

2014 No. 2652

PUBLIC SERVICE PENSIONS, ENGLAND AND WALES
EDUCATION, ENGLAND AND WALES

The Teachers' Pension Scheme (Amendment) Regulations 2014

Made - - - - *29th September 2014*

Laid before Parliament *3rd October 2014*

Coming into force - - *1st April 2015*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1)(a), (2)(d)(b), (3) and (4), 2(c), 3(1), (2), (3)(a) and (c) and (4), 4(1) and (3)(d), 5(1)(e), 7(1), 8(1)(a) and (2)(a)(f), 11(1)(a) and (2), 12(1), (2), (3), (6) and (7)(g), 18(1), (2), (4)(b) and (5) to (9)(h) and paragraph (c) of the definition of “employer” in section 37, and paragraph 4 of Schedule 1, paragraph 4(a) of Schedule 2, Schedule 3, paragraph 18 of Schedule 5 and paragraphs 1(2)(ii), 2(2)(ii) and 5 of Schedule 7 to the Public Service Pensions Act 2013(i).

In accordance with section 21 of that Act, the Secretary of State has consulted the representatives of such persons as appear to the Secretary of State likely to be affected by these Regulations.

In accordance with section 3(5) of that Act, these Regulations are made with the consent of the Treasury.

Citation and commencement

1. These Regulations may be cited as the Teachers' Pension Scheme (Amendment) Regulations 2014 and come into force on 1st April 2015.

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- (a) See section 1(4) of the Act for the meaning of “scheme regulations”.
 - (b) See paragraph 4 of Schedule 1 to the Act for the meaning of “teachers”.
 - (c) See section 2(2) of the Act for the meaning of “responsible authority”.
 - (d) See section 4(2) of the Act for the meaning of “scheme manager”. See section 4(6) of the Act for the meaning of a connected statutory pension scheme.
 - (e) See section 5(8) of the Act for the meaning of “pension board”.
 - (f) See section 8(4) of the Act for the meaning of “career average revalued earnings scheme”.
 - (g) Sections 11 and 12 come into force on 1st April 2015 for all relevant purposes, or, as the case may be, all remaining relevant purposes (S.I. 2014/1912).
 - (h) See section 18(2) of, and paragraph 18 of Schedule 5 to, the Act for the meaning of the existing scheme.
 - (i) 2013 c.25.

Amendment of the Teachers' Pension Scheme Regulations 2014

2. The Teachers' Pension Scheme Regulations 2014(a) are amended as follows.

Amendment to regulation 2 (Establishment of Teachers' Pension Scheme 2014)

3. In regulation 2, in the heading and in paragraph (3), for "2014" substitute "2015".

Amendment to regulation 3 (Interpretation)

4. In regulation 3—

- (a) omit the definition of "appropriate factor";
- (b) omit the definition of "existing club transfer arrangements";
- (c) after the definition of "the existing scheme" insert—
 "the existing scheme regulations" means the Teachers' Pension Regulations 2010(b);"
 ;
- (d) after the definition of "financial year" insert—
 "full protection member" has the meaning given in Part 2 of Schedule 3;";
- (e) in the definition of "sending scheme", for "which pays" substitute "to which an application is made for payment of"; and
- (f) after the definition of "survivor's pension" insert—
 "tapered protection member" has the meaning given in Part 3 of Schedule 3;".

Amendment to regulation 7 (Scheme manager)

5. After regulation 7 insert—

"(3) The responsible authority may delegate any functions of the scheme manager under these Regulations, including this power to delegate."

Amendment to regulation 9 (Membership of pension board)

6. In paragraph (b) of regulation 9(1), between "in" and "the" insert "which".

Amendment to regulation 19 (Eligibility for active membership)

7. In paragraph (2) of regulation 19, for "P is employed in an accepted school in which P has a financial interest" substitute—

- (a) P is employed in an accepted school in which P has a financial interest;
- (b) P is a full protection member of the existing scheme;
- (c) P is a tapered protection member of the existing scheme; or
- (d) P satisfies the conditions in regulation 7(10) of the existing scheme regulations."

Amendment to regulation 31 (Opting out of this scheme before automatic enrolment date)

8. In paragraph (4) of regulation 31, for "earlier" substitute "earliest".

(a) S.I. 2014/512.

(b) S.I. 2010/990.

Amendment to regulation 41 (Multiple employments including at least one irregular employment)

9. In regulation 41, for paragraph (2) substitute—

“(2) P’s full-time equivalent annual rate of pensionable earnings is the higher of—

(a) Figure 1; and

(b) either--

(i) Figure 2, if P is in more than one regular employment; or

(ii) Figure 3, if P is only in one regular employment;

where—

Figure 1 is obtained by dividing the sum of the annual rates of each of P’s employments by the total number of P’s employments;

Figure 2 is the annual rate of pensionable earnings for P’s regular employments as set out in paragraph (2) of regulation 40, disregarding P’s irregular employment or employments; and

Figure 3 is the full-time equivalent rate of pensionable earnings for P’s sole regular employment.”

Amendment to regulation 117 (Annual rate of total incapacity pension)

10. In paragraph (3) of regulation 117, for “paragraph (b)” substitute “sub-paragraph (ii)”.

Amendment to regulation 147 (Annual rate of additional (surviving adult) pension: short-term)

11. In regulation 147 omit—

(a) “or” in paragraph (2)(b)(ii); and

(b) paragraph (2)(c).

Amendment to regulation 150 (Annual rate of child pension: short term)

12. In paragraph (2)(a) and (b) of regulation 150 substitute for the definition of “*EC*”—

“*EC* is the number of D’s eligible children;”.

Amendment to regulation 154 (Entitlement day for pension credit retirement pension)

13. In regulation 154—

(a) in paragraph (1) between “a” and “pension” insert “person’s (P’s)”; and

(b) in sub-paragraph (1)(a) for “a person (P)” substitute “P”.

Amendment to regulation 174 (Commutation: small pensions)

14. In regulation 174 for paragraph (5)(b) substitute—

“(b) the lump sum is a trivial commutation lump sum death benefit as defined in paragraph 20 of Schedule 29 to FA 2004.”.

Amendment to regulation 182 (Reduction of benefits: annual allowance and lifetime allowance charge)

15. In paragraph (3) of regulation 182 for “238A” substitute “237B”.

Substitution of regulation 185 (Members' contributions)

16. For regulation 185, substitute—

“**185.**—(1) For each eligible employment in respect of which an active member (P) is in pensionable service during a pay period, P must pay members' contributions on P's pensionable earnings in that pay period at the rate determined under this regulation (“members' contributions rate”).

(2) The members' contributions rate for an eligible employment is the rate in Column 2 of the table corresponding to the band which includes the annual salary rate for that employment in Column 1.

(3) The annual salary rate bands in Column 1 are increased for each financial year, if there is a relevant increase in the consumer prices index for that financial year, by the appropriate percentage for the financial year, rounded up to the nearest £1.

(4) There is a relevant increase in the consumer prices index for a financial year if the consumer prices index for the month of September before that financial year is higher than that for the previous September.

(5) The appropriate percentage for the financial year is the same percentage as the percentage increase in the consumer prices index.

(6) In this regulation, “consumer prices index” means the all items consumer prices index published by the Statistics Board, a body corporate established by section 1 of the Statistics and Registration Service Act 2007(a).”

Table

“Column 1 Annual salary rate for the eligible employment	Column 2 Members' contributions rate
£0 - £25,999	7.4%
£26,000 - £34,999	8.6%
£35,000 - £41,499	9.6%
£41,500 - £54,999	10.2%
£55,000 - £74,999	11.3%
≥ £75,000	11.7%”

Substitution of regulation 192 (Employers' contributions)

17. For regulation 192 substitute—

“**192.** In respect of each pay period, the employer of a person (P) in pensionable service in that pay period is to pay contributions on P's pensionable earnings in the pay period at the following percentage rate of those earnings—

- (a) 14.1% from 1st April 2015 until 31st August 2015 inclusive;
- (b) 16.4% from 1st September 2015;
- (c) at the rate determined in each successive valuation report with effect from a date to be notified to employers by the scheme manager.”

Amendment to regulation 196 (Payment by employers to scheme manager)

18. In paragraph (2) of regulation 196, after sub-paragraph (b), insert—

(a) 2007 c.18.

“and

- (c) an administration charge of such percentage of P’s pensionable earnings for the pay period as is notified to employers from time to time by the scheme manager.”

Amendment to regulation 200 (Application of this Section)

19. In paragraph (1)(c) of regulation 200 for “75” substitute “normal pension age”.

Amendment to regulation 201 (Application for a statement of entitlement)

20. In regulation 201 omit—

- (a) “(P)” in paragraph (1); and
- (b) the entirety of paragraph (2).

Amendment to regulation 203 (Payment of a transfer value)

21. In paragraph (1) of regulation 203 for “may” substitute “must”.

Amendment to regulation 205 (Acceptance of a transfer value)

22. In paragraph (1)(a) of regulation 205 for “75” substitute “normal pension age”.

Amendment to regulation 209 (Application for a club transfer statement of entitlement)

23. In regulation 209 omit—

- (a) “(P)” in paragraph (1); and
- (b) the entirety of paragraph (2).

Amendment to regulation 211 (Payment of a club transfer value)

24. In paragraph (1) of regulation 211 for “may” substitute “must”.

Amendment to regulation 219 (Employment records)

25. In paragraph (2)(b) of regulation 219 after “pensionable earnings” insert “including any money value of residential benefits in kind forming part of P’s pensionable earnings under regulation 38 (Money value of residential benefits in kind to form part of pensionable earnings)”.

Amendment to regulation 220 (Information and documents)

26. In paragraph (2) of regulation 220, after “P”, insert “or, if P is deceased, P’s personal representatives”.

Amendment to regulation 223 (Guaranteed minimum pension)

27. In paragraph (7) of regulation 223 for “are to be construed” substitute “is to be construed”.

Insertion of regulation 225 (Scheme valuation and employer cost cap)

28. After regulation 224 (transitional provisions) insert—

“Scheme valuation and employer cost cap

225. Schedule 4 (scheme valuation and employer cost cap) has effect.”.

Amendment to Schedule 1 (Eligible employment)

29. In Schedule 1—

- (a) in paragraph 1, after “Academy”, insert ““, Academy school”, “16 to 19 Academy” and “alternative provision Academy””;
- (b) in paragraph 5, for “sub-paragraph (1)” in sub-paragraph (5) substitute “sub-paragraph (4)”;
- (c) in paragraph 10(a), after “Academy”, insert “school, alternative provision Academy,”;
- (d) in paragraph 25(a), before “the Public Service” insert “the scheme constituted in” and after “Pensions Regulations 2014” insert “or one of its connected schemes”; and
- (e) after paragraph 34, insert—

“**35.** Teacher employed in the Lycée Français Charles de Gaulle de Londres.”.

Amendment to Schedule 2 (Meaning of “overall amount of extra pension”)

30. In paragraph 3(2) of Schedule 2, after “PIA 1971”, insert “rounded to the nearest £100,”

Amendment to Schedule 2 (Scheme flexibilities)

31. After paragraph 29(1) of Schedule 2 insert—

“insofar as this relates to P’s—

- (a) standard earned pension; and
- (b) faster accrual earned pension (if any)”.

Amendment to paragraph 1 (Interpretation) of Schedule 3 (Transitional provisions)

32. In paragraph 1 of Schedule 3—

- (a) omit the definition of “existing scheme rules”; and
- (b) in the definition of “transition date”, in both sub-paragraphs (a) and (b), for “an existing scheme” substitute “the existing scheme”.

Amendment to paragraph 11 of Schedule 3 (Exception for Fair Deal full protection member during protection period)

33. In paragraph 11 of Schedule 3, in sub-paragraph (2)(b), omit “time”.

Amendment to paragraphs 14, 15 and 16 of Schedule 3

34. In paragraphs 14(c), 15(d) and 16(3)(b) of Schedule 3, for each occurrence of “1st September 2025” substitute “30th September 2025”.

Amendment to paragraph 21 of Schedule 3 (Active members of the existing scheme)

35. In paragraph 21 of Schedule 3, in sub-paragraph (b), after “transition date”, omit “and” and sub-paragraph (c).

Amendment to paragraph 22 of Schedule 3 (Fair Deal members)

36. In paragraph 22 of Schedule 3—

- (a) in sub-paragraph (1), where it first appears, omit “sub-”; and
- (b) in sub-paragraph (3)(b) for the words after “P would reach normal pension age under” substitute “the existing scheme on or after 1st October 2025.”.

Amendment to paragraph 31 of Schedule 3 (Application of existing scheme rules)

37. In paragraph 31 of Schedule 3—

- (a) for all instances of “existing scheme rules”, including the heading, substitute “existing scheme regulations”; and
- (b) in sub-paragraph (3), for “TPR 2010” substitute “the existing scheme regulations”.

Amendment to paragraph 32 of Schedule 3 (Determination of final salary)

38. In paragraph 32 of Schedule 3—

- (a) in sub-paragraph (1) after “TPR 2010” insert “and Schedule 7 to the Act”; and
- (b) for “TPR 2010”, where it occurs, substitute “the existing scheme regulations”.

Amendment to paragraph 39 of Schedule 3 (Entitlement to payment of total incapacity pension)

39. In paragraph 39, where it appears, for “TPR 2010” substitute “the existing scheme regulations”.

Insertion of new paragraphs 39A and 39B of Schedule 3

40. After paragraph 39, insert—

“Calculation of retirement benefits after ill-health pension ceases to be payable: modification

39A.—(1) This paragraph applies to a transition member (P), if—

- (a) P is entitled to receive benefits payable under this scheme; and
- (b) P was in receipt of a previous ill-health pension following an application which was received by the Secretary of State before 6th January 2007.

(2) Regulation 71 of the existing scheme regulations applies with the modification in regulation 71(2)(a)(i) of those regulations that after “pensionable employment of a person (P)” is inserted “including pensionable service under the Teachers’ Pension Scheme Regulations 2014”.

Reduction of ill-health pension and total incapacity pension

39B.—(1) This paragraph applies to a transition member (P), if—

- (a) P is entitled to receive benefits payable under this scheme, including total incapacity pension; and
- (b) P was in receipt of a previous ill-health pension following an application which was received by the Secretary of State before 6th January 2007.

(2) The scheme manager may determine, after taking advice from the scheme actuary, that either or both of the following benefits are reduced—

- (a) P’s total incapacity benefits in this scheme;
- (b) part of P’s ill health benefits under regulation 71 of the existing scheme regulations (including by reference to paragraph 39A).”.

Amendment to paragraph 40 of Schedule 3 (Entitlement to payment of a short-service serious ill-health grant)

41. In paragraph 40 of Schedule 3, for “TPR 2010”, where it occurs, substitute “the existing scheme regulations”.

Amendment to paragraph 41 of Schedule 3 (Application for payment of a surviving adult pension)

42. In paragraph 41 of Schedule 3—

- (a) omit sub-paragraph (2); and
- (b) at the end of sub-paragraph (3)(b) insert “regulations”.

Insertion of new paragraphs 41A to 41C of Schedule 3

43. After paragraph 41 of Schedule 3 insert—

“Calculation of a short-term surviving adult pension of a surviving adult of a transition member

41A.—(1) This paragraph applies to a short-term surviving adult pension payment to a surviving adult of a transition member.

(2) The short-term rate of surviving adult pension—

- (a) is payable under this scheme; but
- (b) is not payable under regulation 95 of the existing scheme regulations.

Long-term rate of a surviving adult pension of a surviving adult of a transition member

41B. The long-term rate of a surviving adult pension of a surviving adult (S) of a transition member is the sum of—

- (a) the surviving adult pension under this scheme;
- (b) the adult pension under the existing scheme;
- (c) any enhancement to which S is entitled under regulation 145 of these Regulations; and
- (d) any enhancement to which S is entitled under Part 3 of Schedule 9 to the existing scheme regulations.

Reduction of surviving adult pension

41C.—(1) This paragraph applies if the surviving adult (S) of a transition member applies—

- (a) for payment of a surviving adult pension under this scheme; and
- (b) for payment of an adult pension under the existing scheme.

(2) The scheme manager may determine after taking advice from the scheme actuary that either or both of the following enhancements of surviving adult pension benefits are reduced—

- (a) S’s enhancement of a surviving adult pension under regulation 145 of these Regulations;
- (b) S’s enhancement of a surviving adult pension under Part 3 of Schedule 9 to the existing scheme regulations.”.

Amendment to paragraph 43 of Schedule 3 (Application for payment of a child pension)

44. In paragraph 43 of Schedule 3—

- (a) omit sub-paragraph (2); and
- (b) at the end of sub-paragraph (3) insert “regulations”.

Insertion of new paragraphs 43A to 43C of Schedule 3

45. After paragraph 43 of Schedule 3 insert—

“Calculation of a short-term child pension of an eligible child of a transition member

43A.—(1) This paragraph applies to a short-term child pension payment to a child of a transition member.

(2) The short-term rate of child pension—

- (a) is payable under this scheme; but
- (b) is not payable under regulation 98 of the existing scheme regulations.

Rate of a long-term child pension of an eligible child of a transition member

43B. The long-term rate of a child pension of an eligible child (C) of a transition member is the sum of—

- (a) the child pension under this scheme;
- (b) the child pension under the existing scheme;
- (c) any enhancement to which C is entitled under regulation 152 of these Regulations, and
- (d) any enhancement to which C is entitled under Part 3 of Schedule 9 of the existing scheme regulations.

Reduction of child pension

43C.—(1) This paragraph applies if the eligible child (C) of a transition member applies—

- (a) for payment of a child pension under this scheme; and
- (b) for payment of a child pension under the existing scheme.

(2) The scheme manager may determine after taking advice from the scheme actuary that either or both of the following enhancement of child pension benefits are reduced—

- (a) C’s enhancement of a child pension under regulation 152 of these Regulations;
- (b) C’s enhancement of a child pension under Part 3 of Schedule 9 to the existing scheme benefits.”.

Amendment to paragraph 44 of Schedule 3 (Application for payment of a death in service grant)

46. In paragraph 44 of Schedule 3—

- (a) at the end of sub-paragraph (1) insert “regulations”; and
- (b) at the end of sub-paragraph (2) insert “, other than any lump sum already recovered”.

Amendment to paragraph 45 of Schedule 3 (Application for payment of a death out of service grant)

47. In paragraph 45 of Schedule 3—

- (a) at the end of sub-paragraph (1) insert “regulations”; and
- (b) at the end of sub-paragraph (2) insert “, other than any lump sum already recovered”.

Amendment to paragraph 50 of Schedule 3 (Repayment of balance of contributions)

48. In paragraph 50 of Schedule 3, for “TPR 2010” substitute “the existing scheme regulations”.

Amendment to paragraph 51 of Schedule 3 (Residential emoluments)

49. In paragraph 51 of Schedule 3—

- (a) omit “Transfer payments in respect of the existing scheme” and re-insert “Transfer payments in respect of the existing scheme” as the heading to paragraph 52;
- (b) for “TPR 2010” substitute “the existing scheme regulations”.

Amendment to paragraph 54 of Schedule 3 (Election to pay contributions by a person serving in a reserve force)

50. In paragraph 54 of Schedule 3, for “TPR 2010” where it occurs substitute “the existing scheme regulations”.

Insertion of new paragraph 55 in Schedule 3 (Commutation: small pensions)

51. In Schedule 3, after paragraph 54, insert—

“Commutation: small pensions

55. An application by a transition member under regulation 162 (application for payment of benefits) for a commutation under regulation 174 (commutation: small pensions) also has effect as an application for any commutation due to P under regulation 119 (commutation: small pensions) of the existing scheme regulations.”.

Insertion of new Schedule 4 (Scheme valuation and employer cost cap)

52. After Schedule 3, insert—

“SCHEDULE 4

Regulation 225

Scheme valuation and employer cost cap

Scheme valuation report

1. The scheme manager must commission the scheme actuary to carry out a valuation of this scheme (“scheme valuation”) and any connected scheme, and to prepare a scheme valuation report, in accordance with, and by reference to the effective dates defined and set out in HM Treasury directions under section 11 of the Public Service Pensions Act 2013, referred to in this Schedule as “Treasury directions”.

Employer cost cap

2. The employer cost cap for this scheme is 10.9% of the pensionable earnings of members of this scheme.

Breach of employer cost cap margins

3. If the scheme actuary reports in a valuation report that the cost cap cost of the scheme, calculated following a valuation in accordance with Treasury directions, has gone beyond the margins specified in HM Treasury directions under section 12 of the Public Service Pensions Act 2013, paragraph 4 applies.

Teachers' Pension Scheme Advisory Board report

4. Where this paragraph applies, the responsible authority must request the Teachers' Pension Scheme Advisory Board constituted under Part 2 of these Regulations to report, within six months of the request—

- (a) whether there is agreement between the employer representatives and the member representatives on a recommended procedure for aligning the cost cap cost of the scheme with the employer cost cap; and
- (b) if there is such agreement, the procedure which the board is in agreement to recommend.

Action by the responsible authority

5. On receipt of the Teachers' Pension Scheme Advisory Board's report, the responsible authority, in consultation with the scheme actuary and with such persons as the responsible authority considers appropriate, must—

- (a) review any recommendations put forward in that report; and
- (b) either—
 - (i) if agreement has been reached, and the responsible authority accepts the proposed procedure, implement the procedure agreed between the members of the Teachers' Pension Scheme Advisory Board; or
 - (ii) if the responsible authority does not agree with any agreement reached, or if agreement has not been reached, make such change to the standard accrual rate as in the opinion of the scheme actuary is necessary to bring the cost cap cost of the scheme into line with the employer cost cap.

Timescale for action

6. Any changes to the scheme made as a result of paragraph 5 are to take effect within four years of the effective date as at which the cost cap cost of the scheme was evaluated in the scheme actuary's valuation report."

29th September 2014

David Laws
Minister of State
Department for Education

We consent

26th September 2014

Gavin Barwell
Mark Lancaster
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 1st April 2015, amend the Teachers' Pensions Regulations 2014 to—

1. provide for the delegation of the scheme manager's functions (regulation 5);
2. make further provision for the calculation of an individual's annual rate of pensionable earnings for multiple employments at least one of which is irregular (regulation 9);

3. provide for new members' contributions rates, with bands based on actual annual salary rather than the full-time equivalent for part-time eligible employment (regulation 16);

4. provide for new employers' contribution rates and an administration charge (regulations 17 and 18);

5. make further transitional provision for the calculation of certain benefits (regulations 40 to 47) and commutation of small pensions (regulation 51);

6. introduce a new Schedule 4 including provisions for scheme valuations and the employer cost cap, including the procedure to be followed in the event of a breach of the parameters for the cost cap cost of the scheme (regulation 52), and

7. correct a number of minor errors in those Regulations.

An impact assessment has not been produced for this instrument as it has no impact on businesses or civil society organisations. The instrument has a minimal impact on the public sector.

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