

Schools Management Forum

Report of: Dianne Nielsen

Subject: Changes to the Payment Process of Schools' Business Rates

Date: 13th October 2021

1.0 Purpose of the report

1.1 The purpose of this report is to provide an update on the consultation response undertaken by the Department for Education (DfE), Changes to the Payment Process of Schools' Business Rates.

2.0 Summary

2.1 From April 22 the ESFA will pay school business rates direct to billing authorities. Therefore state funded schools will no longer be required to process and pay school business rates.

2.2 Schools will retain liability of the rates ie community and voluntary controlled schools liability rests with the LA. All other LA maintained schools and academies will retain liability for their own business rates.

2.3 The ESFA will continue to cover additional costs associated with buildings in school sites, which are used to deliver education for pupils, an example given is a sports hall that is used by pupils during lessons time and in the evenings by the wider community. Additional costs will not be covered for buildings that are not used to deliver education for pupils at the school for example a children's centre.

2.4 Schools are required to register buildings that are not used to deliver education for pupils at the school as a separate entity on the Valuation Office Agency's (VOA) rating list. This will generate two individual bills.

2.5 Academies have until the end of March 2022 to submit outstanding historic claims relating to the 2015-2016 financial year onwards via the NNDR portal. From April 2022, ESFA will no longer accept historic claims.

3.0 Background

- 3.1 Following the consultation of the Payment Process of Business Rates this document provides the outcome of the consultation.
- 3.2 Please find below the outcome of the consultation document within the link below:

[Changes to the payment process of schools' business rates: government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/changes-to-the-payment-process-of-schools-business-rates)

4.0 Outcome of Consultation

- 4.1 School business rates are currently funded through the National Funding Formula (NFF).
- 4.2 From April 2022, the ESFA will pay national non-domestic rates (NNDR) or commonly known as business rates directly to billing authorities on behalf of stated funded schools. Removing schools from the payment process.
- 4.3 From April 2022, the business rates system for schools will be centralised. The first business rates payments made directly from ESFA to billing authorities will be paid in June 2022 and a subsequent payment for changes in schools' rates bills in February 2023.
- 4.4 Schools and Local Authorities (LA's) will have access to the online business rates portal so they can see their rates bills and when bills have been paid. Schools will have observer status. Schools are encouraged to utilise the portal to ensure accuracy and where necessary notify the billing authority of any errors.
- 4.5 Schools will retain liability of the rates ie community and voluntary controlled schools liability rests with the LA. All other LA maintained schools and academies will retain liability for their own business rates. If penalty charge is incurred due to late payment and is the fault of the ESFA, the ESFA will pay any penantly charges. Where a school fails to inform the billing authority of their rateable value, or when an academy convertor fails to inform their billing authority of their conversion. Any penalties incurred will be the responsibility of the school.
- 4.6 The ESFA will cover the costs where historic adjustments have resulted in increased bills, for adjustments which are raised after April 2022 and apply to bills paid prior to April 2022 ie where a rateable value has increased due to construction in a prior year but this hasn't been adjusted until after April 2022.

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- 4.7 Where a rateable value has decreased due to demolishing a building, for example. It is the responsibility of the school to notify the billing authority to discharge the liability and seek a refund if an overpayment has been made.
- 4.8 Where a LA applies discretionary relief to schools in relation to their business rates, or wish to do so in the future, this will continue. Any relief should be applied at source before the bill amounts are upload and payments will be based on a net liability.
- 4.9 For schools with multi use sites, such as a private nursery attached or a caretaker's house. The ESFA will continue to cover additional costs associated with buildings in school sites, which are used to deliver education for pupils, an example given is a sports hall that is used by pupils during lessons time and in the evenings by the wider community. Additional costs will not be covered for buildings that are not used to deliver education for pupils at the school for example a children's centre.
- 4.10 Schools are required to register buildings that are not used to deliver education for pupils at the school as a separate entity on the Valuation Office Agency's (VOA) rating list. This will generate two individual bills. Therefore the bill data uploaded by billing authorities will only include parts of the schools site used to deliver education for pupils of that school.
- 4.11 If by April 2022 a school has not achieved separate bills, it will be for the school to organise how the other liable party reimburses them to make up the difference between the total that is owed to the billing authority. It will remain the schools' responsibility to arrange payment for any additional rates costs which exceed the portion paid by the ESFA.
- 4.12 There will be further guidance issued by the ESFA on this, to ensure billing authorities and schools understand that the ESFA will only pay business rates for buildings that are used for the education of children in their school.
- 4.13 LA's will not be required to submit rates data in their authority proforma tool (APT) after 2021-22, unless they wish to record any adjustments in the 2022-23 APT. This adjustment will be made available for the final time in 2022-23. Therefore, I will be contacting schools as I have done in previous years to provide their 2021-22 business rates to ensure you have been funded correctly. After this point, all adjustments will be submitted by the billing authority using the ESFA portal.
- 4.14 Where billing amounts change mid year, billing authorities will upload the new bill amount to the online portal during the reconciliation window. A change to the rateable value will be applied from the day it occurs.

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- 4.15 The online business rates portal is due to open on 1 April 2022. Billing authorities will have until 31 May 2022 to upload bill data for all of the schools within their area, with the first payment to billing authorities due to be paid in June 2022.
- 4.16 The online billing portal will reopen for the period June 2022 to February 2023 to allow billing authorities to upload adjustments, with a reconciliation payment made in February 2023.
- 4.17 From April 2022 academies will no longer be able to submit historic claims for previously unclaimed years. Academies have until the end of March 2022 to submit outstanding historic claims relating to the 2015-2016 financial year onwards via the NNDR portal. From April 2022, ESFA will no longer accept historic claims.

5.0 Recommendation

- 5.1 School Management Forum to consider the contents of this report.
- 5.2 Schools to register buildings that are not used to deliver education for pupils at the school as a separate entity on the Valuation Office Agency's (VOA) rating list.