



SURPLUS/DEFICIT POLICY

Date Approved by the STAR MAT Trust Board	October 2018 26 November 2020
Review Date	October 2020 November 2022

1. Introduction & Requirements

The STAR Multi Academy Trust must take full responsibility for its financial affairs and use resources efficiently to maximise outcomes for pupils/students.

As part of this responsibility, the Board of Trustees must approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute its approval.

The Board of Trustees must notify ESFA within 14 days of its meeting if it is proposing to set a deficit revenue budget for the current financial year, which it cannot address after unspent funds from previous years are taken into account

For the purposes of this policy, Budget Share includes any grants or additional income generated by a School.

2. The Treatment of Surplus Balances Arising in Relation to Budget Shares

2.1 The right to carry forward surplus balances. Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

2.2 Interest on surplus balances. Balances held by the MAT on behalf of Schools will attract no interest.

3. The Treatment of Deficit Balances Arising in Relation to Budget Shares

3.1 Obligation to carry forward deficit balances. Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share.

3.2 Planning for deficit budgets. Schools may only plan for a deficit budget in accordance with the terms of Section 4 (Licensed Deficits).

3.3 Writing off deficits. The MAT has no delegated authority to write off the deficit balance of any School.

4. Licensed deficits

The MAT must submit to ESFA, in a form specified by them and approved by the Trustees before submission:

- a budget forecast return
- a 3-year budget forecast return

If a School finds that its budget is going into deficit, it will need to make plans as to how it can bring the budget back into a balanced position. If it is not possible in the current year, the School will need to apply to the MAT for an approved deficit.

To obtain approval the School will have to draw up a recovery plan; much of the information is provided in reports produced by the financial management computer software. This request will then be sent to the MAT Finance, Audit and Risk (FAR) Committee for approval.

Once approved, an agreement is issued to the Academy to be signed by the Chair of Governors.