

Keeping the revenue finances on track

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Whatever forecasts you made in your business plan for the running costs and income of the community operation, these are unlikely to be borne out by the actual costs and income. As with any new project, something always costs more than originally envisaged and the unexpected will happen along the way. Also, it takes time for a community programme to develop to its full potential.

The finances of the community operation should be separated as far as is reasonably practical from other school budgets. This will involve apportioning certain costs between school budgets and community budgets. While often difficult to do with any accuracy, the process is necessary to comply with the Government requirement that a school's financial management and reporting should identify separate spending on those activities that are not eligible for funding from the delegated budget – i.e. activities that are solely for the community. Schools can do this within the main school account if they use separate coding arrangements. The DCSF introduced changes to the 'Consistent Financial Reporting Framework' from 2006/07 that create additional codes to capture separately income and expenditure that relate to activities that cannot be funded from a school's delegated budget. Where extended school activities are significant, largely free-standing and managed separately, a separate bank account is likely to be appropriate.

The main areas of expenditure that are likely to need apportioning are:

- Overheads (e.g. rates).
- Energy and utility costs.
- Maintenance and repair costs – buildings and equipment.
- Cleaning.
- Insurances, legal and audit.
- Shared staff costs (e.g. reception, administrative staff, caretakers).
- Replacement costs.

There are different models for apportioning these costs – e.g. according to hours of use, numbers of users, square metre rates. Whatever method is used, it is important that it is clear, definite and agreed by all parties.

Key principles

- Establish separate budgets for the community use – both for income and apportioned costs.
- Agree a method of apportioning costs and stick to it.
- Set up a system for financial accounting and for regular and frequent review and reporting so that any problems can be spotted and remedied quickly.
- Allow a contingency of 3 – 5% to cope with the unforeseen.

Sources of guidance

Best for...	Who/what...	How to find...
Specific advice and troubleshooting	Extended Schools Remodelling Adviser	Find contact via your local authority website and Children & Young People's Service
Good practice standards in budget monitoring and control	Schools Financial Management Standard & Toolkit, DfES	www.teachernet.gov.uk/management/schoolfunding/
Business Development Toolkit designed for childcare services (NB. adaptable for use with sport and arts services)	The Toolkit includes templates for revenue budgets etc. Developed by 4Children in association with Playlines.	www.playlines.org.uk/products/toolkit.asp