

Rannán na Scoileanna –
Airgeadas
An Roinn Oideachais agus
Scileanna
Cor na Madadh
Baile Átha Luain



Schools Division - Financial
Department of Education
and Skills
Cornamaddy
Athlone
Co. Westmeath

Circular 0051/2014

To the Management Authorities of Recognised Primary, Secondary, Community and Comprehensive Schools and the Chief Executives of Education and Training Boards

Secured Borrowings by schools and Vocational Education Committees/Education and Training Boards

The Department of Education and Skills wishes to advise school Management Authorities and Chief Executives of the signing by the Minister for Finance of Statutory Instrument S.I No. 120 2014.

The purpose of the Statutory Instrument (S.I.) is to give effect to Section 67 of the Credit Institutions (Stabilisation) Act, 2010, which provides that secured borrowing by the prescribed persons and bodies requires the consent of the Minister for Finance. The S.I. allows for changes and additions to the list of bodies in the schedule which are prescribed for the purposes of Section 67 of the Credit Institutions (Stabilisation) Act 2010 (No. 36 of 2010).

Under this Statutory Instrument, and with effect from 14 March 2014, the consent of the Minister for Finance to engage in secured borrowing (see Section 67.(2) of the Credit Institutions (Stabilisation) Act, 2010), is necessary and must be sought in advance by recognised schools and Education and Training Boards (ETBs).

This requirement in law is that **a local authority or a person or body (including recognised schools and ETBs) in the Schedule shall not mortgage, pledge or encumber its own assets or revenues to secure any present or future indebtedness or any guarantee or indemnity given in respect of such indebtedness without the consent of the Minister for Finance.** This is required in order to comply with the loan agreements with the European Financial Stabilisation Mechanism, the European Financial Stability Facility under the EU – IMF support programme, and the UK, Sweden and Denmark under the Bilateral Loan agreements. The requirement remains in place for the duration of the loans, i.e. it will not expire at the end of the programme period. Any such application should be submitted in the first instance to the Schools Financial unit of the Department of Education and Skills, Cornamaddy, Athlone, Co Westmeath for onward transmission to the General Government Secured Borrowings Unit, Department of Finance, Upper Merrion Street, Dublin.

The inclusion of recognised schools and ETBs is solely to ensure compliance with the terms of our loan agreements, and reflects the inclusion, for statistical measurement purposes, of the bodies in the definition of general government used by the Central Statistics Office for its

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purposes. The institutional position of the bodies concerned is not altered either by their inclusion in the schedule to the S.I. or in the definition of general government.

In relation to the categories of schools included in S.I. No. 120 of 2014 for the first time as being subject to Section 67 of the Credit Institutions (Stabilisation) Act 2010, the Department wishes to make it clear that the restriction on encumbrances for which the consent of the Minister for Finance is required applies only to assets owned by the schools concerned being used as security, and not to those assets owned by any patron or trustee thereof. In addition, schools and ETBs should note that the restriction does not apply to normal overdraft facilities provided by credit institutions, provided such overdraft facilities are not secured against assets owned by a school or ETB.

Primary schools should note that the requirements in this Circular are in addition to any requirements in relation to financial matters that are set out in the booklet for Boards of Management of National Schools that is titled "Constitution of Boards and Rules of Procedure 2011". This Circular should therefore be regarded as an addendum to the booklet.

This circular can be accessed on the Department of Education and Skills web page:
www.education.ie.

Matthew Ryan
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June 2014