

EXPLANATORY MEMORANDUM TO

The Teachers' Superannuation (Amendment) Regulations (Northern Ireland) 2015

SR 2015 No. 69

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Education to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under the Superannuation (Northern Ireland) Order 1972 and is subject to the negative resolution procedure.

2. Purpose

- 2.1. The purpose of these Regulations is to ensure consistency in the treatment of NI Teachers' Pension Scheme (NITPS) members who remain in the existing final salary pension scheme as a result of full or tapered protection measures and those moving to the reformed career average scheme which comes into operation on 1 April 2015.
- 2.2. Regulation 3 sets out the member contribution rate starting on 1st April 2015 and amends the member contributions provision to allow for contributions based on actual salary. Band uprating will be in line with the consumer prices index.
- 2.3. Regulation 4 amends the timescale for 'in-service' applications for ill-health retirement received on, or after, 1st April 2015 to 2 years from leaving pensionable employment.
- 2.4. Regulation 5 clarifies the operation of abatement taking into account the pension payable from the career average arrangements, even though the career average pension itself is a 'pension receipt' and is not therefore abated.
- 2.5. Regulations 6, 7 and 8 are concerned with transfers. The whole of Part F is replaced to provide for changes in club rules and the ending of comparable service transfers. The amendments seek to clarify the operation of transfers.
- 2.6. Regulation 9 revokes the Teachers' Superannuation (Amendment) (No. 2) Regulations 2014.

3. Background

- 3.1. The reform of the Northern Ireland Teachers' Pension Scheme (NITPS), and other public service schemes, follows recommendations contained in the March 2011 report by the Independent Public Service Pensions Commission. The Commission recommended a number of major changes to public service schemes designed to ensure long term sustainability.
- 3.2. On 8 March 2012 the NI Executive agreed to the introduction of changes to public service pensions and to adopt this approach consistently for each

of the public sector pension schemes (including NITPS) in line with their equivalent scheme in Britain and not to adopt different approaches for NI.

- 3.3. Regulations enacting the reformed NITPS provide protections for those closest to retirement who will remain on the existing final salary pension scheme. It is necessary to amend aspects of the existing scheme to ensure consistency for all NITPS members in respect of employee contributions, ill-health provisions and transfers, and to provide clarification as to how abatement provisions will operate for transitional members taking into account pension payable from the reformed scheme.

4. Consultation

- 4.1. The Department consulted extensively on all aspects of pension reform with key stakeholders through the Teachers' Superannuation Consultative Committee (TSCC) prior to, during and following the formal consultation process. TSCC is the established forum for consultation on matters relating to the NITPS and comprises representatives from teachers' unions and employers.
- 4.2. The Department published a consultation outlining proposals for amendments to regulations dealing with: member contribution rates; ill-health provisions; abatement; and club transfers and the arrangements for members with comparable service. The Department consulted on these for an 8 week period beginning on 12 November 2014. The consultation document was published on the Department's website. The Department notified bodies in the education sector, other stakeholders, and other interested parties. In addition, schools were emailed. Responses could be returned by email or by post. The consultation closed on 9 January 2015.
- 4.3. One response to the consultation was received from the Government Actuary's Department (GAD). This response raised some minor technical queries about the provisions included, which have been taken into account in finalising the draft regulations. A consultation summary and the Department's response has been published on the Department's website.

5. Equality Impact

- 5.1. An Equality Impact Assessment (EQIA) was carried out for the Pension Reform policy for NITPS as a whole, and this has been published on the Department's website. This legislation has no impact on the outcome of the EQIA.

6. Regulatory Impact

- 6.1. A Regulatory Impact Assessment has not been carried out for these Regulations as they have no impact on businesses, charities, social economy enterprises or voluntary bodies.

7. Financial Implications

- 7.1. In isolation this piece of legislation has no financial implications, however HM Treasury has made it clear that failure to implement the required pension reforms by 1 April 2015 would have a detrimental financial impact for Northern Ireland funding, with a cost to the education budget estimated at £60m a year i.e. £5m per month from 1 April 2015.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. The Departmental Solicitor's Office has confirmed that the regulations comply with Section 24 of the Northern Ireland Act 1998 which requires that they are compatible with the rights in the European Convention for the Protection of Human Rights and Fundamental Freedoms.

9. EU Implications

- 9.1. Not applicable.

10. Parity or Replicatory Measure

- 10.1. Regulations implementing similar amendments have been made by the Teachers' Pension Scheme in England and Wales.

11. Additional Information

- 11.1. Not applicable.