

## **GUIDANCE FOR PENSION SUPPLEMENTARY FUND**

### **1. Introduction – Pension Supplementary Fund**

- 1.1 The pension supplementary fund provides additional support alongside the teachers' pension employer contribution grant (TPECG), for the cost to schools due to the increase in the employer contribution rate to the Teachers' Pension Scheme from September 2019.
- 1.2 This guidance covers payments for the period September 2019 to March 2020. Guidance for payments for April 2020 onwards will be issued in due course.

### **2. Eligibility**

- 2.1 There will be 2 separate application windows:
  - First Window: 2/12/2019 – 17/01/2020. This is for mainstream schools only.
  - Second window: April 2020 This is for LA's & NMSS only.
  - If a school's TPECG allocation falls short of the cost increase for Sept 19 to Mar 20 by more than 0.05% of their budget, the DfE will provide funding for costs above that threshold.
  - Special units and ARPs at mainstream schools should be included as part of the application for the school.
  - For the second window in April 2020, LA's will apply on behalf of the following specialist institutions:
    - maintained special schools
    - special academies and special free schools
    - pupil referral units
    - alternative provision academies and alternative provision free schools
    - hospital schools
- 2.2 If a local authority's total TPECG allocation for the above institutions falls short of their cost increase for Sept 2019 to Mar 2020 by more than 0.05% of their total budgets, the DfE will provide funding for costs above that threshold.
- 2.3 Local authorities will also be able to use the second window to apply for funding related to centrally employed teachers which they employ directly.

### **3. Applications for schools - How the Supplementary Grant will be calculated**

- 3.1 Applications to the supplementary fund will use actual pension costs from the November 2019 pay bill.
- 3.2 The following funding streams is included in the definition of overall budget:
- 3.3 For local authority maintained schools:
  - the budget given to a school by their local authority for the 2019-20 financial year, as published in the authority pro-forma tool (APT), following de-delegation
  - school sixth form funding: 2019-20 academic year funding allocations
  - teachers' pay grant: 2019-20 financial year allocations

### 3.4 For academies:

- general annual grant (GAG) for the 2019-20 academic year, as published in the APT, including school sixth form funding and business rates
- teachers' pay grant: 2019-20 financial year allocations

### 3.5 The supplementary fund will be calculated by:

- deducting the TPECG allocation from the cost of the contribution rate increase (pro rated for 7 months) – this will give you any shortfall
- deducting the value of 0.05% of your overall budget (pro rated for 7 months) from the shortfall amount

### 3.6 Example

- TPECG allocation (covers the 7 months September 2019 to March 2020) - £20,000
- increased costs over 12 months due to contribution rate increase - £37,500
- increased costs over 7 months due to the contribution rate increase - £22,000
- shortfall between allocation and 7-month cost - £2,000 (£20,000-£22,000)
- overall budget for 2019-20 - £860,000
- overall budget pro rated for 7 months - £500,000
- 0.05% of 7 month school budget - £250
- supplementary fund payment - £1,750 (£2,000-£250)

## 4. Mainstream school applications

- The application window for mainstream schools will run from 2nd December 2019 to 17th January 2020.
- Schools should expect to receive payments in March 2020.
- Schools will apply directly to the DfE, and multi-academy trusts will apply on behalf of their mainstream academies.
- Special and alternative provision academies will need to apply through their local authority in the second application window, April 2020.
- The online application form for school will be pre-populated with the school's pension grant allocation, and, overall schools budget.
- The application form will ask schools to enter their *actual pension costs from their November 2019 pay bill*.
- The DfE will conduct sample pay bill checks to confirm the accuracy of the information submitted.

## 5. New and growing schools

5.1 New and growing schools can apply for the supplementary fund in the same way as other schools. When we calculate allocations for new and growing schools in March 2020, we will take into account any funding allocated from the supplementary fund.

## 6. Example calculation

- October 2019 grant allocation - £20,000
- supplementary fund allocation - £3,000
- revised allocation using October 2019 census data - £25,000
- additional new and growing allocation - £2,000

## **7. Schools changing estate**

- 7.1 The grant is allocated on the basis of the school's status as at 1 September. If a maintained school has become an academy since 1 September, the school's trust should submit an application on its behalf, but the budget figure used will be the budget from when the school was maintained.
- 7.2 If schools have merged after 1 September, the merged school should submit individual applications for each school that received an allocation. The pension cost from the November pay bill should be split appropriately. ESFA reserves the right to ask for details of how the split was calculated.

## **8. Specialist institutions**

- 8.1 Local authorities will need to submit an application on behalf of all of their specialist institutions in the second application window, which will be open in April 2020.
- 8.2 We expect to make payments in June. Local authorities should support their specialist institutions with their costs in the meantime.
- 8.3 Having a later application window for local authorities allows time for specialist institutions to submit the information needed for the application to their local authority. This is the overall budget for each specialist institution and their actual pension costs for November 2019.
- 8.4 The overall budget should include place funding and top-up funding paid by local authorities. For academies, this should include place funding paid by ESFA.