

**REPORT TO:** Schools Forum

**DATE:** 22 March 2017

**REPORTING OFFICER:** Operational Director – Education, Inclusion and Provision

**SUBJECT:** Licenced Deficit Procedure for Schools

## **1.0 PURPOSE OF REPORT**

**1.1** To consider and agree the Licenced Deficit Procedure for schools.

**2.0 RECOMMENDED: That the Licenced Deficit Procedure for Schools is agreed.**

## **3.0 BACKGROUND**

- 3.1** It is the responsibility of Governing Bodies to set a balanced budget each year. No school should plan for a deficit budget. Where a school forecasts that it will not be able to set a balanced budget for the forthcoming financial year having taken all steps to make efficiencies and to reduce its costs, it must contact the Operational Director – Education, Inclusion and Provision. The position of the school will then be assessed with Finance and should it be necessary for the school to apply for a licenced deficit the revised procedures will now need to be followed.
- 3.2** The procedures attached outline the revised approach which must be followed by schools in financial difficulty applying for a licenced deficit. In most cases it is expected that the deficit recovery will take place within twelve months. Exceptionally a recovery plan may be agreed up to a maximum of 3 years.
- 3.3** The revised procedures define how a school will be identified in financial difficulty. It outlines how the Local Authority will work with these schools and the application process and how the recovery plan will be monitored and reviewed.
- 3.4** The responsibility for completing and agreeing the recovery plan lies with the Headteacher and the governing body. In drawing up a recovery plan it is suggested that advice is taken from the School's Link Advisor, the appropriate financial support is accessed and HR guidance is sought if there are likely to be implications for the staff at the school.