

## NORTH YORKSHIRE SCHOOLS FORUM

<b>Date of meeting:</b>	Thursday 16 May 2024
<b>Title of report:</b>	<b>North Yorkshire Council Scheme for Financing Schools</b>
<b>Type of report:</b> Delete as required	For information and decision
<b>Executive summary:</b> Including reason for submission	This report provides an update and requests approval from the Schools Forum for the amendment of the North Yorkshire Council Scheme for Financing Schools
<b>Budget / Risk implications:</b>	None for schools
<b>Recommendations:</b>	The Schools' Forum is asked: <ul style="list-style-type: none"> <li>- To note the DfE changes to the statutory guidance on Schemes for Financing local authority-maintained schools</li> <li>- To approve an amendment to the North Yorkshire Council Scheme for Financing Schools to reflect the latest DfE statutory guidance.</li> </ul>
<b>Voting requirements:</b>	LA Maintained School members only
<b>Appendices:</b> To be attached	None
<b>Report originator and contact details:</b>	Sally Dunn, Head of Finance – Schools & Early Years <a href="mailto:sally.dunn@northyorks.gov.uk">sally.dunn@northyorks.gov.uk</a> 01609 532118
<b>Presenting officer:</b> If not the originator	

## 1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide an update on the DfE recent changes to their statutory guidance on Schemes for Financing local authority-maintained schools and to seek approval from the Schools Forum on an amendment to the North Yorkshire Council Scheme for Financing Schools.

## 2.0 BACKGROUND

- 2.1 Local authorities are required to publish a Scheme for Financing Schools that sets out the financial relationship between them and the schools they maintain.
- 2.2 Any amendments to the Scheme that are proposed by the local authority must be consulted on with all maintained schools within the local authority and be approved by the Schools Forum.
- 2.3 The DfE is able to direct local authorities to amend their schemes to reflect the latest statutory guidance. Schools are not required to be consulted on DfE directed changes.
- 2.4 On 28<sup>th</sup> March 2024, further guidance has been issued by the DfE in relation to 5.8 Borrowing by schools:

**Governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.**

The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024

(<https://www.gov.uk/government/publications/leasing-for-maintained-schools>).

Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.

Schools may use any scheme that the Secretary of State has said is available to schools without specific approval.

- 2.5 The current text in the North Yorkshire Scheme for Financing Schools is as follows:

Extract from NYC LMS Scheme for Financing Schools

### 3.8 Borrowing by schools

North Yorkshire Council Scheme for Financing  
Schools

*Governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State<sup>1</sup>. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.*

*From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval*

2.6 The text from the paragraph above will be updated as follows:

*Governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State<sup>1</sup>. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.*

*The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024*

*(<https://www.gov.uk/government/publications/leasing-for-maintained-schools>).*

*Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.*

*Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval.*

2.7 The IFRS16 Maintained Schools Finance Lease Class Consent 2024 is provided in appendix 1 of this report, for information.

### 3.0 RECOMMENDATIONS

3.1 The Schools Forum is asked to note the changes in DfE guidance and to approve the amendment to the North Yorkshire Council Scheme for Financing Schools relating to borrowing by schools, as per the DfE directed revision in March 2024.

STUART CARLTON  
Corporate Director – Children and Young People's Service

*Report Prepared by Sally Dunn, Head of Finance for Schools & Early Years*

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<sup>1</sup> This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government Accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundations are able to provide as a consequence of their own borrowing. Governing Bodies do not act as agents of the LA when repaying loans.



# The IFRS16 Maintained Schools Finance Lease Class Consent 2024

## The general consent

1. The Education Act 2002 (“the Act”) provides for each maintained school to have a governing body which is a body corporate constituted in accordance with statute. Schedule 1 to the Act<sup>1</sup> contains general provisions relating to the governing body as a body corporate.
2. Paragraph 3 of that Schedule sets out the governing body’s powers, including in particular power to borrow such sums as the governing body think fit and, in connection with such borrowing, to grant security over any land or other property of the governing body (sub-paragraph (3)(a)). That power to borrow money and grant security may, however, only be exercised with the written consent of the Secretary of State in relation to England (sub-paragraph (4))<sup>2</sup>. Such consent may be given for borrowing of a particular class.
3. The Secretary of State for Education hereby grants consent for borrowing comprised in a lease entered into by or for one or more maintained schools where the lease is of a description specified in the Schedule to this general consent.
4. This general consent comes into force on 1 April 2024 and may be cited as “The IFRS16 Maintained Schools Finance Lease Class Consent 2024”.

Signed on behalf of the Secretary of State for Education

Signed   
Deputy Director, Central Capital Unit

Dated 26/03/2024

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<sup>1</sup> brought into effect by section 19(6) of the Act

<sup>2</sup> unless the Secretary of State makes provision (under sub-paragraph (5)) by order for that function to be instead exercised by the maintaining local authority: no such order is in force

## Schedule

1. All existing leases in place on 1 April 2024 for items included in this list
2. Leases related to IT equipment (for example laptops, tablets, desktop computers, printers, photocopiers, servers, door entry security systems, CCTV Systems, whiteboards and touch screen boards)
3. Leases related to telephony (for example mobile phones, landline phones and telephone systems)
4. Leases related to catering and cleaning equipment (for example tills, water coolers, vending machines, dishwashers, washing machines, ovens, fridges, freezers, water boilers, small kitchen appliances, crockery and cutlery)
5. Leases related to furniture (for example desks, tables and chairs)
6. Leases related to bathroom and sanitary items (for example hand dryers, towel dispensers, sanitary bins)
7. Leases related to gym equipment (for example treadmills, free weights and weight machines, rowing machines and exercise bikes)
8. Leases related to groundskeeping equipment (for example lawn mowers, string trimmers, leaf blowers and salt spreaders)
9. Leases related to LED lighting system (for example lightbulbs, control mechanisms and control panels) - consent is granted where the product has been sourced with support from the Department for Education through [Get help buying for schools](#) or from a recommended route on our [Find a framework](#) website
10. Leases related to minibuses and other vehicles for the use of the school
11. Leases related to temporary classrooms and equivalent structures (but not land leases they sit on, which may require separate consent – see [school land transactions guidance](#))