

Asset Purchase Loan Scheme for Local Authority Maintained Schools

Introduction

1. This scheme is designed for the benefit of schools to provide a means of funding particular projects at a time when sufficient funds may not be available at an individual school level. The scheme provides for schools to take out a loan and pay back in instalments.

Qualifying Schools

2. All LA schools within the scope of Central Bedfordshire's Scheme for Financing Schools.

Qualifying Purchase

3. New asset purchases which the LA are satisfied are for a purpose in the interests of the school, with the overriding condition that the expenditure is for the enhancement, replacement, or provision of an asset which will have a life at least as great as the duration of the purchase agreement entered into with Central Bedfordshire.
4. Requests for asset purchase agreements will be considered only if the request is made by resolution of the full Governing Body, and projects must conform with the delegated powers of Governing Bodies.

Method Of Financing Asset Purchases

5. The Council reserves the right to utilise funds held as schools' balances to finance specific capital projects which are the subject of agreements entered into by individual schools under the Asset Purchase Loan Scheme, but all schools have an overriding right to access their own unspent reserves at any time.

Availability Of Asset Purchase Loan Funds

6. The annual volume of schools' total reserves will influence the total amount available annually for new asset purchases. The sum of Licence Deficit and Loans will not normally be more than 1/3 of schools' total unspent balances as at the previous 31 March.

Applications

7. Loan applications must be made on the prescribed form and be supported by a resolution of the full Governing Body.

Approval Process

8. Applications will be considered by the Director of Children's Services, the Council's Chief Finance Officer and a representative of School Forum, nominated by the Council's Executive Member for Children's Services.

9. Applications which meet the criteria but cannot be funded within the limit of available funds in the year in which the request is made will be recommended for approval as a priority in the following financial year.

Approval For Financing The Purchase

10. Agreement with a Governing Body for a Capital Loan will be entered into by Central Bedfordshire Council, provided all the criteria of this scheme have been met.

Limitations On Value Of Purchase Loans

11. The maximum permitted value of a purchase loan should not normally exceed 10% of a school's budget share..
12. The minimum value of a purchase considered to be appropriate to the scheme is £10,000.

Interest

13. Interest will be payable during the period over which the school spreads the cost of the purchase. The rate will be determined annually on 1 April by the Council's Chief Finance Officer.
14. An administration fee of £50 will be charged for processing each application and subsequently setting up the loan.

Methods Of Making Annual Payments Under The Asset Purchase Loan Scheme

15. Annual payments will be scheduled as an expenditure item in the annual school budget plan.
16. Schools entering into a loan agreement will be charged the repayment sum by invoice on 1 April following the date of the loan agreement and annually on the same date thereafter during the life of the agreement. The certification of the initial application form by the Headteacher and Chair of Governors will authorise the LA to invoice the school as per agreed repayments schedule until the loan has been repaid in full.

Permitted Payment Periods Under Asset Purchase Loan Agreements

17. The minimum payment period is twelve months, spanning two financial years.
18. The maximum payment period is three years from the first payment date.

Early Payment

19. Payment of any outstanding loan amount, and accrued interest, can be made at any time without penalty.

Payment Conditions In The Event Of Change Of School Status

20. The loan agreement will be between the corporate Governing Body at the time of the purchase and the Council. The following conditions therefore apply:

Reorganisation Of Schools

21. A school will be required to fully repay any outstanding amounts under a loan agreement prior to the dissolving of its Governing Body where this is due to closure or amalgamation.

Schools Leaving the Control of the LA

22. If a school leaves the control of Central Bedfordshire Council for whatever reason, e.g. obtaining status as a Foundation School or as an Academy, full and immediate repayment of the outstanding amount will be made by the school in question, unless the liability can be voluntarily transferred to the successor Governing Body, i.e. to the Academy Trust, in the commercial transfer agreement.

Multiple Asset Purchase Loan Agreements Entered Into By One Establishment

23. A school can have as many asset purchase agreements as it wishes, subject to the caveat that the sum of the annual payment due under a new agreement and annual payment(s) being made under earlier agreements, does not exceed the credit rating described in paragraph 11 above, and subject to the value of each individual purchase being in excess of the minimum purchase price of £10,000.

Application Evaluation Criteria

1. Capital loans must be for capital purposes with the overriding condition that the expenditure is for the enhancement, replacement, or provision of an asset which will have a life at least as great as the duration of the purchase agreement.
2. Evidence that the scheme is in the interests of the school.
3. In support of 2 (above) a copy of the School Development Plan.
4. Evidence that the school is able to meet the payments for the duration of the agreement.
5. The school must not be in an overspent position as at the previous 31 March when the application is made or have in force an overspend agreement with the LA.
6. Evidence of adherence to the Councils Standing Orders and Financial Regulations for Schools with reference to procurement.

CHILDREN'S SERVICES FINANCE

APPLICATION FORM TO ACCESS THE ASSET PURCHASE SCHEME FOR LA MAINTAINED SCHOOLS

School Name:

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Amount of
Loan:

No of Yrs:

Projected start date:

Scheme
Completion
date:

£

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Please note: The maximum period is 3 years.

Brief Description of Proposal:

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Summary of Benefits to the School:

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Date and Minute of Resolution of Full Governing Body:

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I accept the terms and conditions of Central Bedfordshire capital loan scheme and will fully comply with Scheme for Financing Schools .

Signed: Headteacher

..... Chair of Governors