



# SFC Announcement

## Scottish Teachers Superannuation Scheme: college funding to support the change to the employer contribution rate

Issue date: 8 July 2019

Reference: SFC/AN/11/2019

Summary: Announcement of additional funding for institutions to support the change to the employer contribution rate from September 2019.

FAO: Principals/Executive Director, Finance Directors and Chairs/Board Secretaries of Scotland's colleges and Glasgow Colleges' Regional Board.

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## **Scottish Teachers Superannuation Scheme: college funding to support the change to the employer contribution rate**

1. I am writing to announce the allocation of additional funding to institutions to support the change to the employer contribution rate from September 2019.

### **Background**

2. SFC wrote to the sector on 25 March 2019 confirming that the Scottish Teachers Superannuation Scheme (STSS) employer contribution rate would increase from its 17.2% current rate to 23% for the period from 1 September 2019 to 31 March 2023. We agreed to confirm the funding implications for institutions as soon as we obtained the necessary clarity from the Scottish Government. At that time, the Scottish Government's planning assumption was that HM Treasury funding would only cover around 50% of the cost increase and that the remainder of the employer contribution increase would have to be absorbed within existing budgets.

### **Additional funding**

3. The Deputy First Minister wrote to SFC on 7 June 2019 to confirm that funding allocations from the UK Government for the period 1 September 2019 to 31 March 2020 had now been confirmed, with the Scottish Government agreeing to provide additional funding of £7.8 million for the college sector.
4. Having worked with the sector to determine the projected increase in costs during the period 1 September 2019 to 31 March 2020, SFC is now able to confirm institution level funding which is shown in **Annex A**. You should note that the funding provided fully covers the additional costs incurred in the period to 31 March 2020.

### **Future position**

5. These allocations are for Financial Year 2019-20 only. Future allocations will be considered as part of the Spending Review for Financial Year 2020-21 and beyond.

### **Further information**

6. For more information, please contact Lorna MacDonald, Director of Finance, tel: 0131 313 6690, email: [lornamacdonald@sfc.ac.uk](mailto:lornamacdonald@sfc.ac.uk) or Andrew Millar, Assistant Director, Finance, tel: 0131 313 6538, email: [amillar@sfc.ac.uk](mailto:amillar@sfc.ac.uk).

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