

Financial planning and review

4. Academy development plan

- 4.1 The Academy prepares both medium term and short-term financial plans. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Academy's educational and other objectives are to be achieved within the expected level of resources over the next three years.
- 4.2 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.
- 4.3 The development plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academy's objectives and targets to the resources expected to be available. Plans should be kept simple and flexible. They are the "big picture" within which more detailed plans may be integrated.
- 4.4 The form and content of the development plan are matters for the Trust to decide in consultation with the Academy but due regard must be given to the matters included within the guidance to Academies and any annual guidance issued by the Trust and the EFA/DfE.
- 4.5 Each year the Headteacher / Principal will provide a planning cycle and timetable to the Local Governing Body which allows for:
- a review of past activities, aims and objectives - "did we get it right?"
 - definition or redefinition of aims and objectives – "are the aims still relevant?"
 - development of the plan and associated budgets – "how do we go forward?"
 - implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course", and
 - feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 4.6 The timetable will specify the deadlines for the completion of each of the stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher / Principal.
- 4.7 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan must also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 4.8 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a member of the Academy's SLT. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the SLT on a quarterly basis. The SLT will report to the Local Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action. This revision will be reported to the Trust Director of Finance & Resources / CEO for onward transmission to the Trust Board.

5. The annual budget

Budget planning

- 5.1 The Lead Finance Officer / Business Manager is responsible for preparing and obtaining approval for the annual budget that runs from September to August each year. The budget must be approved by the Headteacher / Principal. An initial draft of the budget should be prepared in March for discussion with the Headteacher/Principal and the Trust Finance Manager.
- 5.2 The final draft budget must be submitted to the Director of Finance of the Active Learning Trust by 31st May each year. The Lead Finance Officer / Business Manager is responsible for establishing a timetable which allows sufficient time for the budget review and internal approval process and ensures that the submission date is met.
- 5.3 Once approved by the Director of Finance / CEO the budget will be submitted to the Trust Board to be formally approved and this is the budget that will be reported back to the EFA and is the budget that will be confirmed back to the Academy.
- 5.3 The annual budget will reflect the funding allocation notified to the Trust from the EFA for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources. The Headteacher / Principal may not submit or approve a deficit budget. In the event of financial difficulties the Trust's Director of Finance & Operations must be informed immediately.
- 5.4 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of EFA grant receivable; review of other income sources available to the Academy to assess likely level of receipts;
 - review of past performance against budgets to promote an understanding of the Academy cost base;
 - identification of potential efficiency savings and
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Budget setting and approval

- 5.5 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where savings can be made. This may entail prioritising tasks and deferring projects until more funding is available.
- 5.6 Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

- 5.7 Once the different options and scenarios have been considered, a draft budget is prepared by the Lead Finance Officer / Business Manager, for review and approval by the Headteacher / Principal,. Once the budget has been approved by the Director of Finance / CEO and the Board it should be communicated to all staff with budget responsibility so that everyone is aware of the overall budgetary constraints.
- 5.8 The budget approved is only allowed to be adjusted once, in the September as part of a re-base exercise to reflect end of the previous year staffing changes and is then set at this point. The process entails submission of a re-based budget to the Director of Finance for approval and then to the Board to confirm the overall changes. Only once this has occurred should the budget be amended on the accounting system.

Monitoring and Review

- 5.9 Monthly reports will be prepared by the Lead Finance Officer / Business Manager in accordance with the format prescribed by the ALT Finance Team . The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher / Principal. These reports will be submitted to the ALT Finance Team monthly and a Governor Finance Report in a format prescribed by the Board will be presented to the relevant committee of the Local Governing Body at a time to be agreed with the Local Governing Body no less frequently than three time per year.
- 5.10 Any potential overspend against the total budget must in the first instance be discussed between the Headteacher / Principal and the Lead Finance Officer / Business Manager who will agree an action plan to address concerns and a copy of the plan will be submitted to the ALT Trust Finance Manager.
- 5.11 The monitoring process must be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

