

# School Leasing Pack March 2025

## Milton Keynes Council

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## Summary

### MUFG's School Leasing Scheme

- Confirms that the leases schools enter into represent value for money, are on the correct structures and comply with the IFRS 16 Maintained Schools Finance Lease Class Consent 2024.
- Makes sure that there are no onerous clauses, such as automatic lease extensions, in the terms and conditions of the lease contract.
- Provides assurance that the lease provides best value of money to the school and that leasing is the most appropriate form of funding.
- Allows access to a procurement compliant framework where schools can lease technological equipment without any hassle, on pre-tendered rates.
- Ensures all framework leases are on pre-approved 'school friendly' lease documentation.
- Provides general leasing advice to the Council's maintained school's free of charge.

### MUFG's Vehicle Contract Hire Scheme

- Allows access to a procurement compliant framework where schools can contract hire minibuses without any hassle, on pre-tendered rates.

## Leasing FAQ's

### Is leasing the right option?

As part of the process when acquiring new equipment you should compare the cost of leasing with the cost of purchasing. Where leasing offers better value than cash purchase, leasing is an appropriate option. Leasing is not always the right option for minibuses, where it can be problematic due to different companies charging upfront payment charges, not providing the correct information and poor end of lease terms. A contract hire option is explained later in this document.

### Types of Lease

There are two types of lease - **Residual Based Leases** and **Non Residual Based Leases**.

Schools need to ensure that before they sign any lease, the financial package offered complies with the IFRS 16 Maintained Schools Finance Lease Class Consent 2024. Generally speaking, under a Residual Based Lease, you will pay back less than the cost of the equipment and under a Non Residual Based Lease you'll pay back more than the cost.

### What information should I be asking for?

To test whether a lease offers value for money and is on the correct structure, you need the below key information:

- What is the purchase price of the equipment?
- How much and what frequency will the lease rentals will be?
- What is the lease period?
- What is the expected value of the equipment at the end of the lease (that the leasing company has assumed)?

If the lease cost includes maintenance / services, you need to ask for a split of the rental payment to see how much you will be paying for use of the equipment.

### How long should I lease for?

The lease period should match the period of time you expect to keep and run the equipment. Ideally, lease periods should fit in with asset replacement programmes. The shorter this period, the more likely the leased equipment will be fit for purpose while you are leasing it.

### End of lease options

At the end of a lease there are three main options and you will need to determine which is right for you and offers best value. At the end of the lease you can:

- Return the assets
- Extend the lease into a secondary period
- Buy the assets (via a third party)

The earlier you start the process of deciding what to do at the end of lease, the more options you will have open to you.

### **Upgrades**

During a lease, a school (with the input of a supplier) may look to upgrade their equipment before the end of their existing lease agreement. In almost all cases, the upgrade will cost more in the long term than running with the existing lease and equipment. It's key to remember that when you upgrade early you are paying for two pieces of equipment, but may only be getting the use of one.

### **Contractual terms to be aware of!**

#### **Notice Periods**

A number of lease agreements will contain minimum notice periods at the end of the lease. Anyone leasing equipment should be aware of these and act well in advance of the notice period to avoid their leases rolling into a secondary period where this may not be the preferred or most cost effective option.

**It is advised that you send a notice letter as soon as the lease starts (via recorded delivery). There is a notice letter template in the appendix that can be used. (This is not required for leases arranged through the School Leasing Framework).**

#### **Lease Arrangement / Facility Fees**

A number of leasing companies will include documentation fees and/or annual facility fees payable by the lessee whereas other leasing companies will not charge these fees (such as Econocom as part of the School Leasing Framework). It is always recommended that before you sign a lease you ask what other charges will be applicable.

## MUFG's School Leasing Support

Schools may obtain lease quotes from suppliers when requesting their equipment quotes. Such quotations should be obtained in line with their relevant financial regulations and thresholds, including the school's own **Scheme of Delegation** and the **Council's Contract Standing Orders**.

MUFG can analyse these quotes free of charge for the Council's maintained schools to ensure that they are leases which comply with the IFRS 16 Maintained Schools Finance Lease Class Consent 2024, as well as representing value for money.

When obtaining a lease quote directly from the supplier, you should ask for:

- The outright Purchase Price of the equipment, excluding VAT
- The Lease Term (2, 3, 4, 5 years, etc)
- The Payment Schedule (monthly, quarterly, annual)
- The Lease Rental, excluding any maintenance costs.
- The Residual Value of the Equipment at the end of the Lease Term (e.g. How much it is assumed the equipment will be worth at the end of the lease)
- Details of any other applicable costs or charges
- A copy of the Terms and Conditions of the Lease Agreement

This information should then be emailed to Carly King at MUFG Corporate Markets:

t: +44 (0) 7892 789 954

e: [Carly.King@mpms.mufg.com](mailto:Carly.King@mpms.mufg.com)

MUFG can then undertake a review of the proposed lease arrangement and advise whether or not it would be a suitable option for the school.

## The School Leasing Framework (SLF) for leasing technological equipment

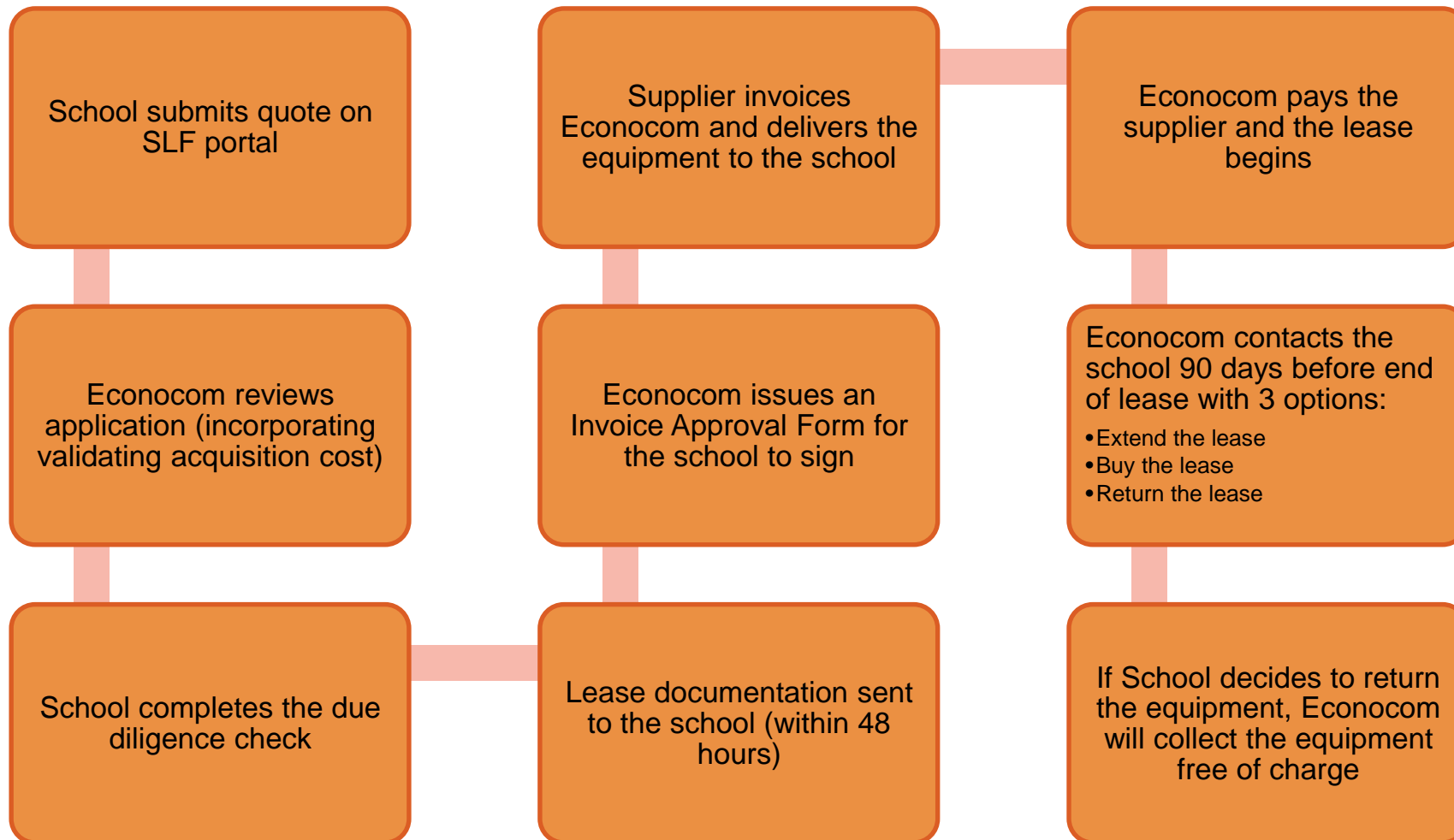
### Background to the School Leasing Framework

- A FaTS compliant framework (Find a Tender Service) set up by MUFG on behalf of Durham County Council for the provision of lease facilities.
- The successful supplier is Econocom plc and the framework can be used to finance any technological based equipment such as iPads, laptops, whiteboards, telephones and MFD's.
- The framework allows access to Residual and Non-Residual Based Leases over 2, 3, 4 & 5 year terms.
- Open to all schools, academies, colleges, and universities in the United Kingdom.

### Benefits of the SLF to schools

- Fully compliant with the IFRS 16 Maintained Schools Finance Lease Class Consent 2024.
- School is free to choose the best assets, supplier, and purchase for their own requirements (in line with the Consent 2024 guidance).
- Eliminates the need to source leasing from suppliers which is typically more expensive.
- Pre-tendered lease rates.
- No documentation fees or return charges.
- Pre-approved lease documentation so no nasty surprises or hidden charges.
- Apply via simple web portal <https://www.econocom.co.uk/our-sectors/education/slf/get-quote> which will give you an instant quote.

## The School Leasing Framework (Technology Equipment) process



## School Leasing Framework (Technology Equipment) Guide

1. The school decides what equipment they want to lease.
2. Once the school has decided what equipment they want to lease, they obtain equipment quotes from suppliers. It is recommended that the school gets equipment quotes from two or three different suppliers to ensure the school is getting the equipment for the best purchase price. Such quotations should be obtained in line with their relevant financial regulations and thresholds, including the school's own **Scheme of Delegation** and the **Council's Contract Standing Orders**.
3. The school will also need to ask the supplier for the following:
  - i. The outright purchase price of the equipment (the discounted cost and not RRP / list price) excluding VAT.
  - ii. The anticipated delivery date of the equipment.
4. Once the School has chosen their preferred supplier, they can then go to the dedicated website for the Schools Leasing Framework at <https://www.econocom.co.uk/our-sectors/education/slf/get-quote>. The school will then need to provide relevant contact information, as per the screenshot below.
5. Fill in the requested fields as below;

**schools leasing framework quote**

Your details

TITLE \*      FULL NAME \*      JOB TITLE \*

- Select -           

EMAIL ADDRESS \*

The signatory details

TITLE \*      FULL NAME \*      JOB TITLE \*

- Select -           

EMAIL ADDRESS \*

Your institution

SCHOOL NAME \*      LOCAL AUTHORITY NAME \*      PHONE NUMBER \*

ADDRESS \*      POST CODE \*



6. Select what lease term and payment frequency you would like. Once the equipment cost has been filled in, a lease rental quote will appear:

Your quote

<p><small>ANTICIPATED DELIVERY DATE OF EQUIPMENT *</small></p> <input style="width: 90%;" type="text" value="March 2021"/>	<p><small>EQUIPMENT COST (EXCLUDING VAT)</small></p> <input style="width: 90%;" type="text" value="10000"/>	<p><small>TERM OF LEASE *</small></p> <input style="width: 90%;" type="text" value="3 years"/>
<p><small>PAYMENT SCHEDULE *</small></p> <input style="width: 90%;" type="text" value="Annually"/>	<p><small>LEASE RENTAL (EXCLUDING VAT)</small></p> <input style="width: 90%;" type="text" value="3179.1 per year"/>	<p><small>SUPPLIER NAME *</small></p> <input style="width: 90%;" type="text"/>

7. Attach the supplier's invoice and click submit:

Supplier quotes

<p><small>ATTACH YOUR SUPPLIER QUOTE HERE (CHROMEBOOKS EXCLUDED) *</small></p> <input style="width: 90%;" type="text" value="Choose file"/> No file chosen	<p><small>ATTACH SUPPLIER QUOTE 2</small></p> <input style="width: 90%;" type="text" value="Choose file"/> No file chosen	<p><small>ATTACH SUPPLIER QUOTE 3</small></p> <input style="width: 90%;" type="text" value="Choose file"/> No file chosen
<p><small>ATTACH SUPPLIER QUOTE 4</small></p> <input style="width: 90%;" type="text" value="Choose file"/> No file chosen	<p><small>ATTACH SUPPLIER QUOTE 5</small></p> <input style="width: 90%;" type="text" value="Choose file"/> No file chosen	

**To apply for the framework, it is mandatory to have a detailed quote from your technology supplier.**  
Files must be less than 2 MB. Allowed file types: gif jpg png pdf doc docx odt ppt pptx odp xls xlsx ods.

8. Econocom will review the application and validate that the equipment cost is a fair value.
9. A short due diligence check will need to be completed with Econocom asking for two of the following sample documentation of the signatory to comply with FCA (Financial Conduct Authority) Know Your Customer rules:
  - i. Passport
  - ii. Driving License
  - iii. Utility Bill
  - iv. Bank Statement

(This information will only be used for evidencing the signatory and will not be used for any other purposes).

10. Once the application is approved, Econocom will send out the lease documentation, which has all ben pre-approved as fully compliant by MUFG, for the school to sign (usually within 48 hours).
11. Once the lease is signed, Econocom will issues an Invoice Approval Form (IAF) for the school to sign, and the supplier will be issued with a purchase order number.
12. The supplier invoices Econocom and delivers the equipment to the school.

13. On receipt of the signed IAF, Econocom will settle the supplier invoice.
14. Once the lease is signed, Council maintained schools should email Schools Finance with all the relevant details of the lease e.g., the financials of the lease and the lease contract details.
15. Once the lease term comes close to expiring, Econocom will contact the school by email and by phone 90 days before the end of the lease and again 30 days before the end if there is no response to discuss the following end of lease options:
  - i. Return the equipment.
  - ii. Extend the lease for a secondary period.
  - iii. Purchase the equipment via an independent third party.
16. If the school decides to return the equipment, Econocom will collect the equipment **free of charge** from the school.

## Contract Hire Framework for Minibuses

Leasing minibuses can be problematic due to different companies charging upfront payment charges, not providing the correct information and poor end of lease terms

MUFG have established a procurement compliant Contract Hire Framework that Schools can use to procure Minibuses under Lot 1 of the framework

The key benefits of the framework are:

- It's quick and easy to set up and removes the necessity for a separate tender procedure.
- You will receive quotations from 8 competitive market leading Contract Hire companies allowing you to easily compare them to find the best value for money.
- A number of pre-negotiated preferential terms and pre-agreed contract documentation.
- Monthly payments and no large up front payment.
- You will have flexibility to choose your own manufacturer and use any terms that may have been already negotiated by the council.
- There is no charge to the school for using the Framework.

Please contact Carly King ([Carly.King@mpms.mufg.com](mailto:Carly.King@mpms.mufg.com)) at MUFG Corporate Markets if you would like to use/want more information about the Contract Hire Framework.

## School Leasing Framework Case Studies

### Redesdale Primary School

Redesdale Primary School, based in Wallsend, has 250+ students and 20+ teachers. The school decided to invest in new AV and IT equipment, it looked for a cost-effective solution to finance it. They opted for the Schools Leasing Framework to finance the 11 interactive touch screens and 47 Desktop PCs from their chosen supplier for 3 years and it was all set up within 24 hours from the inquiry.

*Our experience of Econocom during the lease arrangement for new audio visual and ICT hardware for the school has been extremely positive to date. Systems and procedures are straightforward and intuitive, with the financial arrangements themselves proving very cost effective. I would have no hesitation recommending this company to any prospective school or commercial enterprise considering their service.*

**Graham Wall, School Business Manager - Redesdale Primary School**

### Cansfield High School

Cansfield High School, based in Wigan, is a secondary school with more than 900 students. In order to adapt to the 'new normal' in the COVID world, the school was looking for a way to deploy new PCs without damaging their cash reserves. They opted for the School Leasing Framework due to the competitive rates and leased 250 PCs for 3 years. The lease was all set up within 3 days.

*Very good service from Econocom - all straight forward. All questions and queries answered when needed.*

**Debbie Sutch, Business Manager – Cansfield High School**

### St Peters Catholic High School

St Peters Catholic High School, based in Wigan, needed new laptops in time for the school year. They opted to use the School Leasing Framework as they were impressed with the level of due diligence Econocom provide and also the comfort they had from the framework being a Department of Education approved framework

*Using the Services of ECONOCOM means that we can purchase much needed equipment for the School without having to worry about covering the 'whole costs' upfront. We are reassured by ECONOCOM's lease prices (i.e. we aren't getting ripped off) and that they offer another level of due diligence before we go ahead and commit with our preferred suppliers. ECONOCOM's application process is very easy to navigate and there is always a quick turnaround to our applications. I now use their Services annually.*

**Matt Roberts, Business Manager – St Peters Catholic High School**

## Appendix

### NOTICE LETTER

#### On School's Letterhead

To: [Insert leasing company name here]  
[Insert address]

Date: [Insert the relevant date]

Dear Sir / Madam

**Lease Reference :** [Insert lease contract reference number]

I write with reference to the abovementioned lease agreement and hereby give notice of our intention to return the equipment at the expiry of the primary period of the lease.

Please confirm receipt of our notice to return the equipment at lease expiry.

Yours Faithfully

[Insert name]

[Insert position]