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Your Ref:

Date: 28 July 2025

Our Ref: 250728 Starmer K/MW/LB

Rt Hon Sir Keir Starmer MP
Prime Minister
10 Downing Street
London
SW1A 2AA

Dear Prime Minister,

Government Policy on alternatives to Public Service Pension Schemes (pay for pensions)

One of the most valued elements of the teachers' remuneration package within the teaching profession is the Teachers' Pension Scheme (TPS). The crucial importance of high quality defined benefits (DB) public service pension schemes is shared across the whole of the public sector.

As you will be aware, all public service pension schemes share common characteristics arising from public service scheme changes in 2015. One of the key principles of scheme reform, over which the Government provided a 25-year guarantee, was that public service pension schemes remain the pension scheme for all public sector workers.

The NASUWT is, therefore, extremely concerned about recent media reports that the Government is considering permitting public sector employers to adopt pension arrangements whereby employees opt out of their relevant public service pension scheme in return for a higher salary. If media reports are accurate, the Cabinet Office Permanent Secretary is leading discussions within the Government on the adoption of such practices.

Furthermore, additional media reports indicate that the Department of Health is also considering 'swapping pensions for pay' arrangements for Resident Doctors.

The NASUWT has opposed this proposal within the academies sector. On 15 July 2024, the NASUWT expressed alarm at the United Learning Trust (ULT)'s proposals to offer a higher salary in exchange for opting out of the Teachers' Pension Scheme (TPS). Under the proposals, such employees would be enrolled in a workplace defined contributions (DC) pension scheme with a significantly lower employer contribution.

I wish to offer the NASUWT's support for changes to the academies funding regime, so that 'novel' or 'repercussive' payments on the part of academies can only be made with Department for Education (DfE) approval.

The NASUWT also welcomes the DfE's clarification to the TPS Scheme Advisory Board (SAB) on 2 July 2025 that the Government recognises the repercussive nature of the ULT pension proposals.

Furthermore, the NASUWT has welcomed ULT's announcement to the workforce unions, on 1 July 2025, that it is pausing the implementation of its workplace DC pension plans and will not proceed with these on 1 September 2025.

Alongside our sister public sector trade unions and the Trade Unions Congress (TUC), the NASUWT is very clear that the arrangements seemingly under discussions in the Cabinet Office pose a very real and existential threat to the viability of public service pension schemes, including

the TPS. I have therefore written to the Secretary of State for Education to ask her to take the following actions:

- Confirm to the ULT and the TPSAB that the DfE will prohibit ULT's alternative workplace pension scheme to the TPS, and that any similar proposals from academies and free schools will also be prohibited;
- Confirm publicly that the DfE will not adopt the 'swapping pension for pay' proposals currently being attributed in the media to the Cabinet Office.

However, this is a matter for the whole Government and for all public sector employees. Therefore the NASUWT is asking you to take action.

As is the case for many public servants, teachers are woefully underpaid, but the solution to this is to restore teachers' pay to 2010 levels (as a starting point), not to store up pensioner poverty in the teaching profession by reducing pensions to their lowest possible level.

You will appreciate that the Secretary of State for Work and Pensions announced on 21 July 2025 that the Government will be reviving its Pensions Commission because future pensioners will be poorer than today's. There is certainly an extremely high risk of this being the case for public sector workers if the 'swapping pensions for pay' proposals outlined in the media ever become Government policy.

The NASUWT, therefore, asks you to discontinue any further discussion on 'swapping pensions for pay' arrangements in the public sector.

Please don't hesitate to contact me should you wish to discuss this correspondence.

Yours sincerely,

Matt Wrack

Matt Wrack
General Secretary