

## Changes from Issue 15 of this guidance

**One update has been made to reflect current national policy positions and changes in legislation.**

### **Section 6.8 Borrowing by schools**

Guidance on borrowing has been updated to reflect the introduction of International Financial Reporting Standard 16 (IFRS16) and the Secretary of State providing blanket consent to certain categories of finance lease. The deletion of the final paragraph and addition of first paragraph.

The introduction of IFRS 16 has been postponed in relation to 2022 to 2023. *(final paragraph deleted)*

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. *(first paragraph replaces deleted final paragraph)*

The amendment to the third paragraph from:

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.

To:

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 Leasing for maintained schools - GOV.UK ([www.gov.uk](http://www.gov.uk)) . 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.

The addition to paragraph five of:

No interest charges should be incurred by the school, with balances fully cleared on a monthly basis.

**The following updates have been made to better reflect current local policy positions and clarify information already contained in the scheme:**

### **Section 5.15 Notice of Concern**

This section has been updated in line with updates to the authority's policy on issuing a Notice of Concern, including clarification of when a notice may be issued and the requirements required once a notice is issued.

### **Section 7.2 Controls on surplus budgets**

Not updated, but to note that the first clawback will be based on balances as at 31.3.2025. **This is subject to the discussion on this item on the agenda.**

### **Section 7.7 Writing off deficits**

- 1) Removal of paragraph two below following closure of the Primary Schools in Financial Difficulty fund:

In respect of mainstream maintained primary schools only, assistance may be given towards the elimination of a deficit balance from the de-delegated contingency budget, Primary Schools In Financial Difficulty (PSIFD) where this has been agreed by the schools forum.