

[Home](#) > [Academies and dedicated schools grant: recoupment](#)



Education
Funding
Agency

1. Introduction

This guide explains how we will calculate dedicated schools grant (DSG) schools block recoupment in 2016 to 2017 and is aimed at local authority finance officers.

It does not describe the deduction of funding from schools block DSG in respect of high needs places. This information is available in paragraphs 21-29 in the dedicated schools grant [technical note](#).

Local authorities provided an individual schools budget (ISB) on the authority proforma tool (APT) that they submitted to the department in January 2016. This included notional budget shares for all academies and for free schools, including university technology colleges and studio schools, from their second year of opening. This is based on what academies would have received if they were maintained schools. As local authorities are not responsible for funding academies or free schools, we will deduct the amount of ISB allocated from the DSG provided to authorities. This deduction is known as recoupment.

We recognise that the business rates included in the APT are estimated. We won't make a recoupment adjustment during 2016 to 2017 to correct these to actual business rates invoices. Academies provide their

business rates invoices for 2016 to 2017 to the EFA and we will issue this information to local authorities in December 2016. Authorities should use this data to make an appropriate business rates adjustment in the 2017 APT exercise to correct differences between estimated and actual business rates for academies in 2016 to 2017.

Where authorities made growth fund payments to academies in 2015 to 2016 for basic need, they should continue to provide these until the academies receive their new budgets in September 2016. To provide authorities with the funding to continue these payments, a recoupment adjustment is made. Please note that growth fund adjustments will not be made for diseconomy of scale or start-up funding.

2. New for 2016 to 2017

For financial year 2016 to 2017, all mainstream academies, including new provision academies and free schools will be included within the recoupment exercise from their second year of opening. Any mainstream free school that is open in September 2014 and on the October school census will be recoupable.

Paragraphs 84-86 of the [Schools Revenue Funding 2016 to 2017 Operational Guide Version 2](#) outlines the treatment of former non-recoupment academies and free schools.

3. New provision academies

EFA will fund free schools which are not being opened to meet the need for a new school as referred to in section 6A of the Education & Inspections Act 2006 without recoupment in their first year of opening. We will begin recouping for such schools from the beginning of the financial year after pupils first appear on the October census.

Authorities were asked to include any new provision academies on their APT that they submitted in January. 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-rata the calculation in respect of these academies.

4. Recoupment calculation

The data provided by authorities on their APTs will be used to calculate the recoupment totals. The calculations for academies that open after the 1 April 2016 will be pro-rated from the date of conversion. For example, an academy opening on 1 September 2016 will be pro-rated for 212 days.

For converting academies that opened after 11 January 2016, 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 rates that 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 2016 to 2017 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 2015 to 2016 academic year, they are required to continue these payments to the end of August 2016. 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 2016, no de-delegation can take place. Where a school converts on or after 2 April 2016, up to and including 1 September 2016, the authority can retain any de-delegated funding until 1 September 2016. Where a school converts to academy status on or after 2 September 2016, up to and including 31 March 2017, the authority can retain any de-delegated funding for the remainder of the 2016 to 2017 financial year. This will help services to plan their future operations.

The following table shows 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 2015 and on the October 2015 census	Column BC from the 'New ISB' sheet
Academies open by 11 January 2016	Column BC from the 'New ISB' sheet, minus column H from the 'Recoupment' sheet
Academies open from 11 January to 1 April 2016	Column BC 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 2016	Column BG 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 BF from the 'New ISB' sheet
Converter academies open from 2 September – 31 March 2017	Column BG 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
New provision academies	Column BC 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 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

5. Examples of recoupment calculations

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

5.1 Example 1: For Free schools open by September 2015

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).

5.2 Example 2: For academies open up to 11 January 2016

For these academies, we will recoup the figure shown on the post MFG budget of the APT minus growth fund (for the period April 2016 to August 2016) if appropriate justification is provided. The calculation using the illustrated figures in Table 2 is:

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

5.3 Example 3: For academies opening from 11 January 2016 up to 1 April 2016

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

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

5.4 Example 4: For academies opening from 2 April 2016 up to 1 September 2016

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 to March 2017.

In this example the academy converted on 1 May 2016. The calculation will be:

$$(£4,480,000 - £4,000) + £800 \text{ (20\% of rates)} = £4,476,800 \quad (£4,476,800 / 365) \times 335 = £4,108,844 + (7/12 \text{ of } £20,000) = \text{recoupment amount } £4,120,511$$

5.5 Example 5: For academies opening from 2 September 2016 up to 31 March 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 not recoup the de-delegated funding for the financial year. In this example the academy opened on 1 March 2017, to illustrate:

$(£4,480,000 - £4,000) + £800 = £4,476,800$ $(£4,476,800 / 365) \times 31 =$ recoupment amount £380,221

6. Recoupment timetable

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

- April 2016
- July 2016
- September 2016
- November 2016
- January 2017
- March 2017

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