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Department
for Education

Guidance

Teachers' pension scheme employer contribution grant: further education providers

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Introduction

Following the consultation on the funding to cover increased employer contributions to the Teachers' Pension Scheme (TPS), we will be providing additional funding for further education (FE) providers to support these increased costs in 2019 to 2020.

Funding beyond July 2020 will be confirmed following the spending review.

Eligibility

The following types of institutions are required to participate in the TPS:

- general FE colleges
- sixth-form colleges
- designated institutions (including the new designated institutions that form part of higher education (HE) provider group structures)
- specialist post-16 institutions
- adult community learning providers that are part of a local authority

These institutions will receive additional funding for increased employer

contributions in 2019 to 2020 if they receive Education and Skills Funding Agency (ESFA) allocations for the same period.

Where sixth-form colleges have become academies, they will be treated as academies and not colleges, and therefore should refer to the guidance covering schools.

Grant funding calculations

For colleges, designated and specialist institutions, the allocations will use the latest available audited payments made by providers to Capita for TPS, which relate to 2017 to 2018, and apply uplifts of 2.6% a year to reflect average increases in earnings since then. We will then allocate funding to each college to cover the difference between their expenditure at the current rate and estimated expenditure at the new, higher rate.

Local authorities will need to apply to the Department for Education on an individual basis for this funding for adult community learning providers that are part of a local authority. This is due to the data available and the significant variation in local authority approaches to employing teachers centrally. This will be calculated to equal the actual, additional costs that local authorities will face in respect of centrally employed teachers as a result of the increase in employer contributions. More details of how local authorities should apply will be provided in the autumn.

Allocations

The new employer contribution rate comes into effect in September 2019, the second month of the college financial year, so the additional funding will cover 11 months.

We will confirm allocations, based on the above calculations, shortly so that colleges can factor this into their final budgets for 2019 to 2020.

Grant payments

We will make 2 separate payments, the first in September 2019, covering 7 months, and the second in April 2020, covering 4 months.

Where colleges have merged since 2017, we will combine the payments made and associate them with the new institution.

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