



Department
for Education

Departmental minute from the Department for Education (DfE)

It is normal practice, when a government department proposes to undertake a contingent liability in excess of £300,000 for which there is no specific statutory authority, for the minister concerned to present a departmental Minute to Parliament giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until 14 parliamentary sitting days after the issue of the Minute, except in cases of special urgency.

Department for Education Local Government Pension Scheme (LGPS) Guarantee

Following further education (FE) reclassification, when FE providers in the statutory sector became part of central government, FE providers asked that DfE provide a LGPS guarantee, similar to the DfE LGS Academy Trust Guarantee. The DfE FE Guarantee will enable FE providers to benefit from an increased range of funding strategies that are available to low risk employers operating in the LGPS.

We are providing a guarantee to LGPS Administering Authorities that in the event of the closure of an FE provider in the statutory FE sector any outstanding LGPS liabilities will be guaranteed by the DfE. Providing this guarantee will give Administering Authorities the confidence they need to treat these FE providers equitably with other low risk employers for their funding strategies including reduced employer contribution rates and longer deficit recovery periods.

Further education providers in the statutory sector

The DfE FE Guarantee covers:

- FE corporations
- sixth-form college corporations
- designated institutions who are bodies set up under the Further and Higher Education Act 1992 and are legally obliged to offer their non-teaching employees membership of the LGPS

In the first instance where an FE provider closes, the FE provider will be responsible for funding any deficit due. Any remaining outstanding LGPS deficit would then be met by the department in full.

The DfE FE Guarantee is unlimited and therefore all deficit payments that meet the guarantee policy will be funded. The department has agreed with HM Treasury that we can

pay out up to £32 million in any given year before requiring additional HM Treasury approval. If the liability is called, provision for any payment will be sought through the normal supply procedure.

Future Changes

Although there is no end date set for the guarantee, DfE's policy is to undertake reassessment of the guarantee periodically to determine whether the guarantee remains affordable.

The Treasury has approved the proposal in principle. If, during the period of 14 parliamentary sitting days beginning on the date on which this Minute was laid before Parliament, a member signifies an objection by giving notice of a Parliamentary Question or by otherwise raising the matter in Parliament, final approval to proceed with incurring the liability will be withheld pending an examination of the objection.

Provision of a Department for Education LGPS Guarantee that the department will meet any outstanding LGPS liabilities on FE provider closures in the statutory sector.

This minute was laid in Parliament by The Rt Hon Bridget Phillipson MP, Secretary of State for Education 12 November 2024.