

## **Government consultation on changes to the payment process of schools' business rates**

### **Response of the Association of School and College Leaders**

#### **A. Introduction**

1. The Association of School and College Leaders (ASCL) represents over 21,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary and further education phase. This places the Association in a strong position to consider the work of the consultation from the viewpoint of the leaders of schools and colleges of all types.
2. ASCL welcomes the opportunity to respond to this consultation.
3. In principle, ASCL supports the view that changing the operating system may lead to a more streamlined system. However, there are elements of the proposal about which we have concerns. While the consultation states the proposed change does not represent a change in funding levels, we would also want to see confirmation that there will not be additional cost or operational burdens placed on schools.
4. Implicit in the approach being considered appears to be a view that centralisation is the best framework for all changes and improvements in the education system. ASCL disagrees with this principle, believing instead in a school-led, self-improving system with subsidiarity at its heart, and that rapid centralisation will ultimately be a detriment to the sector.
5. It is vitally important that schools and academies are advised how to account for what will effectively become a non-cash transaction within their accounting records.
6. It is important for the effective oversight of public funds that there are robust processes in place to ensure appropriate segregation of duties. The proposed new system will remove an element of oversight by schools not undertaking any processing operations or approvals. ASCL expects that both HM Treasury and the National Audit Office will have an interest in ensuring this is in place.
7. ASCL calls on the government to confirm that there will be no change or detriment to specialist education settings who do not currently pay rates.
8. It is essential that there is an efficient mechanism for billing authorities and billing recipients to raise concerns about errors, as there is a severe financial risk if incorrect amounts are processed.

## **B. Answers to specific questions**

### **Question 1: Do you agree that the direct payment of schools' NNDR via ESFA to billing authorities is preferable to the current system?**

9. ASCL supports the government's view that changing the operating system for the payment process of schools' business rates may lead to a more streamlined system.
10. Whether the proposed system is preferable is dependent on the process running effectively, providing a robust system of control and oversight of public funds, and achieving value for money for all parties involved. The value for money proposition is dependent on analysing the resourcing required to deliver the new systems compared to the current system. We expect this has been explored via a cost/benefit analysis.
11. There are elements of the proposal that ASCL has concerns about. While the consultation states the proposed changes do not represent a change in funding levels, we would also want to see confirmation that there will not be additional cost or administrative burdens placed on schools.
12. We are also concerned about the principles in the proposal under liability and what the government is calling 'historic claims', while referring to accounting periods from the prior seven years.

### **Question 2: Do you anticipate any new burdens as a result of the proposals? Alternatively, would the proposals result in savings for local authorities and schools?**

13. The proposal states that schools will be liable for the payment of penalty charges incurred if a bill is not processed and paid by the government. This seems to be innately unfair on schools as they are not in control of the process. This will place an unfair and unnecessary liability burden on schools.
14. Some schools and academies are clients for the government-run Risk Protection Arrangement. We are unclear as to whether this scheme will provide cover for the penalty charges for non-payment of rates.
15. The proposal also states that academies will be unable to make 'historic claims' for funding to which they are entitled for previous years. Transitional arrangements should allow academies to claim to for previous years for a reasonable period. Seven years is widely recognised in accounting principles as an appropriate timeframe.

### **Question 3: We are anticipating that billing authorities would provide one upload of bill data to ESFA for all the schools within their borough/district. Is this the best way to collect rates information from billing authorities, and what information would billing authorities need in order to provide the required upload of bill data?**

16. This question is not applicable to ASCL members as they do not undertake the billing authority function.

### **Question 4: Where multiple billing systems exist within local authorities, what issues would this proposal raise?**

17. This question is not applicable to ASCL members as they do not undertake the billing authority function.

**Question 5: In local authorities where discretionary relief is provided, how could this best be taken forward under the new system?**

18. This question is not applicable to ASCL members as they do not undertake the billing authority function.

**Question 6: Are there any issues of detail that would need to be resolved in order to implement this proposal? One that occurs to us is how to handle schools occupying sites that also have other bodies on site, such as a children's centre.**

19. Consideration should be given to multi-use sites. As indicated in the question, some buildings will have co-located services, and these will be under varying contractual arrangements.

20. Some educational specialist settings do not currently pay rates. The new system must ensure that this arrangement continues and that these settings are not inadvertently affected.

21. Consideration should also be given to the arrangements for PFI schools.

**Question 7: If the direct payment of rates is implemented, would payments made once a year (in June) with a reconciliation for any adjustments at the end of the year (in March) be workable for billing authorities?**

22. This question is not applicable to ASCL members as they do not undertake the billing authority function.

**Question 8: To ensure payments are properly reconciled at the end of the year, could billing authorities provide any revised claims via the online portal between May and March?**

23. This question is not applicable to ASCL members as they do not undertake the billing authority function.

**Question 9: Please provide any information that you consider we should take into account in assessing the equalities impact of the above proposals.**

24. The government should take into account whether there are parts or sub-sections of the sector which will be adversely affected by these proposals.

## **C. Conclusion**

25. We are grateful for the opportunity to contribute to this consultation.

26. We hope that this response is of value to the process. ASCL is willing to be further consulted and to assist in any way that it can.

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