

2.3 Preparation and Submission of Year-End Forecasts

Introduction

Under the Scheme for Financing Schools, schools are required to supply the authority with forecasts of income and expenditure at the year-end, prepared at the end of September and December. The forecasts must be in a format and contain those items of income and expenditure prescribed by the Chief Finance Officer and must take account of the deficit/surplus at the previous 31 March.

These guidance notes set out the purpose of Budget Forecasting and refer to the timetable and the format of the two returns.

Purpose

Forecasting is a mechanism to estimate the school's financial position at the end of the financial year. The purpose is to:

- Establish the outturn position
- Monitor budget performance
- Give you time to take remedial actions where necessary
- Prompt virement needs
- Assist budget setting for the new year

It is recommended that forecasting takes place at the start of the autumn term, so that 5 or 6 months actual income and expenditure has taken place, from which future predictions and trends can be based on. Whilst there is a specific requirement for two forecasts to be submitted to the LA, it is good practice to do more regular forecasts, although the frequency would depend on the financial position of the school and the overall amount and value of modifications to the original budget.

It is expected that the Forecasts will be submitted to governors (Finance Committee) as part of the school's budget monitoring process to enable Heads and governors to consider in the light of the forecast balance as to whether any of the items/projects included in the school's annual budget/ medium term financial plan in conjunction with the school's Development/Improvement Plan can be brought forward or deferred.

Forecasts should enable school managers to avoid either a deficit balance position or the creation of a large surplus.

Timetable and Format

The two forecasts are required to be sent to the Schools Accountancy Section as follows:

- Position as at end of September – to be received mid-October (actual date to be confirmed)
- Position as at end of December – to be received mid-January (actual date to be confirmed)

A spreadsheet to assist schools to prepare the forecast will be sent to all schools during September and December, together with guidance notes on its operation.