

APPENDIX D
SUMMARY OF CHANGES:
2024-25 SCHOOLS FINANCIAL REGULATIONS

	Previous Wording	New Wording	Reason for change
Section C – LEASING, LOANS & FINANCIAL ARRANGEMENTS			
C.1	<p>In order to ensure compliance with the prudential framework, the Governing Board may not enter into any leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior written consent of the Corporate Director Finance and Resources.</p> <p>The Governing Board may not borrow money without the written permission of the Secretary of State. The LA must be notified in advance by any school of its intention to make such an application.</p>	<p>In order to ensure compliance with the prudential framework, the Governing Board may not enter into any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior written consent of the Corporate Director Finance and Resources.</p> <p>May not enter into lease agreements not included in the IFRS16 Maintained Schools Finance Lease Class Consent 2024 without the written consent of the Secretary of State.</p>	Updated in line with DfE's Scheme for financing schools
C.2	<p><i>A lease is a contract where a party being the owner of an asset (lessor), provides the asset for use to a school through a rental agreement for a defined period of time.</i></p> <p><i>A finance lease is a leasing contract in which the school takes ownership of the asset and is responsible for all maintenance and insurance, but pays for the asset over a period of time. This is effectively a borrowing agreement.</i></p> <p><i>An operating lease is a leasing contract in which the ownership for an asset remains with the lessor and they remain responsible for maintenance, insurance and repairs. This is effectively a rental agreement</i></p>	<p><i>A lease is a contract where a party being the owner of an asset (lessor), provides the asset for use to a school through a rental agreement for a defined period of time.</i></p> <p><i>The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases and in effect, all leases will be classified as finance leases for accounting purposes.</i></p>	
C.2.1	<p>The Governing Board shall not legally enter into any finance leasing arrangement, as this would constitute borrowing.</p>	<p>The Governing Board may enter into leases consented by the Secretary of State for the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024.</p>	

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C.2.2	The Governing Board may enter into operating leases only with the written permission of the Corporate Director Finance and Resources. Any such requests must be made in the first instance to the Schools Finance Team who will make the appropriate approval request from the relevant delegated officer.	The Governing Board shall not legally enter into any lease arrangements not included in this order without the written consent of the Secretary of State and any such requests should be made in the first instance to the Schools Finance Team who will request approval from the relevant delegated officer.	
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