Jo Grady
General Secretary
University and Colleges Union

By email

28 March 2024

Dear Jo,

Teachers' Pension Scheme

I am writing in response to your letter of 22 March regarding the Teachers' Pension Scheme (TPS). I am also aware that a similar letter has been sent to the Secretary of State for Education.

UCEA shares UCU's disappointment at the government's decision on the SCAPE discount rate, which will see significant increases in the employer contributions to TPS from April, with no additional funding to cover these substantial costs. It is worth noting that UCEA responded to both consultations on the SCAPE discount rate to advocate against the move to a link to long-term GDP. However, we continue to lobby government to identify a long-term funding solution for the post-92 HEIs to cover their TPS costs. I welcome your offer to work together with UCEA on this and confirm we are willing to work with UCU and the other HE trade unions on this significant matter.

However, you are also right that the sector has little control over the cost of the TPS. Therefore, in light of the continuing lack of funding for those HEIs facing increased pension costs, now approaching 30% of pay, and at the request of our members, UCEA has a duty to explore all the options available.

While UCU's acknowledgement of the problem is welcome, it is concerning that there is no consideration of alternatives beyond the request for financial subsidy. We are all aware that HE institutions across the sector face significant financial uncertainties and we would be doing our members a disservice if we did not explore all possible options.

I would like to clarify that neither UCEA nor UUK have written requesting that HEIs "pull out" of the TPS. Rather, we have asked government to implement a review of the requirement for post-92 HEIs to participate in TPS. If such a review is granted then there will need to be further work undertaken to understand what this would mean for the employers and their increasingly diverse workforce, including colleagues who individually have differing aspirations and circumstances when it comes to pension saving, as well as the scheme as a whole. However, given the scale of the current financial challenges faced by HEIs, in the absence of the necessary financial support from government, there should be proper consideration of greater flexibility for HE employers in relation to the pension schemes they offer their staff.

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There would also need to be initial consideration of which alternative pension scheme(s) could be made available by the post-92 HEIs instead of the TPS. You will be aware that there are a range of pension schemes available across the HE sector and UCEA would wish to ensure that all options remain open to employers. We recognise that pensions remain a valuable part of the reward package offered to HE employees.

In relation to the Local Government Pension Scheme, the Ministry of Housing, Communities & Local Government (now Department for Levelling Up, Housing and Communities) issued a consultation in 2019 on a number of employer-related issues, including the participation of HE and FE employers in the LGPS. We have not asked for anything other than for the result of that consultation to be published.

I am happy to discuss this letter with you further and to consider how we can work together on this important issue.

Yours sincerely,



Raj Jethwa
Chief Executive

cc Vivienne Stern, Chief Executive, UUK