Richard Tice MP
House of Commons
London
SW1A 0AA
United Kingdom

10th November 2025

Dear Mr Tice,

I am writing to you following your recent remarks about public sector pensions and your proposal to transition public servants onto a new defined contribution pension system.

Prospect represents tens of thousands of public sector workers, including specialists and technical staff in the civil service, and the future of public sector pensions is of profound importance to our members.

As a politically independent trade union, we engage with a wide range of political parties to represent our members' interests and do so based on facts and evidence.

Your policy proposal appears to stem from a supposition that the current pension arrangements in the public sector are fiscally unsustainable. This is simply untrue. In fact, in its latest Fiscal Risks Report, the Office for Budget Responsibility (OBR) makes the point that the cost of public sector pensions is set to fall in the coming decades from 1.9% to 1.4% of GDP. The OBR goes on to argue that, although of course, public sector pension liabilities are a significant part of overall government liabilities, "these schemes do not pose a significant fiscal risk".

Using increasing estimates of unfunded public service pension liabilities to support your argument is misleading. Most of the increase in the estimated liabilities shown in the 'Whole of Government Accounts' and elsewhere is driven by reductions in the discount rate used, and not any change in the amount of pension owed. As the NAO itself says: "Changes to the discount rate net of CPI drive changes in the public sector pension liability, but do not affect the future benefits payable. Due to this, the government focuses on other measures to assess the affordability of the public sector pension schemes and manage the associated fiscal risks." Arguing that increasing estimates of total liabilities in government accounts has any implications for affordability goes against how the auditors themselves say these figures should be used.

Given this, your claim that public sector pensions are "completely unsustainable" is impossible to justify. I cannot understand how you could have reached this conclusion when even the most basic research would have led you to the facts which disprove your claim.

You go on to claim that the fiscal risk posed by public sector pensions is greater than the risk posed by climate change. Again, all the evidence points to the exact opposite conclusion. The OBR argues that “Climate change poses significant risks to economic and fiscal outcomes in the UK” and calculates that “Taken together, in the 3°C central scenario the combined fiscal impacts of climate damage and mitigation could add 74 per cent of GDP to government debt by the early 2070s, relative to our latest long-term projection”.

The idea that the cost of servicing public sector pension liabilities, costs which we have already established are set to fall, represent risks equivalent to those posed by climate change is deeply unserious.

In fact, it is your proposal of transitioning staff onto a new DC pension scheme that would have serious fiscal consequences. This transition involves effectively bringing forward pension costs for current staff, while simultaneously continuing to honour existing DB schemes. This would add billions of pounds on to current public sector spending as a higher percentage of staff moved onto the new system. Even at a conservative estimate of around 20% of staff moving onto DC pensions during the first five years, this would add between £4bn and £6bn to current spending (depending on the size of the employer contribution). This cost would rise inexorably year on year, peaking at around £22-32bn once all staff were on the new system.

Clearly this represents a significant source of fiscal pressure in the short and medium term, one which will not begin to ease for many decades. The fact that you would propose such a mammoth spending commitment with no proposal of how to finance it is deeply concerning. We can only assume that either you did not realise that this policy has such profound fiscal consequences, or that you are unwilling to describe whether this policy would be funded by significant tax rises or by large spending cuts.

At Prospect we are proud of the work our members in the public sector do. Whether they are on the front line of service delivery, at the cutting edge of public sector research, or driving the digital revolution within government, they are driven by a deep ethos of public service. We see every day the consequences of the relentless undermining of public servants, and the damage that more than a decade of attacks on these workers has had on our members and the public services they provide.

Unfortunately, this policy seems to stem more from a desire to scapegoat public servants than from any serious economic analysis. To lecture trade unions about the responsibility and the obligations we owe to our grandchildren, while proposing such a half-baked and unfunded policy commitment and while your party seeks to recklessly undermine our ability to combat dangerous climate change, is simply outrageous.

I have provided a copy of the OBR’s Fiscal Risks Report with this letter in the hope that you read it and reverse this misguided policy.

In the interests of transparency, I am making this letter available to Prospect members.

Yours sincerely,

Mike Clancy

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Prospect General Secretary