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Education & Skills  
Funding Agency

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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 2018 to 2019, 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 [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 ESFA in January 2018. 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. We call this

deduction recoupment.

We recognise that local authorities can only estimate the business rates included in the APT. We will not make a recoupment adjustment during 2018 to 2019 to correct these to the actuals shown on business rates invoices. Academies provide their business rates invoices for 2018 to 2019 to ESFA, and we issue that information to local authorities in December 2018. Local authorities should use the data to make an appropriate business rates adjustment on the 2019 APT, to correct differences between estimated and actual business rates for academies in 2018 to 2019.

Where authorities made growth fund payments to academies in 2017 to 2018 for basic need, they should continue to provide these until the academies receive their new budgets from September 2018. To provide authorities with the funding to continue these payments, we adjust recoupment accordingly. Please note that, the [school revenue funding operational guide](#) states that, 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.

## 2. Education services grant (ESG) retained duties

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) was transferred into the schools block of the DSG.

For 2018 to 2019 we will introduce the central school services block (CSSB), to fund local authorities for the statutory duties they hold for both maintained schools, and academies. The CSSB will now include the funding previously allocated through the ESG retained duties rate and then the schools block. Therefore, no recoupment adjustments are required in 2018 to 2019 for education services funding.

## 3. New free schools

For the financial year 2018 to 2019, 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, ESFA 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.

## 4. New provision academies

We asked local authorities to include any new provision academies on the APT that they submitted in January 2018. 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. 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 2018, 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 AI 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 and request that we recoup for the full amount of business rates shown in the 2018 APT. Alternatively, a retrospective adjustment can be made for 2018 to 2019 business rates within the 2019 APT.

Where local authorities have provided growth fund payments to academies in the 2017 to 2018 academic year, they are required to continue these payments to the end of August 2018. 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 2018, no de-delegation can take place. Where a school converts on or after 2 April 2018, up to and including 1 September 2018, the authority can retain any de-delegated funding until 1 September 2018.

Where a school converts to academy status on or after 2 September 2018, up to and including 31 March 2019, the authority can retain any de-delegated funding for the remainder of the 2018 to 2019 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.

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

Date of opening	Calculation (from the APT)
Free schools open in September 2017 and on the October 2017 census	Column BM from the 'New ISB' sheet
Academies open by 11 January 2018	Column BM from the 'New ISB' sheet, minus column H or I from the 'Recoupment' sheet
Academies open from 11 January to 1 April 2018	Column BM from the 'New ISB' sheet, minus column AI from the 'New ISB' sheet plus 20% of column AI from the 'New ISB sheet'
Converter academies open from 2 April to 1 September 2018	Column BS from the 'New ISB' sheet, minus column AI from the 'New ISB' sheet plus 20% of column AI from the 'New ISB' sheet pro rata for the period that the academy is open plus 7/12 of column BR from the 'New ISB' sheet
Converter academies open from 2 September to 31 March 2019	Column BS from the 'New ISB' sheet minus column AI from the 'New ISB' sheet plus 20% of column AI from the 'New ISB' sheet pro rata for the period that the academy is open

New provision academies      Column BM from the 'New ISB' sheet

New free schools      Column BM from the 'New ISB' sheet

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

APT information	APT data source	Budget
Post MFG budget	Column BM from the 'New ISB' sheet	£4,500,000
Rates	Column AI from the 'New ISB' sheet	£4,000
De-delegation	Column BR from the 'New ISB' sheet	£20,000
Post de-delegation budget	Column BS from the 'New ISB' sheet	£4,480,000
Growth funding adjustment for April 2018-August 2018	Column H or I from the 'Recoupment' sheet	£12,000

## 6. 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 5.2](#) above):

### 6.1 Example 1: for free schools open by September 2017

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 [table 5.2](#).

### 6.2 Example 2: for academies open up to 11 January 2018

For these academies, we will recoup the figure shown on the post MFG budget of the APT minus growth fund (for the period April 2018 to August 2018) if appropriate justification is provided. The calculation using the illustrated figures in [table 5.2](#) is:

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

### 6.3 Example 3: for academies opening from 11 January 2018 up to 1 April 2018

The calculation for academies opening between 11 January and 1 April allows for business rates adjustments, as follows:

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

### 6.4 Example 4: for academies opening from 2 April 2018 up to 1 September

## 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 recoup the de-delegated funding for the period September 2018 to March 2019.

In this example, the academy converted on 1 May 2018. The calculation will be:

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

### 6.5 Example 5: for academies opening from 2 September 2018 up to 31 March 2019

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 2019. The calculation will be:

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

### 6.6 Example 6: for new free schools opening from 1 September up to 31 March 2019

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.

## 7. Recoupment timetable

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

- April 2018
- July 2018
- September 2018
- November 2018
- January 2019
- March 2019

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