

# Summary of TPS Options



Option	Description	Pros	Cons
<b>1. Maintain status quo - remain in TPS</b>	No change - the school continues participation of the TPS.	<ul style="list-style-type: none"> <li>No change.</li> <li>A great benefit for staff.</li> </ul>	<ul style="list-style-type: none"> <li>High cost.</li> <li>May impact on affordability if absorbed by fee increases and/or restrict investment in other projects.</li> <li>No control over future changes to TPS.</li> <li>Possibility of future increases on next valuation in 4 years' time.</li> </ul>
<b>2. Wholesale withdrawal from TPS</b>	The school withdraws from TPS and establishes a DC scheme.	<ul style="list-style-type: none"> <li>Cost certainty. Greater financial sustainability and opportunity when budget setting.</li> <li>Tax efficient - NI savings may be possible by using a salary sacrifice scheme.</li> <li>Consistent approach for all teaching staff.</li> </ul>	<ul style="list-style-type: none"> <li>Consultation required and may be unsettling for staff.</li> <li>If agreement cannot be reached, existing contractual terms must be varied on notice with offer of re-engagement.</li> <li>Risk of associated employment claims.</li> <li>Unpopular with staff and trade unions.</li> <li>Potential disadvantage in the recruitment market?</li> </ul>
<b>3. Phased withdrawal from TPS (under consultation)</b>	<p>TPS is closed to new entrants.</p> <p>It is proposed that schools can elect to opt-out of TPS for new joiners, with existing TPS staff remaining in the scheme.</p>	<ul style="list-style-type: none"> <li>No change for current teaching staff.</li> <li>No contractual change required for new staff.</li> <li>Over time the costs will decrease.</li> </ul>	<ul style="list-style-type: none"> <li>The current cost burden remains.</li> <li>Uncertainty about when or if it will be an option and how it will operate.</li> <li>Risks employee dissatisfaction in the future. Would create a "two-tier"</li> </ul>

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			<p>teaching workforce for an extended period of time.</p> <ul style="list-style-type: none"> <li>• Potentially creates the risk of staff not leaving employment in order to protect their pension.</li> <li>• The challenges of transitional arrangements to the fire service and judges pension schemes is likely to have an impact.</li> </ul>
<p><b>4. Operate TPS and DC schemes in parallel</b> <b>(based on current level of pay and contributions)</b></p>	<p>Teaching staff can remain in the TPS or opt out to a DC scheme.</p>	<ul style="list-style-type: none"> <li>• Flexibility for teachers.</li> <li>• Even better than simply all in.</li> <li>• Won't require a change of terms and conditions and so no termination of contracts required.</li> <li>• Helps with a dialogue about options and meeting the cost of TPS contributions.</li> <li>• May make it easier to freeze or restrict future pay rises (subject to contractual terms).</li> <li>• May lead to a voluntary move away from the TPS making a future change more manageable.</li> <li>• Provides flexibility if salary sacrifice for school fees is in place, to enable those staff to remain in TPS.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited cost savings for the school.</li> <li>• Teaching staff with two different arrangements (pay scales and pension schemes).</li> <li>• Administrative challenges - costs and paper work associated with managing two schemes.</li> <li>• Teachers would have the option of opting back into the TPS at any time.</li> <li>• Auto-enrolment - Staff choosing DC scheme would need to opt out of TPS (potentially every three years).</li> </ul>

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<p><b>5. Operate TPS and DC schemes in parallel</b> <b>(based on a Total Pay and Rewards model)</b></p>	<p>This is a total remuneration package which includes pensionable salary and the value of employer pension contributions.</p> <p>Teachers can choose between:-</p> <p>a lower salary and higher employer contributions under TPS; or</p> <p>a higher salary and lower pension contributions under a DC scheme.</p>	<ul style="list-style-type: none"> <li>• Flexibility for teachers.</li> <li>• Helps manage budgets.</li> <li>• Tax efficient - NI savings may be possible by using salary sacrifice for the DC scheme.</li> <li>• May lead to a voluntary move away from the TPS making a future change more manageable.</li> <li>• Provides flexibility if salary sacrifice for school fees is in place, to enable those staff to remain in TPS.</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation required.</li> <li>• Staff who remain in TPS likely to receive less net pay initially.</li> <li>• If agreement cannot be reached, existing contractual terms must be varied on notice with offer of re-engagement.</li> <li>• Depending on where the total pay level is set it may place the school at a disadvantage in the recruitment market.</li> <li>• Teaching staff with two different arrangements (pay scales and pension schemes).</li> <li>• Administrative challenges - costs and paper work associated with managing two schemes.</li> <li>• Teachers would have the option of opting back into the TPS at any time.</li> <li>• Auto-enrolment - Staff choosing DC scheme would need to opt out of TPS (potentially every three years).</li> </ul>
<p><b>6. Full Restructure (for groups of schools)</b></p>	<p>It is possible for different schools within a group to offer different pension arrangements as long as they have different DfE registration numbers.</p> <p>In order to overcome equal pay challenges a more significant corporate restructure may also be needed.</p>	<ul style="list-style-type: none"> <li>• Flexibility for schools in the group.</li> </ul>	<ul style="list-style-type: none"> <li>• This may require a restructuring process.</li> <li>• Consultation required and may be unsettling for staff and the charity. No termination of employment contracts needed given operation of TUPE.</li> <li>• Genuine separation within the group may result in a loss of control with other</li> </ul>

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			<p>disadvantages of de-centralisation.</p> <ul style="list-style-type: none"><li>• Different staff across the group would receive different pay and benefits.</li></ul>
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