

West Berkshire Schools' Forum	
Title of Report:	Rates Funding 2013/14
Date of Meeting:	10th December 2012
Contact Officer(s)	Claire White
For Decision	

1. Background

The new School Formula has a formula factor for non domestic rates: schools are to be funded according to the actual cost of their rates bill.

The current system is that the original budget allocation will be based on an estimate, and during the year there will be funding adjustments if the actual bill received and paid by the school varies from the estimate. The difference is met from the school contingency budget. For most schools, the estimate equals the actual because the final school's budget is set in early March by which time the rates bills for the following year can be calculated as the multiplier has been set. The main adjustments during the year are for rating revaluations.

Under the funding reforms, the new funding rules state that there can be no in year adjustments to the formula and no contingency can be set aside for this purpose. School budgets are also required to be determined and submitted to the Education Funding Agency by mid January well before rates bills for the following year are known.

A system therefore needs to be determined for funding schools for their actual rates bills within the funding rules.

2. Options

Option 1 – Fund the schools retrospectively

Fund the school on previous year actual (in year 1 this will be after adjusting for rate revaluations). The school can still budget for their actual rates, which they will know before setting their budgets. If a school has a rating revaluation during the year, they can put a provision in their year end accounts for receiving the income to cover this in the following year. The advantage of this method is that it is straightforward.

Option 2 – Fund the schools by estimate

The School Funding Officer will prepare an estimate for each school based on the rateable values and estimating the multiplier that will be payable in the following year. The following year, an adjustment for the previous years actual compared to the estimate will need to be calculated and made for each

school. The same process for rating revaluations will apply as in Option 1. The advantage of this method is that if the multiplier estimate is close to the actual, the funding received by each school should be close to the actual. However, due to always needing to adjust the previous year allocation, it is less straightforward, and to be purposeful depends on being able to make a good estimate of the multiplier in early January – if it is overestimated funding would then need to be clawed back the following year.

Recommendation from Heads Funding Group: Option 1