



Guidance

Academies and dedicated schools grant 2019 to 2020: calculation of recoupment

Updated 11 March 2019

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1. Introduction

This guide explains how the Education and Skills Funding Agency (ESFA) calculates dedicated schools grant (DSG) schools block recoupment for the financial year 2019 to 2020, and will be primarily of use to local authority finance officers.

It does not describe the deduction of funding from the schools block of the DSG in respect of high needs places. That information is available in the [DSG technical note](#).

Local authorities provided an individual schools budget (ISB), for each school in their area, on the authority proforma tool (APT) they submitted to ESFA in January 2019. This included notional budget shares for all academies and free schools (including university technology colleges and studio schools). This shows what academies would have received if they were maintained schools.

As local authorities are not responsible for funding mainstream academies or free schools, we will deduct the amount of ISB for those schools from the total DSG allocated to local authorities. This deduction is known as recoupment.

We recognise that local authorities can only estimate the business rates included in the APT. We will not make a recoupment adjustment during 2019 to 2020 to correct these to the actuals shown on business rates invoices.

Academies will provide their business rates invoices for 2019 to 2020 to ESFA, and we will issue that information to local authorities in December 2019. Local authorities should use the data to make an appropriate business rate adjustment on the 2020 APT, to correct any differences between estimated and actual business rates for academies in 2019 to 2020.

Where local authorities made growth fund payments to academies in 2018 to 2019 for basic need, they should continue to provide these until the academies receive their new budgets from September 2019. To provide authorities with the funding to continue these payments, we adjust recoupment accordingly.

We do not adjust recoupment for diseconomy of scale or start-up funding. Local authorities should continue to meet the cost of these elements from their growth funds. You can read more about this in the [schools funding operational guide for 2019 to 2020](#).

2. New free schools

For the financial year 2019 to 2020, we will continue to recoup for all free schools from the date of opening.

To help local authorities estimate the recoupment amounts for new free schools, we included a dataset of those predicted to open in the next year, with expected pupil numbers, when we sent out the APT in December. We asked local authorities, when submitting the APT, to combine the data provided with their own local knowledge to determine the most accurate estimate of the number of pupils for new free schools.

The ISB should reflect funding for the period in the year that the new academies are open and we will therefore recoup the figure shown. We will not prorate the calculation in respect of these academies.

We recognise that local authorities may need to adjust these estimates. Local authorities should reflect any differences in the 2020 APT.

We expect local authorities to provide an estimate for all new free schools. However, in the rare cases where a school opens and it was not possible to provide data in the APT, we will accept an estimate in-year to avoid delaying recoupment, and to reduce the scale of the adjustment required in the 2020 APT.

3. New provision academies

We asked local authorities to include any new provision academies on the APT that they submitted in January 2019.

This means local authorities needed to estimate pupil numbers and characteristics for all these schools, as is the case already for those opened under the presumption arrangements.

The regulations allow retrospective adjustments in the following financial year, so that schools are funded appropriately if actual numbers are different from the estimates. This is a matter for local decision, but we would generally expect such a mechanism. It is up to the local authority to decide whether to use a threshold.

4. Recoupment calculation

We will use the data provided by local authorities on their APTs to calculate recoupment.

For converting academies that opened after 11 January 2019, we asked local authorities to show these schools as maintained schools on the APT. In the majority of cases, this will mean that the estimated business rates shown in the APT will not include rates relief. We will therefore reduce the amount we recoup to include rates relief; we will recoup 20% of column AL on the 'New ISB' tab of the APT.

In a small number of cases, the business rates paid by predecessor schools may already be at 20%, for example voluntary aided schools. In these circumstances, we will still recoup 20% of the business rates estimate shown in the APT.

If the predecessor school was already paying business rates at 20%, local authorities can contact us and request that we recoup for the full amount of business rates shown in the 2019 APT. Alternatively, a retrospective adjustment can be made for 2019 to 2020 business rates within the 2020 APT.

Where local authorities have provided growth fund payments to academies in the 2018 to 2019 academic year, they are required to continue these payments to the end of August 2019. To provide the local authority with the funding to make these payments, we will provide a recoupment adjustment for the amount entered into the 'Recoupment' tab of the APT, provided the value shown is supported by appropriate justification.

Where a school converts to academy status on or before 1 April 2019, no de-delegation can take place. Where a school converts on or after 2 April 2019, up to and including 1 September 2019, the local authority can retain any de-delegated funding until 1 September 2019.

Where a school converts to academy status on or after 2 September 2019, up to and including 31 March 2020, the local authority can retain any de-delegated funding for the remainder of the 2019 to 2020 financial year. This will help service providers plan their future operations.

The following tables show which columns in the APT are used in the recoupment calculations.

4.1 Table 1: APT columns used in the recoupment calculations

Date of opening	Calculation from the APT
Free schools open in September 2018 and on the October 2018 census	Column BW from the 'New ISB' sheet
Academies open by 11 January 2019	Column BW from the 'New ISB' sheet, minus column H or I from the 'Recoupment' sheet
Academies open from 11 January to 1 April 2019	Column BW from the 'New ISB' sheet, minus column AL from the 'New ISB' sheet, plus 20% of column AL from the 'New ISB sheet'
Converter academies open from 2 April to 1 September 2019	Column CC from the 'New ISB' sheet, minus column AL from the 'New ISB' sheet, plus 20% of column AL from the 'New ISB' sheet pro rata for the period that the academy is open, plus seven twelfths of column CB from the 'New ISB' sheet
Converter academies open from 2 September to 31 March 2020	Column CC from the 'New ISB' sheet, minus column AL from the 'New ISB' sheet, plus 20% of column AL from the 'New ISB' sheet pro rata for the period that the academy is open
New free schools	Column BW from the 'New ISB' sheet

4.2 Table 2: examples of relevant data on the APT

APT information	APT data source	Budget
Post MFG budget	Column BW from the 'New ISB' sheet	£4,500,000
Rates	Column AL from the 'New ISB' sheet	£4,000
De-delegation	Column CB from the 'New ISB' sheet	£20,000
Post de-delegation budget	Column CC from the 'New ISB' sheet	£4,480,000
Growth funding adjustment for April 2019 to August 2019	Column H or I from the 'Recoupment' sheet	£12,000

4.3 Examples of recoupment calculations

The following shows the differences in the recoupment calculation depending on when the academy opens in the academic year, using the illustrative figures in table 2 above:

Example 1: for free schools open by September 2018

For these academies, we will recoup the figure shown on the 'Post MFG budget' of the APT data source, which in this illustration is £4,500,000 shown in Table 2 above.

Example 2: for academies open up to 11 January 2019

For these academies, we will recoup the figure shown on the post MFG budget of the APT, minus growth fund for the period April 2019 to August 2019, if appropriate justification is provided.

The calculation using the illustrated figures in Table 2 above is £4,500,000 - £12,000 = recoupment amount £4,488,000.

Example 3: for academies opening from 11 January 2019 up to 1 April 2019

The calculation allows for business rates adjustments:

$(£4,500,000 - £4,000) + £800$ (20% of rates) = recoupment amount £4,496,800

Example 4: for academies opening from 2 April 2019 up to 1 September 2019

Where a maintained school converts to an academy during this period the recoupment calculation is prorated for the days that the academy is open. We will recoup the de-delegated funding for the period September 2019 to March 2020.

In this example, the academy converted on 1 May 2019. The calculation will be:

$(£4,480,000 - £4,000) + £800$ (20% of rates) = £4,476,800 $(£4,476,800 / 366) \times 336 = £4,109,849 + (7/12 \text{ of } £20,000) =$ recoupment amount £4,121,515

Example 5: for academies opening from 2 September 2019 up to 31 March 2020

Where a maintained school converts to an academy during this period the recoupment calculation is prorated for the days that the academy is open. We will not recoup the de-delegated funding for the financial year.

In this example, the academy opened on 1 March 2020. The calculation will be:

$(£4,480,000 - £4,000) + £800 = £4,476,800$ $(£4,476,800 / 366) \times 31 =$ recoupment amount £379,182

Example 6: for new free schools opening from 1 September up to 31 March 2020

For new free schools opening during this period we will recoup the figure shown on the 'Post MFG budget' of the APT. We will not prorate the figure.

5. Recoupment timetable

We will write to each local authority at the following times in the year to provide their recoupment calculations:

- April 2019
- July 2019
- September 2019
- November 2019
- January 2020
- March 2020

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