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Guidance

Pension grants for schools, local authorities and music education hubs

Updated 21 October 2022

Applies to England

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Introduction

We provided £1.5 billion a year to schools and local authorities through the teachers' pension employer contribution grant (TPECG) and supplementary fund. This funding was to cover the cost of the increase in the employer contribution rate of the Teachers' Pension Scheme (TPS) from 16.4% to 23.6%, from September 2019.

From the 2021 to 2022 financial year, the majority of the funding for the increase in pension costs was paid through the schools, high needs and central school services block (CSSB) NFF, instead of as separate grants. This methodology document sets out how allocations were calculated before this point for all schools, and after that point, how the remaining allocations have been calculated.

We have published allocations for financial years [2019 to 2020](#), [2020 to 2021](#), [2021 to 2022](#) and [2022 to 2023](#).

Funding for increase in pension costs before 2021 to 2022

The TPS data did not give us information about individual schools' contributions to the scheme, as most schools are part of a local authority or multi-academy trust. Therefore, to match the funding as closely as we could to costs, we allocated the TPECG using a per-pupil formula. The methodology we used is explained in this document.

Schools and local authorities (on behalf of their high needs institutions) also received payments

from the [supplementary fund](#), which supports schools that have faced unusually high pension costs. These were based on the claims submitted and paid for the academic year 2019 to 2020.

Local authorities received [pension funding for centrally employed teachers \(CETs\)](#), and music education hubs that are not part of a local authority received [funding for their directly employed 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 did not run a new claims process for the supplementary fund, centrally employed teachers or music education hubs.

Transition to the NFF in 2021 to 2022

From 2021 to 2022, the majority of the funding for the increase in pension costs has been paid through the schools, high needs and central school services block (CSSB) NFF, instead of as separate grants.

We have ensured that the additional funding schools 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 added an amount to reflect the current TPEGG funding onto the basic per-pupil units and the minimum per pupil funding levels – we also added an amount representing the funding schools receive through the TPEGG and supplementary fund for their reception to year 11 pupils onto the baselines used to calculate minimum increases in funding
- in the high needs NFF, we 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 TPEGG for alternative provision settings and supplementary funding

It is our expectation that, from 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 TPEGG, as far as possible.

More details can be found in the [NFF policy document](#).

The table summarises when schools and local authorities received their final remaining allocations for TPEGG, supplementary funding, and pension funding for centrally employed teachers (CETs).

Period covered by the	Maintained schools and local authorities on behalf of their high needs institutions – month in which allocation paid	Mainstream academies – month in which allocation paid
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allocation

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 NFF in 2021 to 2022

In the 2021 to 2022 financial year, we continued to provide the following institutions with the teachers' pension employer contribution grant, paid separately to core allocations, as they were not funded through the NFF:

- maintained nursery schools and school nurseries
- sixth forms and 16 to 19 schools
- non-maintained special schools
- new special and alternative provision free schools opened after 1 September 2020 and too late to be included in the dedicated schools grant (DSG) allocations for financial year 2021-22. As for other special and AP schools, this funding was paid to local authorities for them to pass on to the schools in their area

The grant was paid based on the per pupil rates set out in this document. Allocations for April to August 2021 were published in April 2021 and allocations for the second half of the financial year were published in October 2021.

Funding outside of the NFF in 2022 to 2023

In the 2022 to 2023 financial year, we will continue to provide the following institutions with the teachers' pension employer contribution grant, paid separately to core allocations, as they are not funded through their NFF or core allocations.

For the full 2022 to 2023 financial year, we will provide maintained nursery schools and school nurseries with the early years element of the teachers' pension employer contribution grant, paid separately to core allocations. We will also provide funding for non-maintained special schools for the financial year 2022 to 2023 in the same way as the previous TPECG.

For the full 2022 to 2023 financial year, we will provide sixth forms and 16-19 schools the post 16 element of the teachers' pension employer contribution grant, paid separately from core allocations.

The grant will be paid based on the per pupil rates set out in this document. Allocations for April to August 2022 were published in April 2022, and allocations for the second half of the financial year were published in October 2022.

For new special and AP free schools open after September 2021, whose place numbers and pupil numbers were not available in time for the DSG high needs block update in December 2021, local authorities will receive the equivalent of the TPECG for 2022 to 2023 via adjustments to the DSG in July 2022 or November 2022. These are not included in the allocations for the TPECG in 2022 to 2023.

For more information on high needs funding, and how local authorities should pass on the DSG funding to their schools, see [High needs funding: 2022 to 2023 operational guidance](#).

TPECG methodology

This section sets out the eligibility criteria for the grant.

Mainstream institutions

The grant eligibility before 2021 to 2022 was 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 2022 to 2023 financial year, institutions and age ranges funded outside of the schools NFF will continue to be eligible for the grant (see [Funding outside of the NFF in 2022 to 2023](#)).

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 before 2021 to 2022 was 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 (non-maintained special schools and new special and alternative provision free schools) continued to receive these grants separately in the 2021 to 2022 financial year.

In the 2022 to 2023 financial year, non-maintained special schools will be included in the allocations. For new special and AP free schools open after September 2021 whose place numbers and pupil numbers were not available in time for the DSG high needs block update in December 2021, local authorities will receive the equivalent of the TPECG for 2022 to 2023 via adjustments to the DSG in July 2022 or November 2022.

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 provided funding to local authorities for pupils with education, health and care (EHC) plan, or SEN support who are educated in independent settings, based on the number of such pupils for whom they commissioned places. From 2021 to 2022, this has been included in the basic entitlement factor funding in the high needs NFF.

Paying the grant

The Education and Skills Funding Agency (ESFA) pays the funding for maintained mainstream schools to local authorities, which 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 made this amount of funding available. Before dividing this funding, we set aside £22 million in order to provide money for the supplementary fund.

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 wage bill for each sector. This is to account, for example, for the fact 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 date range
2- to 4-year-olds	Headcount of funded places from January 2019 census	Excluding 4-year-olds in school reception classes; 'funded places' means each 3- and 4-year-old pupil taking up the universal free entitlement, and recorded on the January 2019 school census, and each 2-year-old taking up the free entitlement for disadvantaged 2-year-olds and recorded on the January 2019 school census.
5- to 16-year-olds	Headcount from October 2018 census	Includes 4-year-olds in school reception classes.
16- to	Pupil	For 16- to 19-year-olds, we converted the data into a full-time equivalent

19-year-olds numbers from 2019 to 2020 academic year allocations (FTE) based on the number of hours each student attended the school. Band 1 students are shown on an FTE basis in the funding allocations, so we used this directly.

Band	Number of hours	FTE
7	725	1.208
6	625	1.042
5	540 to 600	1
4	450 to 539	0.825
3	360 to 449	0.675
2	280 to 359	0.533

High needs providers

When calculating the rates for high needs providers we used the following data.

School 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) that 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	65.86
Outer London	85.29	60.92
London fringe	79.85	57.04
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	135.71	96.94
Outer London	125.55	89.68

London fringe	117.53	83.95
Rest of England	114.08	81.49

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	336.53	240.38
Outer London	311.33	222.38
London fringe	291.44	208.17
Rest of England	282.89	202.06

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 [rates section](#).

Early years and post 16 allocations

Schools continue to be funded based on the 100 minimum pupils. However, now funding for 5 to 16 year olds has been rolled into the NFF, any school that has pupils in the October 2021 census data is deemed to have already been funded for at least 100 places minimum, due to the operation of the NFF funding floor.

In order to work out the number of early years/post 16 pupils to be funded, the following calculations are undertaken.

Where the October 2021 census 5 to 16 year old pupil count is greater than 0, the eligible early years or post 16 student count for the school is added to the October 2021 census 5 to 16 year old pupil count. If this total is less than 100, the school does not receive a TPECG allocation (for their early years/post 16 pupils) as they are deemed to have been funded for the minimum 100 pupils in their NFF funding.

Where the October 2021 census 5 to 16 year old pupil count is less than 100, but the October census count plus the eligible early years or post 16 student count is greater than 100, the school is funded for the extra pupils over the minimum of 100 – for example, October census count plus eligible pupil count less the 100 pupil minimum.

Where the October 2021 census 5 to 16 year old pupil count is 0 and the eligible early years pupil or post 16 student count is less than 100, the school is funded on the 100 pupil minimum.

Where the October 2021 census 5 to 16 year old pupil count is greater than 100, the school is funded based on their eligible October 2021 census 5 to 16 year old pupil count.

Non-maintained special schools allocations

Non-maintained special schools are also outside of the NFF and will be funded directly by the ESFA. The schools are funded based on their total funded place numbers.

Schools are funded based on their place numbers as above, or on a minimum of 40 places, whichever is higher.

Multi-academy trust pooling

As the TPECG and supplementary fund are intended to support costs that 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 Trust Handbook](#). This means they may amalgamate grant payments for their academies to form one central fund on the same basis as GAG. This can be used to meet the running costs at 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 appeals mechanism. An appeals mechanism should allow an academy to appeal to the trust if a constituent academy's principal believes the academy has been unfairly treated. If the grievance is not resolved, then we would expect the mechanism to include the option of appealing to the Secretary of State, via ESFA, whose decision would be final.

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