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# NASUWT

## The Teachers' Union

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Ms C Giovannoni  
Chief Executive Officer  
Girls' Day School Trust  
10 Bressenden Place  
London  
SW1E 5DH

Dear Ms Giovannoni

### **NASUWT Collective Consultation Response: Girls' Day School Trust proposed withdrawal from the Teachers' Pension Scheme**

We write in response to the Girls' Day School Trust (GDST) consultation on withdrawal from the Teachers' Pension Scheme (TPS).

We wish to confirm that the NASUWT is responding to the consultation and that, as an NASUWT National Negotiating Official, I am your NASUWT point of contact for the purposes of the consultation.

For the avoidance of doubt, NASUWT members wish to continue as active members of the TPS, and the NASUWT asks the GDST to withdraw its proposal to replace the TPS with an alternative defined contribution (DC) occupational pension scheme for teachers. The GDST's current proposals have led to needless and avoidable anxiety amongst teachers at the Trust.

NASUWT members at the GDST have worked tirelessly during the pandemic to ensure a continuing high standard of education for their pupils. We note that you wrote in the GDST published accounts:

*'This year, more than ever, I want to pay tribute to our extraordinary staff and the role each has played in ensuring that every pupil in a GDST school benefits fully from the education we pride ourselves on delivering.'* We further note the comments of Ms Sharrock, Head of Shrewsbury High School: *'They [staff members] have done everything they can to help and support our pupils and deliver continuity of education. When the world offered uncertainty, instability and fear, they provided certainty, stability, excitement, creativity and hope. They showed grit, determination and a can-do attitude.'*

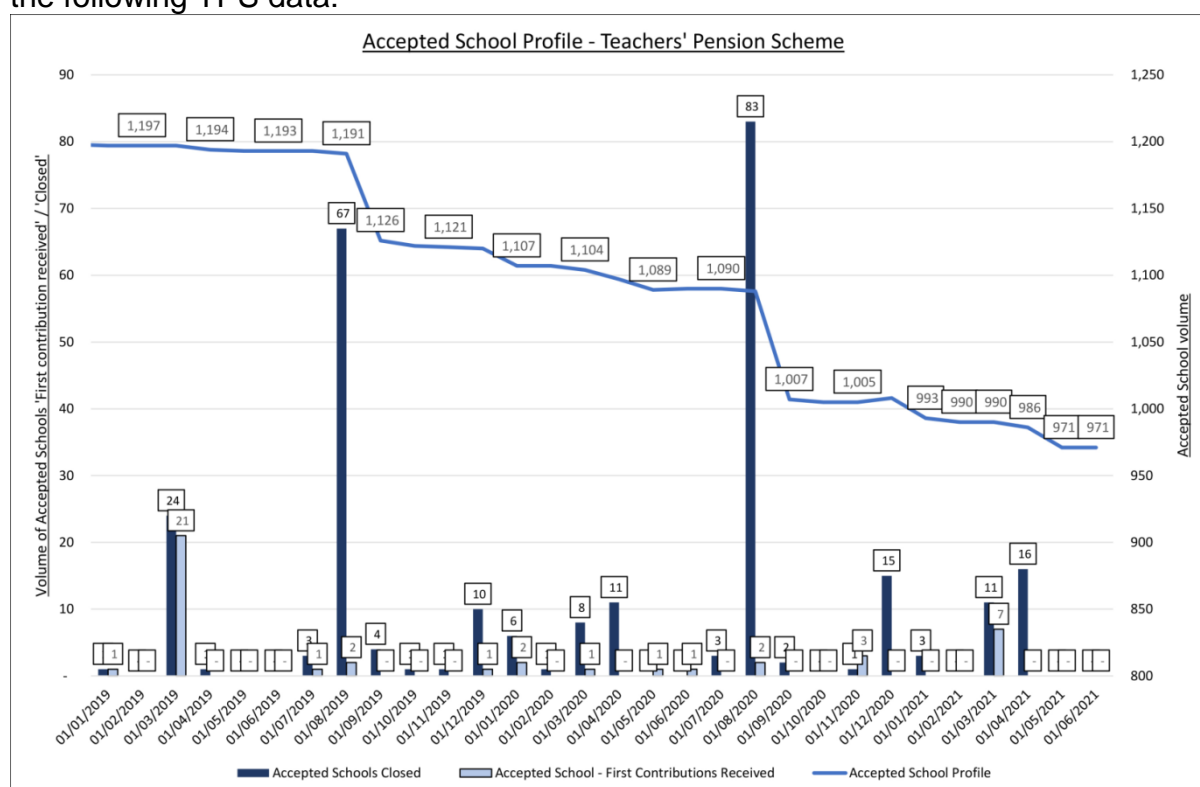
Our members are shocked and dismayed to find that the response of the Trust to their commitment and service is a proposal to worsen a fundamental element of their contractual terms and conditions. This has caused anxiety for all our members at all stages of their careers, from those who are considering retirement in the next few years to new entrants to the profession. Teachers who have devoted their careers to working at GDST schools and those who have planned to grow their future with the Trust are all now uncertain about their plans.

We wish to stress to you how strongly teachers at the GDST oppose the withdrawal of their entitlement to the TPS. As a defined benefits (DB) public service pension scheme, the TPS provides certainty over pension benefits and a level of income in retirement, which cannot be provided by alternative DC pension schemes.

The TPS also provides benefits including ill-health retirement and death in service benefits, which cannot be matched by insurance schemes that even the GDST documentation states are subject to change, 'if the cost to the GDST of providing them exceeds the 2% allowance'. We note that 'eligibility for the insurance would be subject to the insurer's applicable terms and conditions'. Therefore, 2% of employer contributions would be paid to an insurance company with no certainty for the member of staff that they would be eligible for such a benefit.

The NASUWT makes no apology for valuing the vital contribution of our members to the success of the GDST and we expect their pensions to be comparable to those afforded to all teachers employed in all state-funded schools and academies, as well as over 950 independent schools in England and Wales.

We understand that some independent schools have left the TPS since the employer contribution increased in 2019, but this is by no means the majority, as indicated by the following TPS data:



As of 1 June 2021, 971 independent schools and independent school groups remained in membership of the TPS, although this had fallen from 1,197 on 1 January 2019.

Furthermore, the most recent data provided by the Department for Education (DfE) indicates that the trend for independent schools to leave the TPS is slowing down. Data provided to the TPS Advisory Board in October 2021 indicates that 47 independent schools left the TPS in August 2021, compared to 74 in August 2020 and 59 in August 2019. Therefore, there are approximately 960 independent schools still participating in the TPS.

We accept that TPS employer contributions increased in 2019, but this has been addressed by the National Audit Office (NAO). The NAO reported in March 2021 that: *'Despite rising costs, the government expects that public service pensions will become more financially sustainable over time'*. The NAO further drew attention to the fact that all employers have tended to pay more for workforce pensions in recent years, including in the private sector and for DC pension provision.

We draw to your attention that there is every likelihood that TPS employer contributions will reduce from 2024 onwards, rather than increase further. This is because HM Treasury, which sets the SCAPE discount rate in public service pension schemes, is considering moving to the use of the social time preference rate (STPR) methodology, which will see the discount rate increase for the purposes of the 2020 TPS valuation.

The discount rate determines how much employers of teachers pay in contributions now for the pensions which teachers will receive in the future, and an increase in the discount rate reduces employer contributions (while a reduction in the discount rate will have an opposite effect). The discount rate used in the 2020 TPS valuation will determine the employer contribution from 2024-29. Up to 2024, the employer contribution will remain at 23.68%.

In this respect, we must challenge the claim which you make in your correspondence to GDST school teachers that: *'Pensions experts predict that a further increase is possible following the next review of contributions.'* The NASUWT is represented on the TPS Advisory Board and we can assure you that the Government's position is that the TPS employer contribution cannot be quantified until the 2020 TPS valuation is completed, which will be in 2023.

In any case, the GDST has certainty over the level of the TPS employer contribution up to 2024 and will also have certainty over the 2024-29 TPS employer contribution rate once the 2020 valuation is completed. The NASUWT therefore asks the GDST to halt any plans to leave the TPS until the outcome of the 2020 valuation is known.

Given the long-term importance of the TPS to our members, we are concerned that the GDST is proposing to withdraw from the scheme due to the recent increase in contributions. While the GDST is an educational charity, the published accounts show that the Trust is in good financial health, with total funds of £461.9 million in 2020, available reserves of £43.1 million and considerable investments of £112 million. The Trust has decided that the appropriate level of reserves is in the range of £28-43 million and, therefore, reserves are within this range.

The Trust does retain some advantages as a charity; for example, it is not subject to VAT, and there is little likelihood that this will change in the near future. While we appreciate that financial pressures were caused by the Coronavirus pandemic due to a loss of fees, the Trust did receive £5.6 million funding from the Coronavirus Job Retention Scheme.

As we have not been given access to more current financial information, it is difficult to see why the Trust believes that leaving the TPS is necessary at the current time. The accounts state that having carried out in-depth and rigorous financial modelling: *'the trustees strongly believe that, even in the worst-case scenario... both the Trust and the group have a reasonable level of liquid resources. These can additionally be supplemented by £54 million held by the Trust should this be required.'* Clearly, these accounts were provided before the TPS consultation, so these models will have been based on the current employer contribution to the TPS. To have done otherwise would have been to pre-empt the result of this consultation.

We note that the GDST consultation booklet suggests that the proposed pension scheme provides flexibility for the teacher to contribute less into a pension savings account and take a greater amount of the employee contribution as salary at different times of their career. Given that the proposed scheme is a pension savings account without defined benefits, this flexibility could leave members in the position of not having saved enough to ensure a secure retirement income.

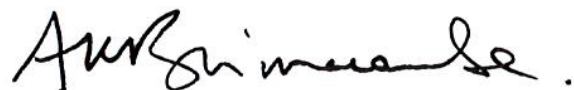
We would further note that the highest employer contribution by the Trust would be 18%, with 2% being spent on insurance costs. This would mean that the employer contribution would drop from 23.68% to 18%, without the security of a DB pension. The proposed plan provides flexibility for the GDST as an employer rather than for the employee, as the Trust would be able to reduce the rates of employer contributions in future without the agreement of the employee.

The NASUWT is extremely concerned that the threat of dismissal and re-engagement, or 'Fire and Rehire', has been made to our members. A meaningful consultation cannot be carried out with the threat of dismissal hanging over the heads of our members. Essentially, this practice means that, despite the opposition of members to this fundamental contractual change, the Trust would be in the position to dismiss individuals should they not be prepared to accept less beneficial terms and conditions if a collective agreement is not reached. Our members have entered into a contract with the GDST, and this contract is sacrosanct; the trust and confidence our members have in their employer should be reciprocated. We call on this threat to be withdrawn.

The NASUWT represents many teachers at the GDST and we are extremely disappointed that we have not been invited to represent our members as part of the consultation. Withdrawal from the TPS would be a fundamental change to their terms and conditions, and to exclude us from representing them indicates that this is not a meaningful and fair consultation. We urge you to include the NASUWT in this consultation and any further consultations, and to review the outdated recognition agreement which is currently in place.

The NASUWT would like to reiterate the opposition of our members to the proposal to withdraw from the TPS, and we request an urgent meeting to discuss this matter. Please consider this document as the NASUWT collective response to the proposal of the GDST to withdraw from the TPS.

Yours sincerely

A handwritten signature in black ink, appearing to read "Anne Brimacombe". The signature is fluid and cursive, with a period at the end.

Anne Brimacombe  
**National Negotiating Official**

cc NASUWT members, GDST