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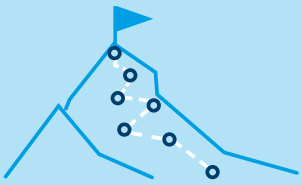
Case Study



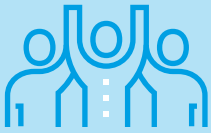
First Actuarial supports Cheam School through a successful Teachers' Pension Scheme change process

With substantial increases in Teachers' Pension Scheme (TPS) contributions looming for independent schools, Cheam School looked to First Actuarial for specialist support.

Key outcomes



A successful change process – through a complex situation



Business as usual throughout – managing staff morale and minimising disruption



A clear way forward – Cheam School can face the future with confidence

The challenge | Significant increases in TPS contributions

Cheam School, along with other UK independent schools, faced an imminent rise in its contributions to the TPS.

"The increase is a front of mind issue for most independent schools," says Tom Tabrah, Director of Finance and Operations at Cheam School. "We knew it would have a sizeable impact on the school, even more so in the context of other risk factors facing the sector. So we identified it as something the School needed to look at urgently.

"We recognised how valuable the Scheme is for teaching staff," he continues. "But when balanced against the ongoing viability of the School, the increase started to look unaffordable. We kept an open mind and set up a staff consultation process to listen to views, but we had to consider all the School's stakeholders alongside the teachers."

The solution | Deciding on future pension provision

Having assessed the problem, Tom made contact with First Actuarial. "The initial meeting with the First Actuarial consultant went well, and our Governors were confident that they were a firm we could work with," says Tom.

Mindful of the urgency of the situation – with contribution increases due to take effect in a matter of months – First Actuarial put together a timeline and got to work.

Consulting with teaching staff from an early stage

To communicate the potential changes, First Actuarial worked with the senior leadership and Governors of the School to hold a Town Hall meeting for all affected staff. First Actuarial outlined the options, including one that would create a new Defined Contribution pension scheme to replace TPS membership. First Actuarial also supported more detailed discussions with Governors and staff representatives.

Identifying alternative scheme designs

First Actuarial went away and produced a scheme design report, which focused on a number of options. "This was critical, as it gave us an independent view of the best options for Cheam and teachers, in the context of our financial position," says Tom.

Identifying alternative scheme providers

First Actuarial then produced a provider selection report, putting forward a small number of providers, and modelling the benefits for three sample age groups. The report also explored the option of including non-teaching staff, and outlined the tax implications. The report concluded by recommending one pensions provider.

Ongoing stakeholder communications

Given the potential difficulties in moving teaching staff away from the attractive benefits of the TPS, good communication was critical.

The staff representatives disseminated information and fed back questions and comments. First Actuarial supported Tom and the Governors in responding promptly, preventing any build-up of issues and keeping teachers engaged.

Presentations and drop-in sessions with teaching staff

Based on queries and questions raised, First Actuarial ran a series of presentations and drop-in workshops for all affected staff.

Consultants took teachers through the proposal and gave them further opportunities to ask questions or discuss their circumstances on a one-to-one basis.

"The attendees appreciated how personable the First Actuarial consultants were," says Tom. "They understood their audience and ran the teacher workshops in a professional but friendly manner.

Through this collaborative and consultative approach, the Governors of Cheam were able to make a final decision on leaving the TPS, and selected the provider and design of a new pension scheme for teaching staff. All staff affected by the proposal accepted the changes to their contractual terms and conditions. This leading independent school is now in a position to plan financially on a business as usual basis.

The outcome | A complex process carried out in the right way

A successful process in difficult circumstances

Cheam School feels that it tackled the increase in TPS contributions in the right way. "The main outcome for me is a successful process in what could have been a difficult situation," says Tom. "It was well organised, and we had the right information and support from First Actuarial."

Business as usual at Cheam School

Given the nature of the TPS and its benefits, the proposal to move away was always going to concern staff; the School was well aware of the risk of negative morale. However, the School has been pleased with how the process has brought affected staff along in the decision-making process and minimised disruption and morale issues.

"First Actuarial gave everybody confidence – both Governors and teachers – and helped support the level of openness and transparency that we were aiming to achieve. The impact on teaching staff morale was properly managed and hopefully staff appreciated the approach of the School through this difficult decision."

A clear way forward for Cheam School

Cheam School is now looking to complete the next phase of the project – transitioning staff to the new pension Scheme. This may include salary sacrifice, offering both the School and Scheme members reduced National Insurance contributions.

"I'm very happy with what we've done so far, and look forward to working with First Actuarial again," says Tom. "In the next phase, we'll bring them back to run another set of workshops, to give staff a deeper understanding of the new Scheme and provide greater comfort on the transfer."



We had a very good experience working with First Actuarial. For me, it's a given that consultants should have deep technical knowledge and experience, coupled with the latest view of the pensions environment – which First Actuarial had. However, it was the responsiveness of First Actuarial that impressed me most. I felt that they were always on the end of the phone, available to help and respond to issues as they arose.

Tom Tabrah,
Director of Finance and Operations, Cheam School



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