

Treasury consultation on the future of the “Fair Deal” Policy.

Response of the Association of School and College Leaders

- 1 The Association of School and College Leaders (ASCL) represents over 15,000 members of the leadership teams of maintained and independent schools and colleges throughout the UK. This places the association in a good position to comment on the possibility of change in the Teachers’ Pension Scheme and the Local Government Pension scheme.
- 2 ASCL is supportive of any Joint Response by the Teachers’ Side of the Teachers’ Superannuation Working Party.

Introduction

- 3 ASCL would expect each public sector scheme to be considered separately. This is crucial as the likelihood and scale of transfers from public to private sector will be very different across different schemes and different professions.
- 4 Decisions should be based on actuarial evidence of the costs and viability of the current and any future Fair Deal Policies.
- 5 Existing good practice should be taken into account eg Teachers Pensions requiring an indemnity from third party organisations.
- 6 ASCL is absolutely clear that members should not be disadvantaged over a change in employment that they neither chose nor had any say in.

Response to specific questions

Question 4

- 7 Transfer from the public to private sectors for school based staff is relatively limited. Such numbers would not warrant a change in the policy. Less advantageous pension arrangements may lead to employees choosing not to transfer or to leaving the new employment at the earliest opportunity. This will lead to a reduction in the skill base within these areas. The Audit Commission report and the Parliamentary Committee report emphasise the need for the impact of pension changes on recruitment and retention to be given greater consideration.

Question5

- 8 ASCL does not accept the need for a change in the Fair Deal Policy, but should this occur:
 - a) Future accruals in the private sector should be at the equivalent value to the public sector scheme which is being paralleled.

- b) There should be a choice of deferring the public sector scheme, which would grow with inflation, or transferring to the alternative scheme. The most advantageous method should be used, including the retention of bulk transfer agreements.
- c) It would be deeply regrettable if a subsequent transfer of employment led to a further deterioration in pension benefits. Ongoing equivalence should be a requirement of any future policy.

Question 7

- 9 The retendering of a service which has already been transferred to the private sector should not lead to any reduction in benefits. Ongoing equivalence should be a requirement.

Question 8

- 10 Currently in both the Teachers and Local Government Schemes there is provision to have more than one pension. Members who have a gap in contributions rejoin under a different regime, with one deferred and one active pension. Members returning to either scheme should be able to have the choice of transferring accrued benefits from the private sector or to hold a deferred pension and start a new pension in the appropriate current scheme. This potentially could mean holding a deferred public sector pension, a deferred private sector pension and an active public sector pension. Concerns have been raised over the complexity and administrative costs of such arrangements. These cannot be reasons for disadvantaging members.
- 11 ASCL is willing to be further consulted and to assist in any way that it can.

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13 June 2011