Governing Body to ensure that all financial resources made available to the school are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which individual members of the school staff and the Governing Body can achieve this.

This policy conforms to the requirements of the LMS Scheme for the Financing of Schools (hereafter referred to as the LMS Scheme) as set out by the Department for Education (DfE) and the North Yorkshire County Council LMS Financial and Contract Procedure Rules (hereafter referred to as the LMS Procedure Rules). The framework within this policy should be operated in conjunction with both the LMS Scheme and the LMS Procedure Rules. It is based on the County Council's recommended model.

#### **GUIDELINES:**

Financial decisions will be made after consideration of:

- a) the needs of the pupils/students and staff of the school;
- b) the conditions and requirements as laid down in the LMS scheme;
- c) the need to support and deliver the Curriculum.
- d) the financial resources delegated to the school; and
- e) the priorities as identified in the costed strategic development plan.

## ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

### ROLES AND RESPONSIBILITIES

#### 1. The Governing Body

The Governing Body has a statutory responsibility to oversee the financial management of the school and to ensure adherence to the LMS Procedure Rules.

The Governing Body recognises the importance of clearly defining the roles and responsibilities of its committees, the Headteacher and other staff.

#### 2. Finance and Personnel Committee

Consisting of members of the Governing Body and the Senior Team, the *Finance and Personnel* Committee will work to the agreed Terms of Reference as set out at Annex A.

The *Finance and Personnel* Committee will meet at least once a term to consider, as a minimum, the following:

- a) financial monitoring statements,
- b) the school's budget and long term financial forecast,
- c) the end of financial year outturn statement, and
- d) the annual completion and submission of the Schools Financial Value Standard (SFVS).

The *Finance and Personnel* Committee will submit a brief summary report to the full Governing Body at least once per term.

#### 3. The Headteacher

The Headteacher is responsible for:

- a) the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body;
- b) the day to day management of the school budget under the Scheme of Delegation as set out at Annex B and approved by the Governing Body; and
- c) ensuring the effective operation of the finance function within the school, to include:
  - i. the roles of each member of staff being clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
  - ii. the adherence to the LMS Procedure Rules;
  - iii. the establishment of systems to ensure that financial control is maintained at all times including procedures in the absence of key staff; and
  - iv. the maintenance of appropriate documentation and transactional records.

#### **4. The Bursar**

The Bursar is responsible for:

- a) the preparation of the school's annual budget and longer term spending plans:
- b) the maintenance of computerised records of income and expenditure in line with the DfE recommendations for Consistent Financial Reporting;
- c) the checking and reconciliation of the school's financial records to monthly tabulations provided by the Local Authority and to monthly bank statements; and
- d) the undertaking of monitoring procedures and the production of regular monitoring statements for the Headteacher and the Finance and Personnel Committee.

#### **PROCEDURES**

All documentation of accounts and finances will be kept in accordance with advice from the Local Authority.

Procedures for keeping accounts will be in accordance with the LMS Procedure Rules.

A copy of the school's most recent auditor's report will be available for inspection by Governors, OFSTED Inspectors and Officers of the Local Authority.

#### **PECUNIARY AND OTHER BUSINESS INTERESTS**

Governors and staff of the school will be required to complete a Register of Business Interests and declare any links they or any member of their immediate family have with any firm from which the school may wish to buy goods or services. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

The Register will be:

- a) annually reviewed;
- b) maintained for any in-year changes as notified; and
- c) made available for inspection by Governors, staff, parents and the Local Authority.

#### **BUDGET**

##### **1. Aims and Objectives**

The Finance and Personnel Committee together with the Headteacher will consider and provide costing information both for maintaining the required level of educational provision as well as proposals to develop the short, medium and long term aims and objectives as identified in the School Development Plan.

Such consideration will include the determination of an appropriate level of general contingency and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies on the development proposals within the School Development Plan.

It is recognised that finite resources will lead to a need to prioritise proposals and to accelerate/delay spending plans as circumstances change.

##### **2. Budget Timetable**

The Headteacher (or their delegated representative) will prepare financial information for consideration by the Finance and Personnel Committee and submit it to the Local Authority, where applicable, in line with the following timetable:

Date	Action / Response
Mid February	S251 budget resource allocation for the next financial year received from the Local Authority
Spring term	Prepare papers on issues to be <u>addressed</u> in preparation for the setting of the following year's budget
By March 31 <sup>st</sup>	Prepare and submit a Schools Financial Value Standard (SFVS) return, together with a copy of the relevant minute of the Governing Body or Committee at which it was approved
March / April	Prepare and present to the Governing Body the <b>proposed start budget</b> for the next financial year and the <b>long term financial forecast</b>
May	Prepare and present <b>outturn statements</b> to enable the Governing Body to consider the financial performance in the previous financial year
May	Prepare and submit a Consistent Financial Report return detailing the income and expenditure from the previous financial year (to be used for future benchmarking purposes) to the Local Authority
By June 1 <sup>st</sup>	Submit the <b>approved start budget</b> to the Local Authority
Autumn term	Prepare and present to the Governing Body the <b>revised budget</b> and <b>updated long term financial forecast</b> , reflecting any staffing changes or updated spending plans, or changes to pupil numbers
By December 31 <sup>st</sup>	Submit the <b>approved revised budget</b> to the Local Authority

The Governing Body will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from representatives of the Local Authority bearing in mind that deficits require the prior approval of the Corporate Director – Strategic Resources and the Corporate Director – Children and Young People's Service.

Budget monitoring reports will be considered by the Finance and Personnel Committee at least once a term with a brief report to the Full Governing Body. Reports will reflect both sums paid and sums committed but not yet paid and estimated expenditure and income for the remainder of the financial year against approved budget headings and will be reconciled to the Local Authority's ORACLE statements and school bank statements.

### **3. Efficiency & Value for Money**

The School will seek to achieve efficiencies and value for money to optimise the use of its financial resources and to invest in teaching and learning. It is the responsibility of the Headteacher and Governing Body to determine at school level how to secure better value for money.

### **4. Financial Benchmarking**

The Headteacher (or their representative) will prepare for consideration by the Finance and Personnel Committee financial benchmarking comparisons on an annual basis each Autumn Term. The benchmarking data will be extracted for similar schools from either the local financial benchmarking database for North Yorkshire schools or the national DfE financial benchmarking database. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process.

### **5. Review of Contracts for Services**

The Finance and Personnel Committee will review the quality, cost and impacts of services purchased from external providers (including the Local Authority) on a regular basis **and** before contracts are renewed. To assist in this process the Headteacher or their representative will prepare a schedule of service contracts to include values and renewal dates in order that priorities for review can be determined. After each review the Finance and Personnel Committee will make recommendations to the Governing Body.

### **6. Standards of Financial Management**

The Governing Body will have regard to any Standards of Financial Management endorsed by the DfE to self-evaluate the quality of financial management processes and to aid in training staff to become better financial managers.

### **7. Level of Balances**

The Finance and Personnel Committee will annually review the balances situation of the school and make recommendations to the Governing Body. In making its recommendations, the Finance and Personnel Committee will indicate an optimum level of balances which has regard to the specific issues facing the school whilst acknowledging that financial resources are allocated to schools annually on the number of pupils in the school at that time.

The Finance and Personnel Committee will have regard to any balance limits placed on schools by the Local Authority and DfE.

### **8. Virement Procedures**

Unless the level of change does not warrant it the budget will be revised each Autumn Term and the Finance and Personnel Committee will be able to vire funds between budget headings within the school's overall budget (with the exception of any earmarked funds) or from unallocated resources as appropriate.

Requests by the Headteacher for the further virement of funds outside the scope of the Scheme of Delegation to the Headteacher will also be considered by the Finance and Personnel Committee and be subject to their minuted approval.

## **9. Quality of Information**

Governors expect that the financial information they receive will be relevant, timely, reliable and understandable.

## **10. Extended Activities**

The Governing Body will discuss, decide and minute their intention to use school budget funding to support the provision of extended school activities.

The following extended school activities are provided by the school:

The extra-curriculum programme includes after-school activities such as sports, drama, library and homework clubs, whilst boarders have the additional option of climbing, yoga, swimming, theatre trips and cinema trips.

Lettings of various facilities: (e.g. swimming pool, sports hall, meeting rooms and the hall), in accordance with the school's letting policy and charges. These lettings are to generate additional income and also for the benefit of the school, its students and to ensure good links with local and wider community.

## **11. Capital Expenditure**

The Finance and Personnel Committee will give consideration to the use of the devolved capital allocations available to the school in the light of the priorities identified in the School Development Plan and then make recommendations to the Governing Body.

The School will submit a Project Proposal Form in order to seek the Local Authority's consent for any proposed building work, irrespective of the funding source, as per the LMS Procedure Rules.

## **12. Documentation and Retention of Records**

All financial systems and procedures carried out will be in accordance with the Local Authority's LMS Procedure Rules, Scheme of Delegation to the Headteacher and the School Finance Manual. A copy of these documents will be readily available and kept up to date.

All records will be retained in line with the Local Authority's Records Retention and Destruction Schedule for Schools.

## **13. Purchasing**

Before any purchase is made, consideration will be given to any potential economies of scale to be had through use of Local Authority negotiated corporate contracts.

Information available from the North Yorkshire Procurement Service for Schools will be given due consideration.

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved. Where bids are not invited a Best Value Form will be completed.

Where a single purchase of more than £25,000 for Goods and Services, Works or Social and other specific services is involved, further advice will be sought from procurement to ensure that LMS and EU Procedure is followed.

The Governing Body requires that staff will follow official ordering procedures at all times and written pre-numbered orders will be used. Verbal orders will be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for

their private use. All official orders will be recorded on the school's computerised financial system. Orders made on-line should also be followed by an official order.

When making purchases, staff **must** adhere to the LMS Procedure Rules.

#### **14. Purchasing Cards**

The Governing Body will follow the Local Authority policy and procedures for the use of purchasing cards. Cards must only be used to procure goods and services on behalf of the school. They must not be used to obtain cash or for personal transactions.

#### **15. Procedures and Security**

The school will make use of a computerised financial monitoring package approved and supported by the Local Authority.

Data will be input on a regular basis including financial commitments made by the school. Information will be input from and reconciled to the Local Authority's financial statements and school bank statements every month.

Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable.

Security passwords will be maintained on the computer and documentation will be kept in a secure location.

Regular backups will be made of the information held on the computer with the backups stored securely and separately from the computer.

#### **16. Security of Stocks and Equipment**

An inventory of stocks and equipment held in the school will be maintained and checked on an annual basis in accordance with the LMS Procedure Rules and the Local Authority's guidance.

The Governing Body will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets and a copy of the policy document will be available for inspection.

A register will also be maintained of equipment removed from school for use off-site and when it was returned.

The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment in accordance with LMS Procedure Rules.

When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

#### **17. Petty Cash**

The amount of cash in the school will be kept to a minimum and all monies and associated financial records kept in secure storage. Only staff authorised to do so will have access to petty cash.

There will be a limited use of petty cash. Gifts for employees, including the purchase of flowers, will be met from staff donations and not petty cash.

## **18. Income**

The Governing Body will implement a charging and remissions policy for school activities which will be made publically available on the school website. Steps will be taken to ensure the early collection of income due and receipts issued and records will be kept in line with the LMS Procedure Rules.

The school will operate an online income collection system which has been approved for school use by the Local Authority and in line with the LMS Procedure Rules.

The writing off of debts will be undertaken in line with the LMS Procedure Rules; that is:

- a) For debts up to £250 in value, the school will seek the approval of the Governing Body; and
- b) For debts over £250, the approval of the Local Authority must be sought (further to the endorsement of the Governing Body to do so).

## **19. VAT Returns**

VAT returns will be made promptly and accurately using the computerised system in line with the Local Authority's deadlines.

## **20. Staffing**

The Finance and Personnel Committee will be responsible for the Pay Policy annually and will consider appointments, terminations, promotions and performance management as necessary.

## **21. Insurance**

The Finance and Personnel Committee will make recommendations annually to the Governing Body as to the insurance requirements of the school. The recommendations will have regard to the minimum cover requirements of the Local Authority and to the costs of insurance services offered by the Local Authority and other providers.

The school will consider the additional "voluntary" insurance arrangements offered by the Local Authority (i.e. staff absence insurance, contents insurance).

The Finance and Personnel Committee will have due regard to the terms of the insurance documents and these will be considered on an annual basis.

The Governing Body will notify the Insurance and Risk Management Section of any eventuality that could affect the Local Authority's insurance arrangements.

## **22. Computer Systems**

The school will maintain approved software for the administration of financial records.

The school has been registered in accordance with the Data Protection Act 1998. All data handling procedures undertaken by the school are in accordance with the Local Authority's recommended practices for data security and information governance.

## **23. Counter Fraud Arrangements**

The school will maintain a robust system of controls to safeguard itself against fraudulent or improper use of public money and assets. The Governing Body will ensure that it has adopted a whistle-blowing policy and, along with the Headteacher, must inform all staff of all school



policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching these controls. This information must also be included in the induction of new school staff and Governors.

#### **24. Audit**

The systems for finance and administration will be subject to review from time to time by the Local Authority's Internal Audit Service provider and the County Council's external auditors. The Governors, Headteacher and staff will co-operate with auditors in accordance with the requirements of the LMS Procedure Rules and will consider and implement their requirements in a timely manner.

**FINANCE and PERSONNEL COMMITTEE****TERMS OF REFERENCE****FINANCE**

1. To ensure the sound management of the school's financial situation by the regular monitoring and evaluation of financial performance through the use of the Schools Financial Value Standard (SFVS).
2. To establish regular reporting procedures and make recommendations, where necessary (including virement proposals), to the Governing Body.
3. To oversee long term financial planning within the school in the context of the School Development Plan and the policies and objectives of the school.
4. To consider and approve the first formal Budget Plan of the Financial Year and longer term financial plans.
5. To ensure that the school complies with the principles of Value for Money and Efficiency (including the use of local and national financial benchmarking data) in using the resources available to the school.
6. To ensure that the annual self-evaluation of the school's financial management procedures is undertaken by means of the completion and submission to the Local Authority of the DfE's **Schools Financial Value Standard**; to identify any remedial actions required and the associated timescales for implementation. A summary report and recommendations will be presented to the Governing Body.
7. To regularly review the policy of and to consider appropriate levels of school balances with recommendations to be made, as appropriate, to the Governing Body.
8. To evaluate the quality, cost and impact of services purchased from all outside providers, including North Yorkshire County Council Children and Young People's Service, in good time before contracts are due for renewal.
9. To consider the priorities for the use of the school's allocation of Devolved Formula Capital funding and to make recommendations to the Governing Body.
10. To consider the annual insurance requirements and make recommendations to the Governing Body.
11. To receive the report of the Local Authority's auditors and to act upon any recommendations made therein. A summary report is to be presented to the Governing Body.
12. To determine the school's charging and remissions policy for adoption by the Governing Body and to annually review.
13. To determine the school's lettings policy for adoption by the Governing Body and to review annually.
14. To carry out an annual review of the school's Budget Management Policy and to make recommendations to the Governing Body.

## **PERSONNEL**

1. Approve the RGS Staffing Structure annually
2. Support the Headmaster and senior staff in maintaining general oversight of staff welfare.
3. Receive information, as required, from the Headmaster with details of staff appointments and staff resignations, including reasons, where known, for the resignations.
4. Monitor the implementation and effectiveness of the Staff Appraisal Policy and review the policy from time to time or as required by regulation.

### **Staff Pay**

1. Monitor the implementation and effectiveness of the Staff Pay Policy and review the policy annually.
2. Report to the full Governing body as required on the implementation and the effectiveness of the Staff Pay Policy.
3. Appoint sufficient (at least 3) of its members to the Staff Pay committee [SPC] which will
  - a. receive and consider the Headmaster's recommendations for all support staff pay progression and approve or otherwise as the Committee decides,
  - b. receive and consider the Headmaster's recommendations for all teaching staff pay progression including onto and through the Upper Pay Spine and approve or otherwise as the Committee decides,
  - c. receive and consider the Headmaster's recommendations for Senior Leadership progression through their individual salary ranges and approve or otherwise as the Committee decides,
  - d. undertake the Headmaster's annual performance review, consider the Headmaster's remuneration and make recommendations to the F&P Committee for final approval,
  - e. respond to staff queries about their pay progression,
  - f. report to the F&P Committee on decisions taken under 3a to 3e above.
4. Consider any recommendations and reports from the SPC.
5. Note any decisions and recommendations of Staff Pay Appeals Committee [PAC] which has responsibility for
  - a. Hearing any staff appeals against rejection of pay progression
  - b. Notifying appellants of outcome of appeals

The Committee will meet at least twice each academic term.

**SCHEME OF DELEGATION TO THE HEADTEACHER**

The Headteacher shall have delegated power to undertake all functions delegated to the Governing Body relating to the LMS Scheme except that:

1. they shall comply with all policy directions given to them from time to time by the Governing body;
2. they shall have the authority to expend all monies allocated to individual or specific items in the approved budgets without further reference to the Governing Body.

Where no such specific item exists in the budget they shall not enter into any financial commitment without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;

3. the above delegation shall not apply in respect of the appointment of staff. It shall be for the Governing Body to determine, from time to time, the extent of the power of the Headteacher to deal with staffing matters;
4. the Headteacher shall not vire from one budget head to another any sum **exceeding £3000** without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;
5. the Headteacher shall maximise school funds by the careful use of agreed investment opportunities; they shall not transfer funds between current and investment accounts established under the BAFS policy unless a policy to do so has been agreed by the Governing Body (terms should be stated);
6. the Headteacher shall submit to the Governing Body at least once each term, and on such further occasions as the Governing Body may specify, reports on all expenditure incurred and commitments entered into, together with details of any income generated, since the last such report to the Governing Body; this report to include a comparison of these latest figures with the budget for the year;
7. any proposal to incur expenditure on new or significantly different policies is to be the subject of a report by the Headteacher to the Governing Body; the report to include details of cost in both the current and future years;
8. the Headteacher shall have the power to nominate the Deputy Headteacher or another named (senior) member of staff to exercise the powers of this delegation during any periods of absence; and
9. the Headteacher and any other person nominated under Regulation (8) above shall ensure that, at all times, the LMS Procedure Rules relating to schools with delegated budgets are complied with.