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The Rt Hon Robert Halfon MP
Minister for Skills, Apprenticeships and Higher Education

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Vivienne Stern MBE
Chief Executive Officer
Universities UK

By email: karmjit.kaur@universitiesuk.ac.uk

2 January 2024

Dear Vivienne,

Thank you for your letter of 20 November, addressed to the Chief Secretary to the Treasury, about higher education (HE) participation in the Teachers' Pension Scheme (TPS). I am replying as the minister responsible for this policy area. I would be grateful if you could share my response with your co-signatory, Raj Jethwa of the University and Colleges Employers Association.

I understand the concerns that you raise. While the exact level of the uplift has only just been announced, the department has been sharing details of the likely final result with representative bodies via the TPS Scheme Advisory Board. This followed the SCAPE methodology consultation response being published earlier in 2023, and an updated discount rate being announced to ensure that the 2020 valuations could be completed.

While I appreciate the impact that these changes will have, higher education providers (HEPs) are autonomous bodies, and the government does not fund the costs of changes to the scheme for them in the same way as for schools and colleges. We expect HEPs to continue to adapt to uncertainties and financial risks to protect their longer-term sustainability.

However, as I explained in my meeting with Universities UK on 13 December, I would like to reassure you that I am aware of the challenging financial environment in which HEPs are operating. The increased employer contribution costs come at a time when the sector is contending with a number of other financial risks, which include but are not limited to the impact of inflation, over-reliance on international student recruitment, cost of living pressures, and the need for investment in facilities and environmental policies.

I therefore agree that reviewing mandated membership of HEPs in the scheme would be worthwhile. I am aware that my Right Honourable Friend, the Secretary of State for Education, is planning to write to the Chief Secretary of the Treasury to seek agreement in undertaking such a review. Department officials will update you on the outcome of this letter in due course.

Regardless of the outcome, I want to assure you that the government will continue to work with the HE sector to explore how it can best support those providers affected, including planning effectively for implementation. We are also keen to maintain an ongoing dialogue with HEPs.

Thank you for writing on this important matter.

Yours sincerely,



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