

Budget review: 7 step guide and checklists

Make budget reviewing part of your processes with this seven-step guide and checklists from Nazli Hussein.

While budgets are set annually, the budget process is a continuous cycle of planning, monitoring and review.

1. Review and update the current year's budget

Begin by considering and updating the current year's budget.

- Evaluate your budget against actual expenditure.
- Agree the previous year's carry over forward balance and the use of reserves and surplus balances.

This information will be used to feed into the planning for the next year's budget.

2. Incorporate the school development plan

Has anything changed in your school development plan (SDP)?

Incorporate any changes to the SDP into the budget. Assess financial implications and impact of areas such as:

- forecast pupil numbers
- likely staffing structure and profile
- planned projects
- longer-term curriculum and operational improvements
- development aspirations.

The longer term financial plan or budget can help to demonstrate the sustainability of the SDP.

3. Identify income sources

The schools formula budget typically accounts for over 90% of annual school income. Pupil numbers determine this funding and therefore the October pupil census return will form the basis for income levels for the new financial year.

Additional and further sources of income will need to be identified. These may come from other notified grant income such as pupil premium, PE and sports funding and [Devolved Formula Capital](#).

Other government income must be claimed from the local authority, such as business rates and [high needs funding](#).

Non-government, private income may be sourced in the form of donations, lettings, sponsorship, grants and income generated from clubs and events.

4. Estimate salaries

The next step is to estimate resources available to the school, starting with staff salaries, which are the largest component of a school's budget.

In percentage terms, they can range from 75% to 85% of the total budget set. The percentage very much depends upon the priorities set by the school in their SDP.

When calculating salaries and entering them into a budget planner consider the following factors.

- Employee type (i.e. leadership, teaching, teaching assistant, admin and finance)
- Start and end dates for contracts
- Salary grade
- Salary point (support staff)
- Full time working equivalent (for teaching staff)
- Hours worked per week (support staff)
- Weeks worked per year (support staff)
- Known leavers and starters
- Known changes to existing contracts
- Pay awards
- Changes to national insurance and pension contributions
- Increments
- Pay protection
- Special or extra allowances (e.g. PPA cover)
- Maternity leave and cover
- Secondments
- Overtime
- Second posts

5. Assess curriculum and team allocations

Curriculum and departmental allocations are influenced by the SDP. Subject or team leaders should be asked to submit bids based on SDP priorities and should incorporate:

- money for equipment
- supply cover for non-contact time to realise plans
- training requirements, including course costs & cost of supply
- specific ICT requirements
- external grants that can be bid for
- time required to meet with inspectors or advisors.

Bids from subject leaders should be evaluated and decisions made against criteria that ensures:

- there is a link between the development of the subject and the school's priorities for the pupils
- the principles of best value have been met
- the above process empowers the subject leaders and therefore engenders accountability.

Schools can also use a formula to calculate curriculum and department funding, basing allocations on:

- the number of students taking a subject,
- multiplied by the number of classes a subject will be taught to
- and by assigning each subject with a weighting depending on factors such as specialist equipment required.

It is up to individual schools how they assign weightings. Contingency should be put by within the curriculum budgets to account for any unforeseen expenditure incurred during the year.

6. Estimate remaining expenditure

Remaining expenditure will cover other educational and operational areas such as:

- catering
- utilities
- cleaning

- premises repairs and maintenance
- health and safety
- insurance
- photocopying and printing
- telephones
- ICT – hardware, software, support services and developmental projects
- professional services and consultancy
- examinations and assessments.

Relevant contracts should be reviewed and re-tendered where appropriate. In more complex areas such as catering and ICT, the breakdown of expenditure should be developed to provide context for spending and allow for meaningful cost centre allocation, budget monitoring and tracking.

7. Forecast outturn

The forecast outturn should be considered and the possible financial position of the school reviewed. Revisit the budget and its components if necessary.

Be prepared to revisit or renegotiate the income generation strategy in order to get to a forecast outturn which is desirable and acceptable to the school.