



Report of Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Deputy Leader and Portfolio Holder for Finance

Councillor Ted Henderson, Portfolio Holder for Children and Young People's Services

Electoral division(s) affected:

Shildon and Dene Valley

Purpose of the Report

- 1 To report on a decision to approve a loan under the School Loans Scheme.

Executive summary

- 2 Thornhill Primary School has applied for a loan of £21,795 repayable over ten years to fund the fitting of energy efficient LED lighting to the school.
- 3 The loan application complies with the school loan scheme approved by Cabinet on 19 January 2022, and includes support from Education and the Low Carbon Team. The loan can be accommodated in terms of the financial position of the school.

Recommendation(s)

- 4 To approve the loan of £21,795, which complies with the requirements of the School Loan Scheme.

Background

- 5 Thornhill Primary School has applied for a loan for the fitting of energy efficient LED lighting to the school.
- 6 The school has applied for a loan of £21,975, repayable over ten years. Annual repayments of the loan would be £2,523, which would be funded from savings on energy costs arising from replacement of the existing lighting with LED lighting. These savings are estimated to be in the region of £2,600 per annum, based on current energy prices.
- 7 The loan application is supported by the council's Low Carbon Economy Team.
- 8 The Governing Body has agreed that, should the school amalgamate or become an academy, the loan will transfer and repayments will be honoured. The transfer of existing commitments, including loans, is an expectation of the DfE, which manages and oversees the conversion of schools to academies.
- 9 The chair of the Governing Body and the Headteacher will both sign a loan agreement, which sets out the conditions of the loan, including the annual repayments, and that the loan will transfer in the event of amalgamation or conversion to an academy.

Background papers

- The summary loan assessment is attached in Appendix 2.

Other useful documents

- None

Author(s)

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Appendix 1: Implications

Legal Implications

The Governing Body has agreed that, should the school amalgamate or become an academy, the loan will transfer.

The chair of the Governing Body and the Headteacher will both sign a loan agreement, which sets out the conditions of the loan, including the transfer of the loan in the event of amalgamation or conversion to an academy.

Finance

The loan is for ten years, with annual repayments of £2,553, which are less than the estimated annual savings of £2,600 from the change to lighting financed by the loan. Funding projections are therefore that the school will be able to meet the cost of repayments.

Consultation

Low Carbon Economy Team.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

LED lighting will reduce energy consumption and hence carbon emissions, making a positive contribution to the Climate Emergency Response Plan targets.

Human Rights

None

Crime and Disorder

None

Staffing

None

Accommodation

Landlord's approval to the project and planning permission are not required. The scheme has been assessed by the Councils Low Carbon Team.

Risk

The school is not at risk of closure and in the event of conversion to an academy the loan would transfer to whichever academy trust the school joined.

Procurement

The lighting scheme will be procured in line with DCC procurement processes.

Appendix 2: Loan Assessment

Criteria	Comment
Maintained school?	Yes
Has the governing body or Interim Executive Board has made an application to become a sponsored academy or where the school becomes eligible for intervention by the Secretary of State	No
Purpose of loan (should be for building works and new furniture or equipment, including ICT)	Enlighten Project- LED Lighting Retrofit
Maximum amount that can be lent to a school is 5% of a school's current budget share	Current budget share is £1,007,602, 5% is £50,380
The total value of loans outstanding will not be allowed to exceed the 5% of the school's current budget share	Application is for a loan of £21,795
The maximum period for loans is: <ul style="list-style-type: none"> • Seven years for building works; • Four years for furniture; • Four years or the useful life of the asset, for equipment; • Ten years for the installation of photovoltaic solar panels or other energy conservation measures. 	Ten years (carbon reduction scheme)
Interest rate	2.75%
Repayments	£2,523 pa (estimated annual savings are £2,600)
Asset Management approval	N/A (carbon reduction / energy efficiency)
Carbon Management Team approval	Yes
Feasibility study provided	N/A
Feasibility study from the Diocese (aided schools)	N/A
Feasibility study from the Trust (foundation schools)	N/A
The project is appropriate in the context of the school's forward planning for educational provision	N/A (carbon reduction / energy efficiency)

Criteria	Comment
The loan can be funded without cuts to other areas of expenditure that will harm standards of education or inhibit necessary improvements to standards	N/A (carbon reduction / energy efficiency)
The school carried forward a surplus balance at the end of the last financial year and that the current budget plan is for a surplus at the end of the current financial year of at least 2.5% of the current year's budget share plus Pupil Premium income	N/A (carbon reduction / energy efficiency)
The school has submitted a robust three-year budget plan, which demonstrates that the school can afford the annual cost of the loan over that period without going into deficit or reducing its surplus balance to less than 2.5% of the total of funding plus income from the Pupil Premium	N/A (carbon reduction / energy efficiency)
That the school has an appropriate plan for managing its surplus, and has given consideration to making a contribution towards the cost of the project from its balance	N/A (carbon reduction / energy efficiency)

Criteria	Comment
<p>Applications must include minutes confirming that the application has been approved by both the governing body and the finance committee of the governing body. These approvals should take the form of resolutions which acknowledge:</p> <ul style="list-style-type: none"> • The financial commitment being made by the school, (with reference to a schedule of repayments and the three year budget plan, both of which should be provided to governors in advance of their being asked to approve these resolutions); • The transfer arrangements for any outstanding loan in the event of the school amalgamating or converting to an academy; • Acknowledge that it has a legal obligation to comply with any direction given to them by the local authority concerning the health and safety of persons on the school's premises. • Acknowledge that where schools employ contractors directly that they then have a responsibility to ensure that: <ul style="list-style-type: none"> ○ The contractor is competent, adequately insured and that he/she has an appropriate health and safety policy in place ○ The school undertakes all necessary risk assessments to ensure that the contractor can comply with safeguarding requirements for working in the school environment. 	Yes
Any areas that are not compliant with the scheme?	No