**Budget Preparation Guidance**

Following the publication of schools funding data schools are beginning to prepare their budgets for the forthcoming year. Schools should note the following.

Inflation factors

Suggested Income and Expenditure Inflation Factors – Income 0%  Expenditure Salaries 1% per annum all years; Non-salaries 2% per annum all years

Changes in National Insurance Contribution rates

The spreadsheet attached shows the difference between the old and new rates from the 1st April 2016. It is not an increase in NI rates but the removal of the 3.4% rebate previously applied to employees who are members of a contracted-out pension scheme (Teachers’ Pension Scheme and Local Government Pension Scheme).  The rebate was restricted to employees’ salaries up to £40,040 pa. Therefore the greatest impact on a school will be if all members of staff earning up to the cut off salary are in a contracted-out pension scheme.

Schools are reminded that Budgets should be approved by the Governing Body by **31 March** and

submitted to the Schools Accountancy section as soon as possible but

**no later than 1 May**.