



SFC Announcement

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

Issue date: 8 July 2019

Reference: SFC/AN/12/2019

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

FAO: Principals/Directors, Finance Directors and Board Secretaries of Scotland's universities.

Further information: **Contact:** Lorna MacDonald
Job title: Director of Finance
Department: Finance
Tel: 0131 313 6690
Email: lornamacdonald@sfc.ac.uk



Scottish Funding Council
Promoting further and higher education

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

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

1. I am writing to announce the allocation of additional funding to universities 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 universities 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 £2.749 million for the university sector.
4. As set out in SFC's letter to the sector of 12 June 2019, this represents a positive outcome for universities, particularly in light of the UK Department for Education announcement earlier this year confirming that it would not be providing any financial assistance for universities in England. The funding provided covers 54% of the additional costs incurred during the period to 31 March 2020.
5. 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**.

Future position

6. 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

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

A handwritten signature in black ink that reads "L. MacDonald". The signature is written in a cursive style with a large initial 'L'.

Lorna MacDonald
Director of Finance