

4.10 Asset Loan Scheme

The LA operates an Asset Loan Scheme which does not operate by way of a licensed deficit but rather by way of expenditure by the LA, on asset purchases or certain building repairs and maintenance, in respect of a particular school on condition that repayments of principal and interest are repaid from the budget share. The current rate of interest on such loans is the 7 day London Interbank Bid Rate.

The Loan shall be in accordance with the following conditions/requirements:

(a) the maximum length of time over which schools may repay the loan will be three years. Schools' requests for loans will need to be supported by the School's Development Plan. At no stage will the loan period be extended beyond four years;

(b) Loans will only be agreed if they meet the criteria outlined in Central Bedfordshire Council's Asset Purchase Scheme;

(c) The maximum permitted value of a purchase shall not normally exceed 10% of a school's budget share.

(d) The minimum value of a purchase considered to be appropriate to the loan scheme is £10,000;

(e) No more than one third of the collective balances held by the LA will be used to back these arrangements.