

Understanding Lease Agreements

A Guide for Schools

This guide explains how school lease agreements typically work, using clear answers to common questions.



When are payments made?

Payments can be tailored to suit your school's requirements. Most schools choose annual or quarterly rentals, although termly payments can also be arranged.

Deferral of the first payment to a later date is possible. For example, a lease could begin in June with repayments starting in September.

Lease agreements typically run from 1 to 5 years, or longer for certain assets such as LED lighting or pianos. The number of payments and their timing are confirmed at the outset and clearly stated on the agreement.

How can I compare rates on a like for like basis?

In a nutshell – ensure you have a cash price next to the rental quotation. Ask about administration or document fees and, importantly, the options at the end of the contract.

What happens at the end of the lease?

What happens at the end of the lease depends on the type of agreement you have signed.

Finance Lease: At the end of the lease, ownership of the equipment can usually be transferred to a third party (for example, the Board of Governors or PTA) for a nominal amount. Once this is done, the agreement ends.

Operating Lease: At the end of the initial term, you will usually have the option to return the equipment, continue using it at a pre-agreed rental, or transfer ownership by settling the agreed outstanding balance.

Schools should understand how end-of-term options work before a decision is made. Some funders may confirm extension rental terms in advance while others calculate them by reference to the fair market value of the equipment at the end of the lease. In all cases, schools should ensure that any extension rentals are reasonable, clearly documented and proportionate to the value of the equipment.

Can we include more than one supplier?

Yes. Multiple supplier quotations can either be combined into a single agreement or arranged as separate contracts, depending on what works best for you.

How do we arrange a lease?

1. Decide which equipment or services you wish to purchase
2. Request a rental quotation
3. Review and sign the rental agreement once you are satisfied with the terms
4. Once the agreement is received, the supplier is authorised to arrange delivery
5. The lease begins after the equipment has been installed and accepted by the school

Is leasing a 'lock-in'?

No. Any purchase involves a commitment. Leasing allows the cost to be spread over the useful life of the equipment rather than requiring full payment upfront.

Is the agreement fixed-term or minimum-term?

Minimum-term agreements require the school to give the funder notice to cancel the agreement.

Finance Leases are usually fixed-term, with a small transfer-of-ownership fee at the end. This fee may be waived if you are upgrading into a new lease. Axis Leasing only provides fixed-term finance leases to schools to avoid inadvertent charges.

Operating Leases are usually minimum-term, as there may be an option to continue renting the equipment beyond the initial period.

How are payments made?

Payments are normally made by direct debit, but for education customers payment by invoice can be arranged. Some funders may charge a small administration fee, which would be disclosed in advance. Axis Leasing does not currently work with funders that charge for payment by invoice.

What about insurance?

Once the equipment has been delivered, the school is responsible for insuring it against loss or damage. Some funders may request confirmation of insurance and may arrange cover if this is not provided.

What if our budgets change?

If circumstances change, we can discuss rescheduling payments where possible to support your revised budget position.

We've had a bad experience with a copier lease — is this the same?

No. The copier market has undergone significant changes following poor historic practices. As specialists in education finance, we ensure all terms are clearly explained, with no hidden charges and full transparency before you sign.

Still have questions?

If you have a question that isn't covered here, please let us know. We regularly update our guidance based on feedback from schools.