Independent schools briefing, Q2 2026
TPS valuation: Employer contribution rates to fall

On 19 May 2026, the Minister for Pensions confirmed the new SCAPE discount rate for the 2024 Teachers' Pension Scheme (TPS) valuation.

As a result, new TPS employer contribution rates will fall from April 2027 – according to documents published on GOV.UK.

As we reported in our **Q1 2026 briefing**, we had for some time seen this as a probable outcome, based on long-term UK GDP forecasts published by the Office for Budget Responsibility (OBR).

How the SCAPE rate has driven this change

The SCAPE discount rate is *the* key driver of TPS employer rate changes. It's used to convert future pension benefits into a present-day cost for unfunded, pay-as-you-go schemes such as the TPS.

Since 2011, the rate has been linked to long-term UK GDP growth expectations. When growth expectations fell, so did the SCAPE rate – leading to a series of sharp increases in employer contributions.

Effective date	SCAPE discount rate (above CPI inflation)	Effective date	TPS employer rate (% of salaries)
April 2011	3.0% pa	**April 2012**	14.10%
April 2016	2.8% pa	**Sept 2015**	16.48%
April 2019	2.4% pa	**Sept 2019**	23.68%
April 2023	1.7% pa	**April 2024**	28.68%

Impact of the latest SCAPE rate change

Following the announcement from the Minister for Pensions, HM Treasury published its valuation directions confirming the valuation methodology, financial and demographic assumptions.

The directions confirm that the SCAPE rate will rise by 0.3% pa to 2.0% pa above CPI inflation.

This outcome is in line with our analysis of OBR data, outlined in our Q1 2026 briefing:

> *In its last valuation report, GAD [Government Actuary's Department] indicated that a 0.25% pa increase in the SCAPE rate would reduce the TPS employer rate by around 7% of pay. Recent long-term OBR forecasts improved by more than this, suggesting meaningful downward pressure on costs if other assumptions remain broadly stable.*

TPS valuation costs are, of course, influenced by other factors, including future salary growth, life expectancy and a range of demographic assumptions. However, it is now clear that these do not alter the overall direction of travel.

All else being equal, we would expect the TPS employer rate to fall by more than 8% of salaries – perhaps bringing it towards the 20% mark.

Information on GOV.UK suggests that the average employer rate for the largest public service pension schemes will fall to *broadly similar levels as for the 2012 valuations*.

While this analysis isn't TPS-specific, it does suggest that the TPS employer rate from April 2027 could well be lower than 20% of salaries.

Get in touch with our experts

At First Actuarial, we work closely with independent schools to develop, communicate and implement pension strategies that reflect each school's financial position, workforce needs and long-term objectives.

To discuss the impact of this latest news on your school, get in touch with **Dale Walmsley** or any of **our specialist team for independent schools**.

Further reading

Documents published on GOV.UK I 19 May 2026

First Actuarial's independent schools briefing | Q1 2026

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