

## **Appendix 3: Flintshire County Council Licensed Deficit Application and Recovery Plan**

### **Deficit Budgets**

Governing Bodies must not plan for a deficit budget – that is where planned expenditure exceeds anticipated income plus permitted reserves – without first agreeing a ‘Licensed Deficit’ arrangement with the Authority.

Similarly, where routine Budget Monitoring indicates that a School is forecasting an overall deficit for the financial year, the Governing Body must seek a ‘Licensed Deficit’ arrangement with the Authority without delay. The application for a licensed deficit must be received by the Finance Team within 60 days of the identification of the deficit position.

The template which needs to be completed to apply for a Licensed Deficit is set out below.

Licensed deficits will only be approved if a robust recovery plan has been produced by the school. Once the Schools Accountant is satisfied that the documentation provided fulfils the requirements, it will be forwarded onto the Chief Education Officer, Corporate Finance Manager and the Finance Manager for final approval.

Once the application has been approved a confirmation letter will be sent to the school. At this point your deficit budget will be loaded on to the General Ledger.

During the period of a licensed deficit, schools will not be permitted to recruit any staff or undertake any virements without the prior discussion and agreement of the Schools Accountant.

The confirmation letter will outline the procedures to be followed during the period of the licensed deficit as follows:

- Income and expenditure reports will be produced at the end of each accounting month, showing actual spending against the budget. This will be copied to the Chair of the Finance Committee.
- The Finance Committee should meet and receive a report on the budget position at least twice a term. At least once per term the Finance Committee must report in full to the Governing Body on the progress against the licensed deficit recovery plan.

The Assigned Finance Officer will perform the following checks:

- Actual monthly expenditure for staff appear in line with the staffing spreadsheets and agreed budget assumptions provided by the school

- Actual expenditure / income appear in line with planned / agreed budgets and corrective action is being taken where necessary.

On a termly basis the Assigned Finance Officer will consider the need for a meeting with the school to review the schools progress. The frequency of these visits will be reviewed on an on-going basis throughout the duration of the licensed deficit.

The Authority cannot, under any circumstances, write off a deficit.

The Governing Body must adhere to any recovery plan agreed with the authority, and regularly monitor adherence to the plan and contact the Finance Manager (Education) if it appears that the milestones cannot be met.

## Flintshire County Council Licensed Deficit Application and Recovery Plan

School Name \_\_\_\_\_

**What level of deficit are you applying for:-**

<b><u>2018/2019</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>	<b><u>2021/2022</u></b>	<b><u>2022/2023</u></b>
<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>

There is an expectation that schools will recover deficit budgets within 3 years and in exceptional circumstances 5 years. Please document the reasons in the box below if the deficit application exceeds 3 years. Please note that where a school applies for a deficit recovery plan in excess of 3 years further authorisation is required from the Chief Education Officer and Chief Finance Officer.

**Reason for Deficit**

***Please include in this section the reasons for the deficit budget and the circumstances leading up to the current position***

**Recovery Plan**

***Please include in this section a detailed narration of the recovery plan including the action to be taken and detailed timescales which link in with your agreed projections as approved by your governing body. (Please attach a copy of the minutes from your finance sub-committee as evidence of approval)***

<b><i>Action</i></b>	<b><i>Target Date</i></b>	<b><i>Value of Saving £</i></b>

**Additional Information to support your request for an agreed deficit.**

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**School**

**Signed** \_\_\_\_\_ **Headteacher** **Date** \_\_\_\_\_

**Signed** \_\_\_\_\_ **Chair of the Governing Body** **Date** \_\_\_\_\_

**Signed** \_\_\_\_\_ **Chair of the Finance Committee** **Date** \_\_\_\_\_

**Authority**

**Signed** \_\_\_\_\_ **Chief Education Officer** **Date** \_\_\_\_\_

**Signed** \_\_\_\_\_ **Finance Manager (Education)** **Date** \_\_\_\_\_

**Signed** \_\_\_\_\_ **Chief Finance Officer** **Date** \_\_\_\_\_