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Teachers' pay grant methodology

Updated 21 August 2020

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Introduction

We will provide £500 million per year from the 2020 to 2021 financial year to continue to provide support with respect to the 2018 and 2019 teachers' pay awards. The teachers' pay grant was worth £187m in the 2018 to 2019 financial year and £426m in the 2019 to 2020 financial year.

This methodology will help you to understand the teachers' pay grant, covering the financial years 2018 to 2019, 2019 to 2020 and 2020 to 2021.

Past and current allocations are available at:

- [Teachers' pay grant: September 2018 to March 2019 allocations](#)
- [Teachers' pay grant: April 2019 to March 2020 allocations](#)
- [Teachers' pay grant: allocations for 2020 to 2021 financial year](#)

Transition to the national funding formulae

From 2021 to 2022, funding for the 2018 and 2019 teachers' pay awards will be paid through the schools and high needs 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 if the funding was continuing as separate grants, without adding significant complexity to the formulae:

- In the schools NFF, we have added an amount to reflect the current teachers' pay grant funding onto the basic per-pupil funding amounts and the minimum per pupil funding levels. We have also added an amount representing the funding schools receive through the teachers' pay grant for their reception to Year 11 pupils on to the baselines used to calculate minimum increases in funding

- In the high needs NFF, we have increased the 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 teachers' pay grant for alternative provision settings

It is our expectation that, in 2021 to 2022, local authorities should pass on to individual schools the amount of additional funding they received through the 2020 to 2021 teachers' pay grant, as far as possible. More details can be found in the [NFF policy document](#).

Therefore, maintained schools will continue to receive a separate teachers' pay grant until March 2021, as they will receive this funding through their 2021 to 2022 schools NFF allocations from April 2021. Local authorities will also continue to receive funding for their high needs institutions until March 2021, when they will begin to receive their 2021 to 2022 high needs allocations.

Only mainstream academies will continue to receive the teachers' pay grant for April to August 2021, as they will not receive their 2021 to 2022 NFF allocations until 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 the teachers' pay grant:

Period covered by the allocation	Maintained schools (local authorities on behalf of their high needs institutions) - month in which allocation will be paid	Mainstream academies - month in which allocation will be paid
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

As maintained nursery schools, sixth forms, 16 to 19 schools, and non-maintained special schools, and some special and alternative provision free schools, are not funded through the NFF, there will be other arrangements for these schools from April 2021, and more information will be announced in due course. Similarly, we will announce the arrangements for 16 to 19 academies and academy sixth forms from September 2021 in due course.

Eligibility for the grant

We will pay the grant based on the number of pupils aged 2 to 19 in:

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

For schools with fewer than 100 pupils, we will allocate funding as if they had 100 pupils.

The Education and Skills Funding Agency (ESFA) will pay the funding for mainstream maintained schools to local authorities, who will need to pass the funding directly on to the schools at the rates published. The ESFA will pay the funding for mainstream academies directly to the academy. We will also allocate funding to local authorities to distribute to institutions who provide for children with high needs.

We will do this based on places in:

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

We will also allocate funding directly to non-maintained special schools. The grant does not cover independent special schools.

For high needs institutions with fewer than 40 places, we will allocate funding as if they had 40 places.

How we have determined the rates

To determine the grant totals, we have taken the overall annual pay bill for teachers, including additional costs such as pensions and national insurance, and applied the average percentage uplift of the 2018 and 2019 pay awards.

We then subtracted the 1% pay award that schools would have been planning for in 2018 in line with the previous public sector pay cap. For the 2019 pay award we subtracted the 2% which is the pay award demonstrated to be affordable in the financial year 2019 to 2020 nationally as set out in the [schools' costs technical note](#) published in January 2019.

We have divided this funding between primary (including early years), secondary (including school sixth forms) and special schools. We have done this based on the size of the teacher wage bill for each sector to take into account, for example, that special schools generally spend more on staff per pupil.

We have applied 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

We also assume that all mainstream schools have at least 100 pupils and all high needs institutions have at least 40 places.

We then divided the amount of funding for each sector between the number of pupils, to generate a per-pupil rate.

In the 2020 to 2021 financial year we are continuing to provide the equivalent amount to the period September 2019 to March 2020, pro rated. This covers funding for both the 2018 and 2019 teachers' pay awards. The rates will be pro rated, for each subsequent instalment, until the funding is incorporated into the national funding formulae.

Local authorities will receive payments for their maintained schools and specialist institutions at the end of April, and academies will receive their payments at the start of May.

Rates

The rates will remain the same each year.

Rates for primary schools

Region	Sept to March rate (£)	April to August rate (£)
Inner London	32.63	23.31
Outer London	30.19	21.56
London fringe	28.26	20.19
Rest of England	27.43	19.59

Rates for secondary schools (with same rate for all 11- to 19-year-olds)

Region	September to March rate (£)	April to August rate (£)
Inner London	48.03	34.31
Outer London	44.43	31.74
London fringe	41.59	29.71
Rest of England	40.37	28.84

Rates for special and alternative provision schools

Region	September to March rate (£)	April to August rate (£)
Inner London	121.44	86.74
Outer London	112.35	80.25
London fringe	105.17	75.12
Rest of England	102.08	72.91

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.

Allocations

[Detailed allocations for financial year 2018 to 2019](#) were published in October 2018, with payments made shortly after.

[Allocations for financial year 2019 to 2020](#) were published in April 2019, updated in October 2019 and included 2 payments, the first for the period April to August 2019, and the second for the period September 2019 to March 2020.

[Allocations for the period April to August 2020](#) were published in April 2020, allocations for the period September 2020 to March 2021 will be published in autumn 2020.

To calculate a school's grant, we take the relevant rate, and multiply it by the school's pupil numbers, as set out in the [data sources document](#).

For maintained special schools, and pupil referral units, as the local authority 2020 to 2021 financial year budget return (section 251) was cancelled due to coronavirus (COVID-19), we will use place numbers from the 2019 to 2020 return for the September 2020 to March 2021 allocations.

New and growing schools adjustments

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.

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 spring to reflect that growth

New school example:

- a primary school in Lambeth newly opened in September 2020
- for autumn 2020 allocations, funded on the basis of having 100 pupils
- eligible for the "inner London" rate
- was allocated £3,263.00 in autumn 2020
- the school had 120 pupils at the October 2020 census
- additional payment of £652.60 based on 20 pupils at the September 2020 to March 2021 inner London primary rate (20 x £32.63)

Growing school example:

- a primary school in Knowsley newly opened in September 2015
- had 120 pupils in year groups R to 3 at the October 2019 census
- eligible for the "rest of England" rate of £27.43 per pupil
- was allocated £3,291.60 in autumn 2019 (120 x £27.43)
- this school added a new year group 4 in autumn term 2020, so is classified as a growing school
- the school has 150 pupils recorded in October 2020 census
- the final allocation is recalculated as £4,114.50 (150 x £27.43)
- this additional allocation paid in spring 2021 is therefore £822.90 (£4,114.50 minus £3,291.60)

Schools which see a growth in pupil numbers, but do not add additional year groups, will not see any adjustments to their funding.

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