Ealing Council

Perceval House

14-16 Uxbridge Road

London W5 2HL

# Licensed Deficit Agreement

## Introduction

Following consultation between the school, the Governing Body and officers acting on behalf of the London Borough of Ealing (LBE), it has been agreed that the school’s financial position has been adversely affected to such an extent that the school will need to set a deficit budget for a limited period of time. This agreement is made in accordance with the Scheme for Financing Schools.

The agreement has been established on the basis of the Governing Body’s deficit recovery plan which is incorporated in this agreement and attached.

## Scope

This agreement authorises the Governing Body to maintain a deficit revenue balance for a period not exceeding three financial years commencing on 1st April 2022. Interest will be levied on the deficit sum using the Bank of England base rate and charged on an annual basis.

This is an agreement between the London Borough of Ealing (LBE) Chief finance Officer and the Governing Body of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

*\*please complete the tables below*

Summary Financial **(Surplus) / Deficit**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial Year | Balance B/FWD  (Balance as at 31 March) | **In-Year balance**  **(Excluding balance B/FWD)** | Income I01-I05 & I18 | Deficit as a percentage of I01-I05 & I08 / Deficit as % of total income |
| 2022-23 |  |  |  |  |
| 2023-24 (forecast) |  |  |  |  |
| 2024-25 (forecast) |  |  |  |  |
| 2025-26 (forecast) |  |  |  |  |
|  |  |  |  |  |

|  |  |
| --- | --- |
|  | Yes / No |
| Is this the first year of your licensed deficit agreement | Yes |
| Deficit recovery plan completed / returned: |  |
| Does the school require a cash advance: |  |
| Advance request completed / returned: |  |

## Review

The Head Teacher will produce monthly budget monitoring reports that ensure the school is on track to meet the commitments set out in the deficit recovery plan. The monthly budget monitoring reports should be sent to the Schools Accountancy Team by the end of the following month from April 2022.

In addition, the delivery of the Deficit Recovery Plan shall be discussed and reviewed at least termly by the Finance Committee / Governing Body and an updated plan submitted to the Schools Accountancy Team along with the Committee meeting minutes.

## Termination

If in the opinion of the LBE there has been insufficient progress in implementing the agreed deficit recovery plan or the school is experiencing further financial difficulties, then the agreement may be terminated.

On termination, the LBE shall take any further steps that are considered necessary and may consider the withdrawal of financial delegation.

## Reason for Deficit

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

|  |  |
| --- | --- |
| Area and Reason for Deficit | Financial cost to the school (£) |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

Please provide any additional information to support your request for an agreed deficit.

|  |  |
| --- | --- |
| Additional info | Financial cost to the school (£) |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

## Deficit Recovery Plan Summary

Please list below the areas identified where savings will be made and the action taken to implement these savings;

e.g. Teaching staff / reduction of 2 FTE main scale 3 Qualified Teachers

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Areas identified**  **for savings** | **Action taken** | **Date Impl** | **Y1 Savings 2022-23** | **Y2**  **Savings 2023-24** | **Y3**  **Savings 2024-25** | **Y4**  **Savings 2025-26** | **Total**  **Total**  **Savings** |
| **Year 1:**  **Year 2:**  **Year 3:**  **Year 4:** |  |  |  |  |  |  |  |

## Agreement

We understand that the school will:

* Implement the actions detailed in the deficit recovery plan supplied with the application for the licensed deficit agreement, within the timescales agreed.
* Consult with the Schools Accountancy Team prior to advertising any new posts.
* Not commit the school to any further expenditure other than that included in the deficit recovery plan submitted, without the Schools Accountancy Team approval.
* Report any material error or variance to the licensed deficit agreement to the Schools Accountancy Team as soon as it becomes apparent, including all relevant documentation.
* Provide monthly budget monitoring reports to the Schools Accountancy Team by the end of the following month from April 2022 which clearly indicates a year-end outturn forecast.
* Provide any other information as and when required by the LBE
* Complete the cash advance request template if a cash advance is required
* Make regular monthly payments on an approved cash advance or notify the Schools Accountancy Team as soon as the school becomes aware it may not be able to make a payment.

Head Teacher’s Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Chair of Governor’s Signature \_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Approval

Director of Finance

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_