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Education  
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## 1. Introduction

This guide explains how we will calculate dedicated schools grant (DSG) schools block recoupment for the financial year 2017 to 2018, 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 paragraphs 31 to 34 of the dedicated schools grant [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 the department in January 2017. 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 individual schools budget (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 2017 to 2018 to correct these to the actuals shown on business rates invoices. Academies will provide their business rates invoices for 2017 to 2018 to the EFA, and we will issue that information to local authorities in December 2017. Local authorities should use the data to make an appropriate business rates adjustment on the 2018 APT, to correct differences between estimated and actual business rates for academies in 2017 to 2018.

Where authorities made growth fund payments to academies in 2016 to 2017 for basic need, they should continue to provide these until the academies receive their new budgets from September 2017. To provide authorities with the funding to continue these payments, we will adjust recoupment accordingly. Please note that, as set out in paragraph 102 of the [school revenue funding operational guide](#), we will 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.

## 2. New for 2017 to 2018

For the financial year 2017 to 2018, we will recoup for all mainstream academies, including new provision academies and free schools from the date of opening.

The education services grant (ESG) general funding rate finished in 2016 to 2017. For 2017 to 2018, the funding previously allocated through the ESG retained duties rate (£15 per pupil) will be transferred into the schools block of the DSG. For services that were previously funded from the general duties rate, local authorities can now use maintained school budget shares, with the agreement of the relevant members of the schools forum. For converter academies open from 2 April 2017 to 31 March 2018, local authorities will be able to retain the 'education functions for maintained schools' funding for the period the academy was a maintained school.

## 3. New free school

On 21 July 2016, the Government published a consultation that proposed changing the recoupment arrangements for mainstream free schools, so that centrally delivered schools would become recoupable from their first year of opening.

On 15 December 2016, the Government published its [response to the consultation](#), announcing that the change to recoupment would take effect from the start of the 2017 to 2018 financial year.

To help local authorities estimate the recoupment amounts for these schools, the EFA included a dataset of free schools 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 EFA will recoup for newly opening free schools based on the information local authorities have provided in their APT. If any of the schools proposed for 2017 to 2018 do not open, we will not recoup. If the actual pupil numbers at newly opening free schools differ from the estimates provided in the APT, local authorities should make a retrospective adjustment on the 2018 APT. If local authorities did not show a new free school in the 2017 APT and it opens before March 2018, then local authorities should show this

as a retrospective adjustment in the 2018 APT and we will recoup accordingly.

The EFA will check for required amendments by cross-referring to October 2017 school census data when validating the 2018 APT. We reserve the right to adjust recoupment in 2018 to 2019 for any new free schools where an authority fails to show, or incorrectly shows, a retrospective adjustment.

The ISB should reflect funding for the period in the year that the new free schools are open and we will therefore recoup the figure shown on the APT in full. We will not pro-rate the calculation in respect of these academies.

## 4. New provision academies

We asked local authorities to include any new provision academies on the APT that they submitted in January 2017. 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 pro-rate the calculation in respect of these academies.

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 authority to decide whether to use a threshold.

## 5. Former non-recoupment academies

Paragraphs 84-86 of the [schools revenue funding 2016 to 2017 operational guide](#) outlined the treatment of former non-recoupment academies and free schools. This arrangement continues for 2017 to 2018.

## 6. 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 2017, we asked 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 AG on the 'New ISB' tab of the APT).

In a small number of cases, the business rates paid by the predecessor schools were already 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 the recoupment team for the business rates shown in the 2017 to 2018 APT to be used as the basis for the recoupment calculation. Alternatively, a retrospective adjustment should be made for the 2016 to 2017 business rates estimate within the 2017 to 2018 APT.

Where authorities have provided growth fund payments to academies in the 2016 to 2017 academic year, they are required to continue these payments to the end of August 2017. To provide the 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 2017, no de-delegation can take place. Where a school converts on or after 2 April 2017, up to and including 1 September 2017, the authority can retain any de-delegated funding until 1 September 2017. Where a school converts to academy status on or after 2 September 2017, up to and including 31 March 2018, the authority can retain any de-delegated funding for the remainder of the 2017 to 2018 financial year. This will help service providers plan their future operations.

Where a school converts to academy status between the 2 April 2017 and 31 March 2018 the authority can retain any 'education functions for maintained schools' funding for the period the academy remained a maintained school.

The following table shows which columns in the APT are used in the recoupment calculations.

## 6.1 Table 1: APT columns used in the recoupment calculations

Date of opening	Calculation (from the APT)
Free schools open in September 2016 and on the October 2016 census	Column BB from the 'New ISB' sheet
Academies open by 11 January 2017	Column BB from the 'New ISB' sheet, minus column H from the 'Recoupment' sheet
Academies open from 11 January to 1 April 2017	Column BB from the 'New ISB' sheet, minus column AG from the 'New ISB' sheet plus 20% of column AG from the 'New ISB sheet'
Converter academies open from 2 April to 1 September 2017	Column BF from the 'New ISB' sheet, minus column AG from the 'New ISB' sheet plus 20% of column AG from the 'New ISB' sheet pro rata for the period that the academy is open plus 7/12 of column BE from the 'New ISB' sheet minus column BG from the 'New ISB' pro rata for the period the academy was a maintained school
Converter academies open from 2 September to 31 March 2018	Column BF from the 'New ISB' sheet minus column AG from the 'New ISB' sheet plus 20% of column AG from the 'New ISB' sheet pro rata for the period that the academy is open minus column BG from the 'New ISB' pro rata for the period the academy was a maintained school
New provision academies	Column BB from the 'New ISB' sheet
New free schools	Column BB from the 'New ISB' sheet

## 6.2 Table 2: examples of relevant data on the APT

APT information	APT data source	Budget
Post MFG budget	Column BC from the 'New ISB' sheet	£4,500,000
Rates	Column AG from the 'New ISB' sheet	£4,000

De-delegation	Column BF from the 'New ISB' sheet	£20,000
Post de-delegation budget	Column BG from the 'New ISB' sheet	£4,480,000
Growth funding adjustment for April 2017-August 2017	Column H from the 'Recoupment' sheet	£12,000
Education functions for maintained schools	Column BG from the 'New ISB' sheet	£8,000

## 7. Examples of recoupment calculations

The following shows the differences in the recoupment calculation depending on when the academy opens in the academic year:

### 7.1 Example 1: for free schools open by September 2016

For these academies, we will recoup the figure shown on the 'Post MFG budget' of the APT data source, which is £4,500,000 (see [table 2](#) above).

### 7.2 Example 2: for academies open up to 11 January 2017

For these academies, we will recoup the figure shown on the post MFG budget of the APT minus growth fund (for the period April 2017 to August 2017) if appropriate justification is provided. The calculation using the illustrated figures in [table 2](#) is:

$$£4,500,000 - £12,000 = \text{recoupment amount } £4,488,000$$

### 7.3 Example 3: for academies opening from 11 January 2017 up to 1 April 2017

The calculation is amended for academies opening between 11 January and 1 April to allow for business rates adjustments, to illustrate:

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

### 7.4 Example 4: for academies opening from 2 April 2017 up to 1 September 2017

Where a maintained school converts to an academy during this period the recoupment calculation is pro-rated for the days that the academy is open. We will recoup the de-delegated funding for the period September 2017 to March 2018.

In this example, the academy converted on 1 May 2017. The calculation will be:

$$(£4,480,000 - £4,000) + £800 \text{ (20\% of rates)} = £4,476,800 \quad (£4,476,800 / 365) \times 335 = £4,108,844 + (7/12 \text{ of } £20,000) - (30/365 \text{ of } £8000) = \text{recoupment amount } £4,119,853$$

### 7.5 Example 5: for academies opening from 2 September 2017 up to 31 March

## 2018

Where a maintained school converts to an academy during this period the recoupment calculation is pro-rated 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 2018, to illustrate:

$(£4,480,000 - £4,000) + £800 = £4,476,800$   $(£4,476,800 / 365) \times 31 - (334/365 \text{ of } £8000) = \text{recoupment amount } £372,900$

### 7.6 Example 6: for new free schools opening from 1 September up to 31 March 2018

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 pro-rate the figure.

## 8. Recoupment timetable

We will write to each authority several times during the year to provide their recoupment calculations. These dates are:

- April 2017
- July 2017
- September 2017
- November 2017
- January 2018
- March 2018

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