

Appendix A

Procedure for Applying for a Licensed Deficit

A school can apply under exceptional circumstances where it can demonstrate that achieving a balanced budget within the next financial year will prove to be severely detrimental to the functioning of the school. Consideration will be given to applications for one year initially but exceptionally up to 3 three academic years.

The Governing Body must provide in writing to the Strategic Director for Children and Enterprise the following information:

- A full explanation of the situation, demonstrating that attempting to balance the budget in the next financial year would prove to be severely detrimental to the functioning of the school.
- A detailed action plan with proposed timescales, designed to achieve a balanced budget within an agreed timescale.

The case submitted must be approved by the Strategic Director Children and Enterprise, in consultation with the Strategic Director for Policy and Resources

Termly reports to the Strategic Director for Children and Enterprise must be submitted until the approved action plan is fully implemented.

Deficits can only be agreed for amounts up to a maximum of 10% of the school budget share.

Approval of licensed deficits will be subject to the availability of sufficient resources within the LA reserves. A maximum of 25% of the collective school balances held by the Authority will be available to back such arrangements.