



Rainbow Education

Multi-Academy Trust

Leasing Procedures

Types of lease:

- Operating leases: these do not represent borrowing
- Finance leases: these are a form of borrowing (see section 3.4 of Academies Financial Handbook).

Borrowing

In line with funding agreements, the Trust seek EFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

The charge cards are only be used for business (not personal) expenditure, and balances are cleared before interest accrues.

The Secretary of State's general position is that academy trusts 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. For example, the Department's Condition Improvement Fund for capital projects, and the Salix scheme designed to support energy saving, are available to trusts

The Trust does not require EFA's approval for operating leases except for some transactions relating to land or buildings.

The Trust will and must obtain EFA's prior approval for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party (borrowing)
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

The Trust will ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not EFA's prior approval is required.

The Trust will seek advice from their professional financial adviser and/or external auditor if they are in any doubt over whether a lease involves an element of borrowing.

Operating Leases such as the leasing of photocopiers etc is the responsibility of the Head of school under the guidance of the Executive Headteacher and /or the chair of the trust when necessary

The Trust will review this document every two years.