

Greendown School

Budget Setting Analytical Review – Comparison of 08/09 actual expenditure to 09/10 budgets

Cost Centre	2008/09 Year End Actual	2009/10 Budgets	Difference	Reason provided by the School
Maintenance Contracts	£23k	£36k	+£13k	New maintenance contracts – Business Manager (BM) could not state which ones and was not able to provide a list of contracts in place, cost and expiry dates. It took the school over a day to pull out copies of contracts, orders and invoices. There was no central record of this information either for financial monitoring purposes or for contract monitoring.
BSM	£267,317	£336,792	+£69k	No ready answer – at the end of the site visit, the BM produced a list showing the differences. It appears that this information was not prepared as part of the budget setting process to inform the school.
Electricity ***	£60,420	£50,000	-£10,420	Initially, the BM stated the budget has been reduced as there will be savings through the introduction of solar panels in the summer, along with a concerted effort to encourage all staff to switch off lights. ***

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Supply Teachers	£62,547	£30,000	-£32,547	<p>BM could not provide immediate reason for the reduction in the budget and needed to refer to the Headteacher.</p> <p>The Headteacher explained that the introduction of 'Rarely Cover' an initiative introduced by DCSF where teachers are not allowed to provide cover for more than a certain number of periods per week will mean that the school will have to recruit specific Cover Assistants thereby reducing the need for supply staff. This will also result in the need to reduce the teaching staff. Detailed costing information to support this level of reduction was not supplied during the audit.</p> <p>In 08/09 the supply costs were high as there was a senior teacher suspended for a long period of time and there was a vacancy, which the school could not recruit to.</p> <p>An email sent by the Supply Officer to the BM suggests a budget of £30k which is to cover £8k for 'real supply' and the remaining balance as a contingency for unexpected long-term absences that the Supply Officers states seems to occur each year.</p>
Gas	£26,194	£23,000	-£3,194	<p>Requested a central control system from the capital budget, this has been approved and will be installed. It is anticipated that this will result in efficiencies as the temperature can be controlled centrally. Also, the last 2 replacement boilers are being installed in the school which are more efficient. The BM anticipates that these two changes will result in savings – however no detailed costing has been carried out to support the amount reduced.</p>

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Grounds Maintenance	£12,295	£7,500	-£4,795	The school's field is being upgraded so the school negotiated with SCS for a reduction in costs as not as much grounds will need to be maintained for 09/10. The actual quote (received after the budget has been set) from SCS is £8000.
LEA Services	£38,116	£12,462	-£25,654	The school has stopped buying back payroll and HR support.
Catering	£94,944	£97,148	+£2,204	Consumable costs have increased for catering as suppliers pass on the increasing transport and fuel costs. The school could not provide the Auditor with a costed breakdown of how the budget has been set and consequently we are unsure as to how achievable this will be bearing in mind the school is looking to increase take up.
Exams	£82,000	£75,000	-£7,000	The BM did not have any costings or data to support this reduction and referred the Auditor to the Examination Officer (EO). The BM was not able to give the Auditor a clear indication as to how the budget figure was produced and the reason for the reduction, other than they were looking to actively reduce the spend in the area by stopping pupils being entered into 'unnecessary' exams. The EO was asked to produce a list of possible savings for the Headteacher and identified approximately £15.6k but the EO is not aware of which savings will be actioned.

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Locker Income	£3140	£5000	+£1,860	The BM could not provide details of the costing information which led to the anticipated increase in income. The charge made by the school for each locker has not increased, although the BM said that they would have a push to encourage more Year 7's to take a locker. At the moment the school charges pupils £25 to take a locker which includes a £15 returnable deposit so the true income is £10 p.a. per locker. 186 more lockers than 2008/09 would need to be hired to reach this income target – there are only 207 Year 7 pupils in the school. The Auditor was not provided with details of how many lockers the school had and how many were unused to confirm whether the school would be able to generate the predicted additional income.
Other Income	£501,866	£191,000	-£310,866	This income was made up of Lockers, 14-Rental (which is now FS4S), diploma, MAT/SCIT/Other Sal and Community. The Auditor was not able to establish the reason for the significant variances. Neither the BM or, separately, the Finance Manager could explain it fully at the time of the audit.

*** Electricity

Further exploration of the Solar Panels with the Fundraising Manager revealed that funding had not yet been secured for this project. If it is, the Panels will be erected in August 2009 and the predicted savings are only likely to be around £1,550 for 09/10.

The BM stated that he did not think the rising fuel costs would have a significant effect and so did not increase the budget to account for this. The school are billed monthly for Electricity from Southern Electric and has received 2 bills for this financial year. The Auditor compared these bills to those issued for the same period in 2008/09 and this shows there has been a 65% increase in the costs. This, extrapolated out, would suggest the total annual bill for 2009/10 would be approx £116k.

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An alternative calculation was also carried out by the Auditor which looked at how much the two 08/09 bills were as a percentage of last year's total spend, this equated to 10%. The 09/10's bills for the same two months were then used to calculate the total annual bills using these as 10% of the overall cost. This indicated the total annual bill would be approx £127k.

Using either method, and in the absence of any calculations or estimates prepared by the school as part of the budget setting process, it would suggest that the school have under budgeted for electricity by at least £66k. If a more realistic electricity figure (£120k) is entered into the 3 year plan the deficits would increase to:

	2009/10	2010/11	2011/12
To	-342,515	-179,578	-119,363
from	-272,515	-40,541	+87,552