

<b>MEETING</b>	SCHOOLS BUDGET FORUM
<b>DATE</b>	4 March 2014
<b>TITLE</b>	Investigation into Estimated Balances vs Actual Balances
<b>PURPOSE</b>	Recognize direction of appropriate work
<b>RECOMMENDATION</b>	See section 3.
<b>REPORT BY</b>	Dewi R Jones, Head of Education
<b>CABINET MEMBER FOR EDUCATION</b>	Cllr Sian Gwenllian

### 1. Background

1.1 Following a report on school balances presented to the Forum Meeting held on 25 June 2013, it was decided to investigate why the actual balances of several schools far exceeded those schools plans when setting their budget.

1.2 It was decided to target Primary and Special schools where their actual balances exceeded their estimated balances by over £40,000 after setting a budget, with a £70,000 threshold for Secondary schools.

1.3 As the table below indicates, 4 Primary Schools and 4 Secondary School exceeded the relevant threshold, with the actual balances of these eight schools being £636,997 above their estimated balances after establishing their budget for the financial year 2012/13.

### ESTIMATED 1      ACTUAL

	Rhif Ysgol School No	Enw Ysgol School Name	Balansau Balances 31/03/2012	Defnydd balansau i osod cyllideb Use of balances to set the buget for 2012/13	Balansau wedi gosod cyllideb Balances after setting the budget 2012/2013	Gwir falansau Actual balances 31/03/2013	Increase between ESTIMATED 1 and ACTUAL
1	2212	Penybryn	<b>126,858</b>	67,778	59,080	103,414	44,334
2	3005	Maesincla	<b>79,535</b>	49,800	29,735	72,464	42,729
3	3013	Llandygai	<b>54,162</b>	31,674	22,488	67,094	44,607
4	3029	Tregarth	<b>106,351</b>	59,348	47,003	102,669	55,666
5	4003	Botwnnog	<b>175,823</b>	174,278	1,545	127,980	126,435
6	4009	Eifionydd	<b>288,171</b>	237,796	50,375	176,868	126,493
7	4037	Tryfan	<b>226,223</b>	135,638	90,585	177,021	86,436
8	4040	Glan Y Môr	<b>256,333</b>	116,273	140,060	250,358	110,298
			<b>1,313,455</b>	<b>872,585</b>	<b>440,870</b>	<b>1,077,867</b>	<b>636,997</b>

## **2. Investigation Results**

Principal reasons for the difference between the original estimate and the actual balances -

2.1 Staffing Budget – staff turnover not planned in the budget (i.e. the information was not available when setting the budget): corresponding to approximately £257,000 of the difference.

2.2 Energy Budget – actual energy expenditure lower than the budget due to historical conservative attitude towards setting budget size and also in this financial year, there was too much provision for an energy price increase: equivalent to approximately £118,000 of the difference.

2.3 Budget for Specific Plans- slippage in budgeting for specific plans due to various reasons (including in maintenance, information technology and staffing): accounting for approximately £83,000 of the difference.

2.4 Income Budget – actual income exceeded the income budget that indicates a conservative attitude when setting an income total or target in the budget: corresponding to approximately £22,000 of the difference.

2.5 Grants Income – not recognize a grant when setting the budget. Information on certain grants arrives too late to set in the budget: corresponds to approximately £125,000 of the difference.

## **3. Conclusions and Recommendations**

3.1 Ask the Education Department in collaboration with the Head of Finance to provide specific guidance for Schools and Governing Bodies for their budget setting and monitoring arrangements, including -

3.1.1 The importance of making efforts to establish a realistic budget.

3.1.2 Making an effort to identify and recognize savings at the first available opportunity.

3.1.3 Formally report to the Finance Sub-committee and/or the Governing Body on conclusions of financial monitoring reviews held during the year and consider use of any underspend recording the decision.

3.1.4 Review financial expectations within the 'School Development Plan' and find out if there is a requirement/opportunity to prioritize development plans when financial resources are available.