

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



Education
Funding
Agency

1. Introduction

This guidance is for local authorities (LAs) to understand how the Education Funding Agency (EFA) will calculate the dedicated schools grant (DSG) schools block recoupment in 2015 to 2016. It does not describe the deduction of funding from schools block DSG in respect of high needs places. This information is available in the [dedicated schools grant 2015 to 2016: technical note](#) (paragraphs 22 to 27).

1.1 Who does recoupment apply to?

In previous years, recoupment has applied to academies that had predecessor schools and basic need academies. Other new provision academies, including free schools, were previously outside the recoupment exercise.

From 2015 to 2016, all mainstream academies, including new provision academies and free schools from their second year of opening will be included within the recoupment exercise. Any mainstream free school that is open in September 2014 and on the October school census will be recoupable.

Chapter 4 of the Department for Education's (DfE) July 2014 publication about [fairer schools funding: arrangements for 2015 to 2016](#) outlined the changes to the recoupment exercise.

1.2 Recoupment process

Local authorities provided an individual schools budget (ISB) on the authority proforma tool (APT) that they submitted to the EFA in January 2015. This included notional budget shares for all academies and for free schools, which include 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 allocation provided to authorities. This deduction is known as recoupment.

We recognise that the business rates included in the APT are estimated. We will not make a recoupment adjustment during 2015 to 2016 to correct these to actual business rates invoices. Academies provide their business rates invoices for 2015 to 2016 to the EFA and we'll issue this information to local authorities in December 2015. Authorities should use this data to make an appropriate business rates adjustment in the 2016 to 2017 APT exercise to correct differences between estimated and actual business rates for academies in 2015 to 2016.

Where authorities made growth fund payments to academies in 2014 to 2015 for basic need, they should continue to provide these growth fund payments until the academies receive their new budgets in September 2015. 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.

1.3 New provision academies

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 for these academies.

2. 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 1 April 2015 will be pro-rated from the date of conversion. For example, an academy opening on 1 September 2015 will be pro-rated for 213 days.

For converting academies that opened after 11 January 2015, 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'll 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 2015 to 2016 APT to be used as the basis for the recoupment calculation. Alternatively, a retrospective adjustment should be made for the 2015 to 2016 business rates estimate within the 2016 to 2017 APT.

Where authorities have provided growth fund payments to academies in the 2014 to 2015 academic year,

they are required to continue these payments to the end of August 2015. 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 before or on 1 April 2015, no de-delegation can take place. Where a school converts on or after 2 April 2015, up to and including 1 September 2015, the authority can retain any de-delegated funding until 1 September 2015.

Where a school converts to academy status on or after 2 September 2015, up to and including 31 March 2016, the authority can retain any de-delegated funding for the remainder of the 2015 to 2016 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.

Date of opening	Calculation (from the APT)
Free schools open in September 2014 and on the October 2014 census	Column BC from the 'New ISB' sheet
Academies open by 11 January 2015	Column BC from the 'New ISB' sheet, minus column H from the 'Recoupment' sheet
Academies open from 11 January to 1 April 2015	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 2015	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 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
New provision academies	Column BC from the 'New ISB' sheet

The examples below show the relevant data on the APT.

APT information	Budget
Column BC from the 'New ISB' sheet (post MFG budget)	£4,500,000
Column AG from the 'New ISB' sheet (rates)	£4,000
Column BF from the 'New ISB' sheet (de-delegation)	£20,000
Column BG from the 'New ISB' sheet (post de-delegation budget)	£4,480,000
Column H from the 'Recoupment' sheet (growth funding adjustment for April 2015 – August 2015)	£12,000

2.1 Recoupment for free schools open by September 2014

For these academies, we will recoup the figure shown on the post MFG budget of the APT:

£4,500,000

2.2 Recoupment for academies open up to 11 January 2015

For these academies, we will recoup the figure shown on the post MFG budget of the APT minus growth fund (for the period April 2015 to August 2015) if appropriate justification is provided:

£4,500,000 - £12,000 = recoupment amount £4,488,000

2.3 Recoupment for academies opening from 11 January 2015 up to 1 April 2015

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

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

2.4 Recoupment for academies opening from 2 April 2015 up to 1 September 2015

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 2016.

In this example the academy converted on 1 May 2015:

£4,480,000 - £4,000 + £800 (20% of rates) = £4,476,800

£4,476,800 / 366 × 336 = £4,109,849

plus (7/12 of £20,000) = recoupment amount £4,121,516

2.5 Recoupment for academies opening from 2 September 2015 up to 31 March 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 not recoup the de-delegated funding for the financial year.

In this example the academy opened on 1 March 2016:

£4,480,000 - £4,000 + £800 = £4,476,800

£4,476,800 / 366 × 31 = recoupment amount £379,183

3. Recoupment timetable

We will write to each authority several times during the year to provide their recoupment calculations, on the following dates:

- 30 April 2015
- 31 July 2015
- 30 September 2015
- 30 November 2015
- 29 January 2016
- 25 March 2016

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