

NEU member briefing on GDST proposal to leave the TPS

October 2021

Overview

The proposal to leave the Teachers' Pension Scheme (TPS) is a bitter blow for all GDST teachers.

It is a significant cut to your overall remuneration. It is likely to lead to a considerable reduction in members' standard of living in retirement.

For many teachers, not being in the TPS is a deal-breaker.

Furthermore, if the Trust does not offer the TPS, it will be hard for them to recruit and retain quality teachers. The NEU believe it would be a strategic mistake that would damage the success of the schools.

We are also concerned that the impact of leaving TPS could increase inequality as women who have breaks in contributions for maternity leave, and this runs counter to the top-line principle of the Trust as an organisation empowering women.

The Trust's finances are robust. There is no financial imperative for such a significant cut to teachers' remuneration. The Trust's financial case is based on things that *might* happen in the future.

The NEU are alarmed and saddened that the Trust is threatening to use *Fire and Rehire* tactics. The Trust has informed us that if the union and staff are unwilling to agree the loss of the TPS, they will fire you and rehire you, on inferior terms.

We are committed to consultation. We hope to persuade the Trust to change their mind. However, unfortunately, it is likely to take more than talking to do so.

Despite all of this, we remain optimistic. NEU members in many other independent schools have successfully defended their hard-earned pension.

We are confident that, if NEU members act collectively, and robustly, then there is every chance that these proposals can be defeated.

Consultation, harmonious relations, and collective agreement

The NEU value our relationship with the Trust. We have always considered them a good employer. We seek to robustly represent our members, while promoting harmonious employee relations.

We welcome the Trust's stated commitment to staff consultation and embrace the expressed desire to reach collective agreement with the NEU.

We sincerely hope that we will be able to persuade the Trust Council to withdraw the proposal and remain in the TPS.

However, it would be naïve to think that this matter is going to be resolved by talking alone.

The experience of NEU members in other independent schools, who have been through this process, is that many employers see staff consultation as a tick-box exercise to comply with legal requirements before firing and rehiring.

We would have been confident that the Trust was different. Sadly, they have already given notice of their intention to use *Fire and Rehire* by instigating collective consultation under Section 188 of the Trade Union and Labour Relations Act 1992.

Context of falling pay and conditions in Trust schools

The proposed withdrawal from the TPS would be a significant cut to remuneration. Pension is deferred pay.

But it also comes against a backdrop of member concern about accumulative years of below inflation increases and falling living standards.

NEU school reps are unhappy at the poor timing and ingratitude of the proposal. Staff worked tirelessly under very difficult circumstances during the pandemic to maintain the girls' education and keep the schools afloat. Those sterling efforts have been lauded by school management, parents, and the Trust, and proposing to cut their pensions just as they are attempting to get back to normal is seen as a real injustice.

Fire and Rehire

We are shocked that the Trust, a good employer, has invoked Section 188 of the Trade Union & Labour Relations Act 1992 – effectively giving staff notice that they will contemplate sacking staff.

NEU school reps are greatly worried about the damage this will do to staff morale, nor do we believe that this will play well with parents. It would also seriously damage the Trust's reputation as an employer of choice.

The NEU believes that the practice of *Fire and Rehire* has no place in employee relations in the 21st century.

Equalities Impact

One of the Trust's guiding principles is around empowering women, something that NEU celebrates and strongly supports. We are concerned that the proposal could impact gender equality. Women are far more likely to have breaks in pension contributions because of maternity leave and childcare and moving to a less generous pension scheme will only exacerbate these issues further. NEU have asked Trust for a full equalities impact assessment.

NEU success in defeating plans to leave the TPS

85% of independent school employers in the TPS remain, though Trust are not alone in looking to leave.

However, these are only proposals. and NEU members across the country have shown that by collectively organising, such proposals can be defeated.

Members in *over 60 independent schools* have successfully persuaded their employer not to leave the TPS.

While some employers have engaged in meaningful consultation and agreed not to withdraw through negotiation, the majority have only done when staff have been willing to take strike action.

The experience of NEU members who have been through Consultation on leaving the TPS is distilled into 3 key lessons:

1. Act Early
2. Act collectively as the NEU
3. Use the leverage of industrial action

For while no-one wants to threaten to go on strike, it is often the leverage necessary to change an employer's mind.

It is warranted by the enormity of the potential financial loss and proportionate to the threat of *Fire and Rehire*.

If you have not already done so, see how your colleagues in other independent schools have got by reading the recent [NEU TPS Campaign Foleon \(microsite\)](#).

The Trust's Rationale for change

Affordability

We acknowledge that the increase in the employer contribution by 43% was significant. Though one, we would point out, that the Trust has absorbed since September 2019.

There are other financial pressures caused by the impact of Covid on fee income and the increase in National Insurance.

However, it is important to have perspective. The pandemic is an extra-ordinary event. School closures and the loss of fee income are unlikely to be repeated.

In previous years, Trust revenue has been very healthy. Fee increases have outstripped inflation and staff cost of living increases for many years. That surplus money has left the Trust on a sound financial footing. And what are fat years for, if not to offset the lean?

The NEU believe that the Trust can afford to be a member of the TPS.

We believe that there is tacit agreement by the fact that the Trust's financial case in the *Rationale for Change* document given to teachers is based on numerous speculative assertions about things that *might* happen in the future.

The Trust's finances are robust

Finances can be presented in a positive or negative light. But you can see for yourself - the Trust finances are easily accessible online:

- [GDST Charity Overview](#)
- [Annual Report and financial statements for the year ended 31 August 2020](#)

Key headlines

- **Income has exceeded expenditure for the past 5 years**
- **Reserves are higher than target set**

The Trustees determined appropriate level of reserves in the range of £28-£43 million. Current reserves stand slightly above that range at £43.1. In addition, there are restricted funds of £95 million.

The impact of Covid can be seen on fee income which year on year dropped by £8.9 million. This was partially offset by government furlough scheme money of £5.6 million.

So, why have the Trust made this proposal?

Yes. there are financial challenges. But we believe that the Council has been spooked by *doomsday budgets* that factor in the things that *might* go wrong.

For instance, in the *Rationale for Change* given to teachers, it is asserted that, *...expenditure could feasibly overtake our income as soon as the 2024/5 academic year.*

Let us break that down.

- We know that currently income is higher than expenditure
- It has been for the [past 5 years](#)
- The inference to the above statement is that income will continue be higher than expenditure, at least until 2024/5
- Even then, the Trust are not saying that expenditure *will* be higher than income only that it *could feasibly* be. Which would suggest that income could equally be *feasibly* higher

But that's not all. At the first consultation meeting between the NEU and the Trust, we discovered that this assertion is based on two highly contentious assumptions:

- The employer contribution will increase further from 23.68% to 30%. There is absolutely no basis to this – see *NEU TPS Mythbuster*
- That Business Rate Relief enjoyed by independent schools is withdrawn in April 2024. No such proposal has been made.

Predictability for the Employer, Loss for the Employee

In the *Rationale for Change*, the Trust want the predictability of being able to set what the employer's pension contribution. This is known as a Defined Contribution Pension Scheme. What is known, or defined, is the contribution. There is no certainty as to what your pension might be at the end.

The reason that the contributions can vary to the TPS is that it is a Defined Benefit Scheme, in that it guarantees a pension level in retirement.

Defined benefit schemes, like the TPS, are far better for the retiree.

Predictability and a contract of employment

It is in the interests of both employer and employee that there is predictability on the main terms and conditions of employment.

A contract of employment is a binding agreement on both parties. Without one there is no trust and confidence.

Yet the Trust is preparing to terminate existing contracts of employment.

Tailored for colleagues

In the Rationale for change, the Trust state, *Flexibility...we recognise that the TPS is unaffordable for a small number of staff...and some colleagues may prefer to have more choice over pay today and money put aside for a pension.*

We are confident that the numbers opting out of the Teachers' Pension Scheme are very small. It is a good pension scheme.

In a negotiating meeting this week, the Trust verbally confirmed to the NEU that 95% of the permanent teaching staff are members of the TPS.

The Trust is proposing to put less into your pension – and into a scheme that is extremely unlikely to generate a comparable pension to the TPS. If you also put in less to your pension, then there would be consider concern that you might not have sufficient monies to live a comfortable retirement.

We are confident that, if the Trust ask staff whether they would prefer to stay in the TPS, or have greater *flexibility* in an alternative lesser scheme, it would be a resounding vote to stay in the TPS!

What should you do?

- Attend the NEU meeting at your school to discuss what you can collectively do to defend your pension entitlements. If you do not have a rep or need help in arranging a meeting, contact barginingsupport@neu.org.uk
- Attend one of the Trusts live Zoom sessions on either Thursday 7th or Tuesday 12th October and raise your opposition to the proposals alongside your colleagues.

- Visit the [NEU TPS Campaign Foleon](#) (microsite) to read about the numerous successful NEU TPS campaigns.
- Talk to other colleagues and, if they are not in a union, ask them to [join the NEU](#)

What happens next?

The NEU and GDST are meeting in a series of consultation meetings scheduled to run to February 2022.

Many NEU school memberships have already met to express their disappointment, upset, and anger.

NEU GDST reps attended a zoom meeting on 29 September and have started the process of co-ordinating a collective response from all of our members.

We are arranging NEU local support for your school reps to organise a meeting in every school to hear member views and to take the next collective step.

NEU requests

We have asked the Trust for the following:

- Provision of independent financial advice so that you can see how the proposal affects you personally and be advised
- An Equality Impact Assessment
- The number of Trust staff in the TPS
- The number of Trust staff have opted out
- The annual percentage increase in fees, salaries, and inflation for the past six years
- Detailed information on the capital spend programme

In conclusion

The NEU do not accept that there is a financial imperative to leave. Yes, there are financial challenges, but the Trust finances are robust.

It is your contract of employment, your pension, your standard of living in retirement. You have a big say in whether it is taken away or maintained. For many teachers, the TPS is a deal-breaker.

The NEU will robustly negotiate on your behalf and support whatever action you decide to take in defence of your pension.

We sincerely hope that the Trust reconsider and withdraw the proposal. Unfortunately, we do not believe that it will happen by talking alone.

It is the member's collectively decision across all schools as to how strongly you feel about it and what you are prepared to do.

If NEU members act collectively and robustly, then there is every chance that these proposals can be defeated.