Department for Education

Guidance

Pension grants for schools, local authorities and music education hubs

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Introduction

We are providing £1.5 billion a year to schools and local authorities through the teachers' pension employer contribution grant (TPECG) and supplementary fund. This will cover the cost of the employer contribution rate increase to the teachers' pension scheme (England) (TPS) from 16.4% to 23.6%, from September 2019.

The TPS data does not give an information about individual schools' contributions to the scheme and so these rates are paid at a local authority or multi-academy trust. Therefore, to match the funding as closely as we can to costs, we allocate the TPECG using a per-pupil formula. The methodology we use is explained in this document.

Schools and local authorities (on behalf of their high needs institutions) also continue to receive payments from the supplementary fund, which supports schools that have faced unusually high pension costs. These are based on the claims, submitted and paid, for the academic year 2019 to 2020.

Local authorities continue to receive pension funding for centrally employed teachers (CETs). Academy trusts and local authority maintained schools continue to receive funding for their direct employee teachers, based on the information they submitted on the total cost of the increase for their teachers in the academic year 2019 to 2020. We are not running a new claims process for the supplementary fund, centrally employed teachers or music education hubs.

We have published allocations for financial years 2019 to 2020 and 2020 to 2021.

Transition to the national funding formulae in 2021 to 2022

From 2018 to 2022, funding for the increase in pension costs will be paid through the schools, high needs and central school services block (CSSB) national funding formulae (NFF), instead of as separate grants.

We have ensured that the additional funding schools will attract through the NFF is as close as possible to the funding they would have received through the TPECG and supplementary fund, for their reception to year 11 pupils in the formulae used to calculate mainstream increases in funding.

- in the schools NFF, we have added an amount to reflect the current TPECG funding units for basic per-pupil units, and the maximum per-pupil funding rates. We have also added an amount, representing the funding schools receive through the TPECG and supplementary fund, for their reception to year 11 pupils into the formulae used to calculate mainstream increases in funding
- in the high needs NFF, we have added an amount to reflect the current TPECG funding units for basic per-pupil units, and the maximum per-pupil funding rates. We have also added an amount, representing the funding schools receive through the TPECG and supplementary fund, for their reception to year 11 pupils into the formulae used to calculate mainstream increases in funding
- in the central school services block, we have added a basic entitlement factor value for special schools and created an additional factor through which local authorities will receive the equivalent of their 2020 to 2021 TPECG for alternative provision settings and supplementary funding

It is our expectation that, in the 2021 to 2022 financial year, local authorities should pass on to individual schools the amount of additional funding they received through the 2020 to 2021 TPECG, as far as possible.

More details can be found in the NFF policy document.

Therefore, mainstream schools will continue to receive TPECG and supplementary funding until March 2021, as they will receive this funding through the 2021 to 2022 schools NFF allocations from April 2021. Local authorities will also continue to receive TPECG and supplementary funding for their high needs institutions, and pension funding for their centrally employed teachers until March 2021, when they will begin to receive their 2021 to 2022 high needs and CSSB NFF allocations.

Mainstream academies will continue to receive TPECG for April to August 2021, as they will receive funding for this from the 2021 to 2022 schools NFF. September 2021 This will avoid academies facing a 5-month funding gap.

The table summarises when schools and local authorities will receive their remaining allocations for TPECG, supplementary funding, and pension funding for centrally employed teachers (CETs).

Period covered	Maintained schools and local authorities on behalf of their high needs institutions	Academies and local authorities with academies
September 2020 to March 2021	October 2020	November 2020
April to August 2021	n/a - funding incorporated into the NFF allocations	April 2021
From September 2021	n/a - funding incorporated into the NFF allocations	n/a - funding incorporated into the NFF allocations

Funding outside of the NFFs in 2021 to 2022

Maintained nursery schools, school nurseries, sixth forms, 16 to 19 maintained schools, non-maintained special schools, and some special and alternative provision free schools will receive their allocations for TPECG and supplementary fund, for the 2021 to 2022 financial year, we will continue to provide these settings with the teachers' pension employer contribution grant, paid separately to core allocations.

The grant will be paid based on the per-pupil rates set out in this document. Allocations for April to August 2021 will be published in April 2021, and allocations for the second half of the financial year will be published in the autumn.

TPECG methodology

This section sets out the eligibility criteria for the grant.

Mainstream institutions

The grant eligibility has been based on the number of pupils aged 2 to 19 in these categories:

- maintained nursery schools
- primary, secondary and all through maintained schools
- primary, secondary and all through academies and free schools
- 16 to 19 maintained schools
- 16 to 19 academies

In the 2020 to 2021 financial year institutions and age ranges funded outside of the schools NFF will continue to be eligible for the grant.

For mainstream institutions with fewer than 100 pupils, funding is allocated as if they had 100 pupils. This will account for all eligible pupils.

Specialist institutions

The grant eligibility has been based on the number of places in these categories:

- maintained special schools
- special academies and free schools
- pupil referral units
- alternative provision academies and free schools
- hospital schools
- non-maintained special schools

Specialist institutions not funded through the high needs NFF will continue to receive these grants supplementary in the 2021 to 2022 financial year.

For specialist institutions with fewer than 40 places, funding is allocated as if they had 40 places. This will account for all eligible pupils.

Independent settings

We have provided funding to local authorities for pupils with education, health and care (EHC) plans, or SEN support, who are educated in independent settings, based on the number of such pupils for whom they commission places.

Paying the grant

The Education and Skills Funding Agency (ESFA) pays the funding for maintained mainstream schools to local authorities, who are required to pay it to individual schools at the rates published.

ESFA pays funding at the published rates directly to mainstream academies.

ESFA pays funding to local authorities to distribute, according to local circumstance, for:

- institutions who provide for children with high needs
- pupils with EHC plans who are educated in independent settings

The exception to this is non-maintained special schools. ESFA allocates funding directly to non-maintained special schools.

How we calculated the rates

From September 2019 the employer contribution rate of the teachers' Pension Scheme (TPS) increased from 16.4% to 23.6%.

We calculated the total cost of this increase to schools, and local authorities (for their centrally employed teachers), to be £848 million from September 2019 to March 2020 and £1,696 million for the full financial year 2020 to 2021. We will also set aside £22 million, in order to provide money for the supplementary fund.

We are continuing to provide the equivalent amount, pro-rated, for each subsequent instalment, until the funding is incorporated into the national funding formulae.

How we divided the funding between sectors

We divided the total amount between:

- primary schools (including early years provision in primary schools, and maintained nursery schools)
- secondary schools (including school sixth forms)
- high needs institutions
- local authority centrally employed teachers

We did this based on the size of the teacher workforce by each sector. This is to account, for example, that high needs institutions generally spend more on staff per pupil.

We then divided the amount of funding for primary schools, secondary schools and high needs institutions between the number of pupils, or places, to generate a per-pupil or per-place rate.

We assumed that all:

- mainstream schools have at least 100 pupils
- high needs institutions have at least 40 places

We are also providing funding to local authorities for pupils, with EHC plans or SEN support, educated in independent settings, at the rate for special schools.

Pupil numbers used to calculate the rates

We used this data to calculate the rates ahead of the first set of allocations for the grant in autumn 2019.

Mainstream schools

For mainstream schools, we used the following data:

Age range	Data source	Explanation of data range
2 to 4	Headcount of funded place, January 2019 census	Including single sex or school reception classes. Funded places: 'nursery each 2 and 3 year-old pupil taking up the universal free entitlement, and recorded on the January 2019 census. Includes 2 year-olds funded under the entitlement for disadvantaged 2 year olds and recorded on the January 2019 census.
5 to 19	Headcount from October 2018 census	Includes 4 year-olds in school reception classes.
up to 19	Pupil numbers from the 2019 to 2020 academy and free school pre-opening grant allocations	For 16 to 19 provision, we converted the data into full-time equivalent (FTE) based on the ratio between the 16 to 19 maintained school data and the 16 to 19 academies and free school FTE in academy. Sixth form in the teaching allocations, so we used this sharing ratio.

Band	Number of hours	FTE
1	540 to 600	1
2	450 to 539	0.825
3	360 to 449	0.675
4	280 to 359	0.525

High needs providers

For high needs providers, we used the following data:

Sector type	Data source
Maintained	Place numbers from the 2019 to 2020 financial year budget returns (section 251)
Academy	The published high needs place numbers for the 2019 to 2020 academic year

Adjusting for location

We apply an area cost adjustment (ACA), which takes into account higher teacher wages in London.

The ACA uses 4 rates:

- inner London
- outer London
- London Fringe
- the rest of England

Rates

The rates have remained the same since the grant was established in September 2019.

Per-pupil rates for primary schools

Region	September to March rate (£) (for 7 months)	April to August rate (£) (for 5 months)
Inner London	92.20	63.46
Outer London	85.29	60.92
London Fringe	78.85	58.41
Rest of England	77.50	55.36

Per-pupil rates for secondary schools (applies to all 11- to 19-year-olds)

Region	September to March rate (£) (covering 7 months)	April to August rate (£) (covering 5 months)
Inner London	115.71	96.94
Outer London	105.70	89.50
London Fringe	97.53	83.85
Rest of England	94.08	81.43

Per-place rates for special and alternative provision schools, and per-pupil rates for those with SEND in independent settings

Region	September to March rate (£) (covering 7 months)	April to August rate (£) (covering 5 months)
Inner London	236.53	240.38
Outer London	211.01	222.38
London Fringe	205.44	208.17
Rest of England	202.89	202.08

Rates for the 5-month period from April to August have been calculated as five-sevenths of the 7-month rates for September to March.

How we calculate allocations

To calculate a school's grant, we take the relevant rate and multiply it by the school's pupil numbers from the latest version of the sources in the table, section.

For mainstream schools and special referral units, we (for the academic year 2019 to 2020 financial year) used the January census (Census) and the October census (Census). We have used place numbers from the 2019 to 2020 return for the September 2020 to March 2021 allocations, and will also use these for the April to August 2021 allocations.

Example

For an inner London primary school with 100 pupils, the calculation for their September to March allocation would be (92.20 x 100) pupils = £9,220.

New and growing schools

Schools which open after September during an academic year will not appear on the census data used for the September to March allocations for that year. These schools will therefore receive funding allocations based on a minimum level of:

- 100 pupils for mainstream schools
- 40 places for high needs institutions

New schools will receive an update to their September to March allocation the following spring, based on their pupil numbers for that academic year.

Example

An inner London primary school, newly opened in September 2020:

- is funded based on having 100 pupils in the autumn 2020 allocations
- therefore receives an allocation of £9,220 (100 x 92.20)
- the October 2020 census shows the school as having 120 pupils
- therefore receives an additional payment in the spring of £1,844 for the additional 20 pupils (20 x 92.20 = £1,844).

Schools that are not fully open at the time of the September to March allocations, and are still growing by adding year groups, will also receive an update to their allocation in the spring to reflect their growth.

Example

A primary school eligible for the 'Rest of England' rate and opened in September 2019:

- has 120 pupils, in year groups R to 3, in the October 2019 census
- therefore allocated £9,300 in autumn 2019 (120 x £77.50)
- adds a new year group, year 4, in the autumn term 2020, so is classified as a primary school
- records 150 pupils in the October 2020 census
- its allocation for September to March is therefore recalculated as £11,625 (150 x £77.50)
- the additional payment for September to March due in spring 2021 is, therefore, £2,325 (£11,625 minus £9,300)

Multi-academy trust pooling

As the TPECG and supplementary fund are intended to support costs which are normally funded through the general annual grant (GAG), a multi-academy trust (MAT) should treat the grant in the same way as they would GAG. In accordance with the Academies Act 1989 and the MAT's articles of governance, it should use the grant payments for its academies to form one central fund, on the same basis as GAG. This can be used to meet the running costs of any constituent academies within the trust.

As with GAG pooling, we would expect the MAT to consider the funding needs and allocations of each constituent academy, and to have an agreed, mechanism. An agreed mechanism should allow an academy to appeal to the trust if a constituent academy's principal feels the academy has been unfairly treated. If the grievance is not resolved, the trust should use its dispute mechanisms to include the option of appealing to the Secretary of State, via ESFA, whose decision would be final.

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