

SOUTHEND HIGH SCHOOL FOR BOYS

ACADEMY GRAMMAR SCHOOL

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Headteacher: Robin M Bevan MA MEd PhD

Mr David Amess MP
House of Commons
London
SW1A 0AA



May 26th, 2011

Dear David,

RE: Teachers Pension Scheme – Proposed Changes

I am writing to you – in a personal capacity – to seek your support in opposing the current government proposals to alter substantially the contributions to, and benefits from, the Teachers Pension Scheme. Although this is a personal letter, I do not feel that I can separate my views from the position that I have as Headteacher of this school, and – in that role – my sense of shared responsibility for the welfare of my colleagues, the success of this school and the future of the profession. I am profoundly concerned that the proposed changes are unnecessary, and will be detrimental both to the teaching profession and also to our capacity to recruit and retain teachers in our local schools.

[...]

I do not know how familiar you are with the Teachers Pension Scheme (TPS), so please allow me to explain why the proposed changes are unnecessary and unacceptable.

The TPS is a 'revenue scheme'. There are no investments, no accumulated funds – there is no 'pension pot'. The payments to retired teachers are funded entirely from the contributions made each year by working members of the scheme. The scheme therefore depends on sufficient income in contributions to offset the outgoing pension payments, and for very many years the income has exceeded the expenditure. This excess has been used by successive Governments as revenue for public expenditure.

One of the most fundamental points is that the TPS is not therefore subject to the vagaries of the stock market. The value and sustainability of the scheme has not altered in any way since the 'credit crunch' and does not depend upon the state of the economy. Moreover the scheme operates at no cost to the taxpayer (other than, of course, the fact that contributions are drawn from the publicly funded wage packets of teachers).

The only reason why the TPS would need to be changed would be to reflect the changing demographics of the teaching population and specifically the longevity of retired members. This was addressed fully in 2007. An independent valuation of the scheme, informed by professional



actuaries, demonstrated the need to make changes at that time and an agreement was reached that overhauled the benefits to members: changing both the rate of pension payments and the age at which they could be claimed. Nothing has since changed to indicate any need for further actuarial adjustments. Indeed your ministers have refused to authorise a further independent valuation of the scheme, despite proposing changes in contributions at a very specific level.

On this basis it is impossible to establish any rationale for the proposed increase from April 2012 in teachers' contributions of 3.4%. The effect of this increase will be a reduction in take-home pay, for the average teacher, of £120 per month. The increased revenue arising from this will simply become tax income for the 'public purse' as the TPS is not in deficit and the funds that are collected are neither invested nor hypothecated.

There are two prevailing myths about public pensions, which may have a grain of truth, but which do not in any way apply to the TPS. There is, occasionally, a view advanced that public sector pensions are 'gold plated'. More than 50% of retired teachers receive a pension of less than £10000 per year, which only just lifts them beyond the need for income support. Secondly, there is a view that public sector pensions are unsustainable. The TPS is fully funded, subject to independent valuation and not in deficit.

[...]

As I stated at the outset, the proposed changes are unnecessary. They amount to an arbitrary increase in teachers' contributions to the Exchequer in exchange for no benefits, and are equivalent to imposing a substantial increase in income tax.

It is, as you well know, a constant challenge to recruit teachers into our Southend schools. I know how proud you are, and how supportive you are, of all the schools in the town. We are shortly to face an even more acute recruitment crisis into teaching as graduates emerge from Universities with very much more significant levels of student debt. We know this burden of debt is a barrier to many young people considering entering the profession, as they continue to repay their student loans across the first twenty years, or more, of their teaching careers. This is being compounded with proposed pension changes that have been calculated to reduce the returns to TPS members by as much as 40% and which, for any teacher under the age of 30, will only give them access to their pensions at the age of 68. The impact on recruitment and retention is predictable.

[...] I am asking you to intervene, placing pressure on your colleagues in the Department for Education to open these pension proposals to a process of reasoned debate. I do look forward to your reply. I do not want the current ballot on industrial action to lead to any strike action.

I will, of course, be sending a copy of this letter to your fellow MP James Duddridge, who has – like you – demonstrated, previously, his considerable support for Southend schools. Although I am writing in a personal capacity, you will understand that your reply and his may be copied to our school governors and shared with my Headteacher colleagues in local schools.

[...]

Yours sincerely,



Robin M. Bevan MA MEd PhD
Headteacher