

## **Rate Reimbursement Policy as agreed by Schools Forum 24 October 2017**

The Government's current school funding framework specifies that the distribution of rates funding is based on an estimate of actual costs.

The Lancashire school funding framework provides rates funding in school budgets based on the authority's estimate. These estimates of actual costs are provided by Property Group and in known instances include a provision for increased costs because of expansions and revaluations. The School and Early Years Finance (England) Regulations permit the authority to redetermine a school's budget share to take into account any changes in that school's non-domestic rate liability.

Any redetermination costs are met initially from the surplus in the rates rebates budget that is held centrally.

The first call on this income is the annual payment to facilitate rateable value challenges on school premises of £98,000. In the event that the budget remained in deficit, the DSG reserve would underwrite the difference.

The rates reimbursement policy requires schools to submit a business case in year to the authority, where the actual in year costs incurred by a school is greater than budgeted and the difference is greater 1% of the Total Schools Block Budget Share for the same funding period or £5,000.

Any additional rates funding released would not be exempt from clawback as it would be a reimbursement of actual costs incurred.

### **Financial threshold waivers agreed by Schools Forum**

1. The financial threshold is waived for any schools where building work as part of an LA approved expansion contributes to an increased in year rates cost being incurred by the school. This is primarily to minimise any disincentives to expansion, which is a key principle of the expansion policy.

In applying this revision to the reimbursement policy a school would need to fulfil the following criteria:

- This waiving of the financial threshold would only apply to LA commissioned expansions that were being supported by the expansion policy;
- In such circumstances, schools would still be required to submit a business case to the authority, setting out details the actual in year rates costs incurred by a school that is greater than budgeted;
- Reimbursement will only be actioned when the additional rates cost are visible on the school's Oracle transaction report.

2. The financial threshold is waived for second year applications for those schools supported by the policy in one year, where the notification arrives too late to be included in the school's budget calculation for the subsequent year;

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