

Reply to Michelle Hibbert  
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16 March 2022

Dear Colleague

### School Budget Setting 2022/23

School budget plans must be submitted to the Local Authority (LA) by **1 May 2022**, following approval by your governing body or a committee authorised to approve the budget. To assist with the budget setting process a checklist has been provided below. This is a guide to the areas that should be reviewed; this is not an exhaustive list and consideration should also be given to any other factors that are likely to have an impact on your school's financial position.

If you have an in-year deficit for 2022/23 (even if you have an overall surplus balance), please provide an explanation of why this has occurred on the workings and notes page of the budget plan spreadsheet as this will assist us in our checks and will avoid the need to contact you later. If the reason for this is ongoing expenditure such as pay costs rather than one off spend, please also include a summary of the actions you are taking to mitigate this position.

Schools are not permitted to plan for a deficit budget in normal circumstances so if you are having difficulty setting a balanced budget for 2022/23 please contact Michelle Hibbert **as soon as possible**. A reminder on the rules for deficit balances is outlined in the [Scheme for Financing Schools](#).

Yours sincerely

*Sonia Hattle*

Sonia Hattle  
Senior Finance Manager

## School Budget Setting – Checklist

Issues to consider	Complete
<b>General</b>	
The level of balances anticipated at 31 March 2022 and the level of balances the school needs at 31 March 2023.	
Actual income and expenditure for the 2021/22 financial year compared to the budget set for 2022/23, including the movement of balances.	
Brought forward balances should ideally be used for one off spend. If these are used to fund additional staff, you should be satisfied that the costs can be sustained in the future when the balances have diminished.	
Inflation changes in respect of utilities and other goods/services.	
Has all expenditure for items on your contract list been budgeted for, including any changes from the previous financial year?	
Have costs for statutory health and safety checks and any associated work resulting from the checks been included?	
Do you have a rolling asset management plan and has expenditure relating to this programme of work been included?	
If your budget share is protected by the minimum funding guarantee, you should plan in anticipation of possible reductions of funding in subsequent years.	
<b>Staffing</b>	
Changes in pupil numbers and the level of staff resources required.	
Does the staffing budget reflect your curriculum plan and your staffing structure? Have leavers and vacancies all been accounted for?	
Have the implications of Job Evaluation been included in respect of any protected salaries?	
Have all inflation and increment increases (subject to performance appraisals) been included and profiled in the relevant months?	
The employer contribution rate of the Teachers Pension Scheme (TPS) remains at 23.68% (including the 0.08% administration levy) until further guidance is received	
The employer contribution rate to the Local Government Pension Scheme increased to 21.6% from 1 April 2020, this was part of a triennial actuarial valuation.	
<b>Income</b>	
School-level allocations of the school's supplementary grant for the 2022 to 2023 financial year will be published in spring 2022. This funding is for schools to address cost pressures including those associated with the Health & Social Care levy. Details can be found <a href="#">here</a> , this income should be budgeted in I01 as it is expected that from 2023/24 this will be added into the National Funding Formula school budget share in a similar way the teacher's pension and pay grants were.	
The teacher's pay and pension grants have been included in the Age Weighted Pupil Unit of the school budget share for mainstream schools and should not be budgeted for separately. However special schools and maintained nursery	

schools should continue to budget for this separately.	
Have you included any income likely to be received in respect of top up funding for high needs pupils both from Milton Keynes and other local authorities? Remember to adjust for starters and leavers where this is known.	
The Primary PE and Sports Premium grant is allocated per academic year with the current funding being agreed until August 2022. Further announcements on this grant funding are expected in the Spring. More information can be found <a href="#">here</a> but schools should continue to budget for the next academic year using the same rates.	
Universal Infant Free School Meals - please estimate income using the UIFSM calculator on the LMS website. The new rate per meal per day is £2.34.	
The Devolved Formula Capital methodology and calculation is estimated to be the same for 2022/23 although the final allocation won't be published by the ESFA until after the Spring 2022 census. It will continue to be paid in one instalment in July.	
Pupil premium will continue however this will now use the October 2021 census date rather than the January 2022 data, further information on rates and eligibility can be found <a href="#">here</a> .	
<b>Expenditure</b>	
In 2022/23 primary schools should include all income and costs associated with the de-delegated budget. By including the figures within the budget, profiling the charge in April and then posting the de-delegated journal into actuals in April, the gross income and expenditure figures will be included without changing any carry forward figure. Figures to be included will be on an extra tab on the budget template.	
From 2022/23 schools will no longer need to pay their own NNDR, as this will be paid to the billing authority directly from the Education and Skills Funding Agency (ESFA) on the schools behalf. The expected cost of NNDR for maintained schools has been deducted from the school budget share allocations, as per the funding notification published in February 2022. Schools will still receive a rates bill from the billing authority, but this is for information only and should NOT be paid. However notional NNDR entries will need to be included in the school's expenditure and income.	