

## **Principles of financial management - BMET**

### ***The budget process***

All Academies within the Trust will aim to set and deliver a balanced budget for each school year. If any academy is unable to do this, their Headteacher and Finance Committee should report this to the Executive Headteacher (EHT) together with a proposed plan for how to deal with any foreseen deficit. The Executive Headteacher will then take this to Directors for approval.

The budget should support the academy in delivering the best outcomes for pupils (in line with the School Development Plan) whilst remaining prudent and sustainable.

The budget is developed by the Bursar, Headteacher and the management team in conjunction with the Executive Headteacher (EHT) and presented for review and challenge to the local governing body (LGB).

Once agreed by the LGB, the budget is recommended to the Trust for approval by the EHT. The EHT will ensure that budgets across all Academies support the objectives of the school development plans and are sustainable.

Once set, each Academy will report against this budget on a half termly basis. Risks will be identified as part of this process and managed appropriately with support and challenge from the LGB.

### ***Operating with a surplus***

All academies should aim to set a budget and operate with a small surplus each year and DfE guidance advises academies to build up a surplus that will cover 3 months outgoings (including staff salaries).

The Trust supports this principle as a surplus ensures that the Trust can handle unforeseen events (such as absence or a significant equipment or building failure) in a way that does not impact on outcomes for pupils.

Academies will be encouraged to manage these events within the in-year budget and normal risk process and, to support this aim, the Trust will encourage the sharing of experience and adoption of good practice across Academies to develop innovative and cost effective solutions to challenges.

This model of support is central to the Trust vision and has enabled BMET academies to work to resolve issues while maintaining and improving school performance.

The Trust will aim to accumulate a total surplus (across all academies) that is in line with DfE guidance. Surpluses will remain within the Academy in which they are generated but can only be accessed following submission of a proposal that has been challenged and reviewed by the LGB, is supported by the EHT and approved by the Trust board.

In exceptional circumstances, the board may choose to move money between schools or between schools and the trust.

Approved: February 2018