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Department  
for Education



Education & Skills  
Funding Agency

Guidance

# Teachers' pension scheme employer contribution grant: further education providers

Updated 30 January 2020

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## Introduction

We're giving extra funding to further education providers to cover increased employer contributions to the Teachers' Pension Scheme (TPS). We will do this for academic year 2019 to 2020 and 2020 to 2021.

## Eligibility

The following types of FE institutions 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)
- special post-16 institutions

We will give these providers extra funding for increased employer contributions in 2019 to 2020 and 2020 to 2021 if they receive Education and Skills Funding Agency (ESFA) funding for the same period.

We will treat colleges converting to academies before the start of the payment period, as an academy and they should refer to the [guidance for schools](#). We will treat those converting during a payment period as an academy from the next appropriate payment point.

## Local authorities

Local authorities should [apply](#) to the Department for Education for extra funding for TPS costs related to their adult community learning providers through a separate process to cover all of their centrally employed staff covered by the TPS. This is due to the significant variation in local authority approaches to employing teachers centrally.

## Calculating and making payments for 2019 to 2020 academic year

We will use the 2017 to 2018 financial year audited payments made by providers to Capita for TPS with uplifts of 2.6% a year to reflect average increases in earnings since then to calculate funding. This covers the difference between their expenditure at the current rate and estimated expenditure at the new, higher rate.

This calculation gives the figure that would apply if the change was in place for a full 12 month period. The extra funding for 2019 to 2020 academic year will cover 11 months because the new employer contribution rate came into effect in September 2019.

We will make 2 separate payments:

- September 2019, covering 7 months. We confirmed this payment, 7/12 of the 12-month figure, in a letter in June 2019
- April 2020, covering 4 months. We aim to confirm this in January 2020. It will normally be 4/7 of the September 2019 amount.

Where colleges have merged since 2017, we will combine the payments made

and associate them with the new institution.

## Payments for the 2020 to 2021 academic year

We will use the 2018 to 2019 financial year audited payments made by providers to Capita for TPS to calculate funding.

We will do this by calculating the difference between the TPS payments at the old and new rates (16.4% and 23.6% respectively). We will also apply uplifts of 3.1% and 3.0% to reflect average increases in earnings in 2019 and 2020 respectively. This calculation shows the additional funding that would apply for a full 12-month period.

We will make a payment in September 2020 for the 8-month period of August 2020 to March 2021. The amount will be 8/12 of the full year figure.

Where colleges have merged since 2018, we will combine the payments made and associate them with the new institution.

We will confirm funding amounts by the end of March 2020. Institutions that receive 16 to 19 ESFA funding will receive confirmation alongside their 16 to 19 funding allocation for academic year 2020 to 2021. We will communicate funding amounts for all other institutions by email. Note that TPS funding is not age-specific.

We will confirm funding beyond March 2021 following the next spending review.

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