

Financial Planning Policy

Document Control

Date	Revision amendment details	By whom
Jul 2019	Adopted by TEFAT Board	Trustees
June 2021	Reviewed and updated	FD
July 2021	Revisions adopted by TEFAT Board	Trustees
July 2023	Reviewed and updated	FD
August 2025	Reviewed and updated	FD
July 2027	Next review date	

Table of contents

Elliot Foundation Academies Trust Values.....	3
Related policies and documents.....	4
Definitions.....	4
1. Policy statement and objectives.....	5
2. Principles.....	5
3. Annual Budgeting.....	5
4. Medium to long term budgeting.....	6
5. Deficits.....	7

Elliot Foundation Academies Trust Values

1. Put children first

- a. We trust and value your professionalism
- b. We share the responsibility for the learning and welfare of all of our children
- c. Our purpose is to improve the lives of children

2. Be safe

- a. Don't assume that someone else will do it
- b. Look after yourself, your colleagues and all children
- c. We are all responsible for each other's safety and well being
- d. Discuss any concerns with an appropriate member of staff

3. Be kind & respect all

- a. People are allowed to be different as are you
- b. Kindness creates the positive environment we all need to flourish
- c. This kindness should extend to ourselves as well as to others

4. Be open

- a. If you can see a better way, suggest it
- b. If someone else suggests a better way to you, consider it
- c. We exist to nurture innovators and support those who take informed risks in the interests of children

5. Forgive

- a. We all make mistakes
- b. Admit them, learn from them and move on

6. Make a difference

- a. Making the world a better place starts with you
- b. Model the behaviour that you would like to see from others

Related policies and documents

- Reserves Policy
- Fixed Asset Policy
- ICT Strategy

Definitions

- Where the word 'Trust' is used in this document it refers to The Elliot Foundation Academies Trust.
- Where the term 'Finance Committee' is used in this document it refers to the Finance sub-committee of The Elliot Foundation Academies Trust board

1. Policy statement and objectives

- 1.1. This policy sets out the expectation of the Elliot Foundation Academies Trust for each academy to carry out suitably robust financial planning to minimise the risk of deficits and to anticipate future financial pressures.

2. Principles

- 2.1. This policy is approved by the Finance Committee on behalf of the Trust Board. It applies to all employees.
- 2.2. The general principle is that academies should be able to plan at least three years ahead in high level terms to see possible problems, even though government policy changes will necessarily impact on planning assumptions.

3. Annual Budgeting

- 3.1. Where academies are funded on a lagged basis then their funding will be dependent on the October census figures. Academies should consider this when considering parental applications to join or leave around this period.
- 3.2. October census figures should be shared with TEFAT finance staff so that the impact of changes in roll can be assessed prior to formal funding letters being received.
- 3.3. Annual funding letters from the DfE should be received by the end of March in the previous financial year. By that stage it is expected that academies will have already started detailed planning for the following year and the resource needs for that year.
- 3.4. The deadline for submission of agreed budgets to the DfE is currently the end of August. Academies should therefore ensure that budgets are created and put forward for approval by the last TEFAT Finance Committee of the year. Dates for this will be circulated in advance.
- 3.5. First draft budgets should be shared with TEFAT finance in the Spring Term, in order to allow time for suitable discussion and challenge. If there are likely to be pressures on the budget these should be flagged up to the FD as soon as they are recognised and not wait for the budget submission.

- 3.6. Budgeting should be done by reference to the academy development plan. All assessments and plans within the academy should be robustly costed with the budget an integral part of the planning process. Budgeting should be done from scratch each year rather than taking a last year plus a bit approach, which is all too common in organisations, and leads to inefficient operations.
- 3.7. Where the budget assumes any funding or direct service from TEFAT this should be clarified in writing before including those assumptions in the budget.
- 3.8. The annual budget should make prudent assumptions on income and expenditure each year, but should not be so conservative or optimistic as to be unrealistic. Contingencies should be included in the budget to mitigate the risk of in year shocks, but should not be excessive. It is also important that funds are not fully allocated at the start of the year without any form of contingency, so as to leave the academy vulnerable to even small unforeseen financial pressures. It is good practice to allocate only a portion of the 'capitation' budget to budget holders at the start of the year and leave a portion as a challenge fund for budget holders to bid for in year if they cannot manage (and have shown suitable financial prudence) on the initial allocation. This encourages good management of departmental budgets and improved value for money. Contingencies can be released in year, but this should be done only after consideration of the academy's financial targets.
- 3.9. Academies should do all they can to discourage any perception that a year end 'spend up' by any budget holder will have a positive effect on their next budget.
- 3.10. Any budget must also consider the impact on Trust level cashflow movements over the year as well as the overall position, to ensure on-going liquidity.
- 3.11. Budgets must also take into account longer-term issues, such as ICT and capital replacement needs (see below).

4. Medium to long term budgeting

- 4.1. Although government funding is only allocated on a year by year basis, it is imperative that academies try to look at their budget trends over a longer time frame, ideally 3 years. This should be in sufficient detail to flag up any likely future financial pressures that we should be trying to plan for now. It is now

also a requirement that we submit updated three year plans annually to the DfE in August.

- 4.2. 3 year plans are especially important for new academies, which may receive start up grants that will decrease rapidly over time, placing greater pressure on budgets (although compensated for by increased pupil numbers). Academies need to plan for this drop off.
- 4.3. Some aspects of running an academy, such as capital replacement, need to be looked at over a longer period and planned for. Each academy should draw up an ICT replacement strategy, looking at needs beyond those met through the central ICT device allocations. Academies also need to be mindful of changing technologies and not assume a like for like replacement. See also the TEFAT ICT Strategy.
- 4.4. Every academy should have an asset management plan for every permanent building on their site. This will detail the likely replacement costs each year of plant, machinery and building fabric and the on-going upkeep needs. Academies should refer to this document as part of their annual planning and ensure that sufficient funds are put aside to meet needs as they arise. The plans are only indicative, so should be treated as a conservative guide to the times and costs of the building.
- 4.5. Every year staff costs will increase ahead of the headline rate of inflation due to annual increment rises. Given that salary costs comprise the vast majority of expenditure the 'incremental drift' caused by these annual awards needs to be factored into longer term plans. It is however reasonable to assume a certain level of turnover on staff with some savings as less experienced staff replace some of the more experienced to offset some of this drift.

5. Deficits

- 5.1. No academy should set a budget that shows a deficit. This would only be acceptable where the deficit is solely caused by utilising grants unused from previous years in line with the plan for their expenditure, or where a capital or other projects that will be funded from existing reserves is to be undertaken. Any deficit budget (a 'licenced deficit') needs the express agreement of the TEFAT Finance Committee, and prior to this needs to be signed off by the TEFAT FD and relevant Regional Director. The RD must agree that any further cuts will adversely impact teaching and learning.
- 5.2. No academy should set a budget that has a cumulative deficit (i.e. that exceeds cumulative reserves) without the express agreement of the TEFAT Board. Where a cumulative deficit is agreed this will only be on the basis that

detailed and agreed plans are in place to recover the position over no more than three years.