

**EXPLANATORY MEMORANDUM TO
THE TEACHERS (COMPENSATION FOR REDUNDANCY AND PREMATURE
RETIREMENT) REGULATIONS 2015**

2015 No. 601

1. This explanatory memorandum has been prepared by The Department for Education and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument revokes and replaces The Teachers (Compensation for Redundancy and Premature Retirement) Regulations 1997 (SI: 1997/311) (the 1997 Regulations) and includes provisions to provide access to premature retirement benefits for members of the reformed Teachers' Pension Scheme (TPS).

3. Matters of special interest to the Joint Committee on Statutory Instruments or the Select Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 The 1997 Regulations have been amended over a number of years to provide for changes in employment law and in the administration of the TPS. The purpose of this instrument is to consolidate the changes to the 1997 regulations and introduce provisions for membership of the reformed TPS, introduced as a result of the Teachers' Pension Scheme Regulations 2014. These changes will ensure the regulations are clear, unambiguous and provide for all TPS member types.

5. Territorial Extent and Application

5.1 This instrument applies to England and Wales.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Premature retirement may be awarded by any TPS employer to a scheme member who is aged 55 or over and has not reached their normal pension age, as defined in statute.

It is open to any TPS employer to make use of this option where they find that it is necessary to terminate a person's employment on the grounds of redundancy or in the interests of the efficient discharge of the employer's functions.

7.2 Premature retirement gives the member access to their accrued TPS pension, adjusted to account for early payment. The regulations provide that each employer may award compensation to the member to account for the adjusted amount of accrued pension and, if applicable, for loss of potential accrued pension due to leaving pensionable service before attaining normal pension age.

7.3 The regulations establish the conditions that must be met for premature retirement to be awarded as well as the value of such award and the mechanism for recovery of overpayments.

7.4 The regulations further include provisions that allow for members of the reformed TPS to access premature retirement under the same conditions as members of the existing scheme.

8. Consultation outcome

8.1 The Department ran a consultation on regulations to provide for a reformed TPS including a commitment to amend the 1997 Regulations to allow for participation of 2015 scheme members. The consultation ran from 7 May 2013 to 28 June 2013 and received 38 written responses. These included responses from teachers and headteachers, teacher unions, schools, colleges and other education establishments, employer representative groups and faith organisations.

8.2 The consultation was carried out in 2013 as part of the work to introduce the wider scheme reforms, in order to demonstrate the full extent of changes needed to ensure that the reformed scheme would work effectively in conjunction with the existing scheme. The results were discussed with employer and member representatives and it was agreed that changes to the 1997 Regulations would be made following completion of the main scheme regulations.

8.3 A significant number of respondents used this opportunity to question the need for reform of the Teachers' Pension Scheme in general. Where respondents expressed views in respect of the consultation questions, the majority of responses were broadly supportive of the proposals.

8.4 A number of respondents offered suggestions in relation to some policy areas, for example, the proposed structure for member contribution rates. The Department has considered these remarks in full and drawn on them in developing the reformed scheme.

8.5 Respondents were generally agreeable with the proposals to replace the 1997 Regulations with a new, clearer set that would incorporate the wider reforms.

8.6 The full consultation response can be access at
<https://www.gov.uk/government/collections/teachers-pension-scheme>

9. Guidance

9.1 The policy and process for awarding premature retirement will not change as a result of these regulations, however there will be some additions to cater for members of the reformed scheme and those with service in both the existing scheme and the reformed scheme. Details of the new regulations and the impact these may have on employers and members will be included on the Teachers' Pensions website. This website will support other communications with employers, e.g. newsletters that will highlight the new provisions. The website can be accessed at
<https://www.teacherspensions.co.uk/reform/employers/reform-employer-hub.aspx>

10. Impact

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is minimal.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 The amendments being given effect by these regulations will ensure that all members of the TPS have access to the provisions for compensation for redundancy and premature retirement and employers have a clear, unambiguous set of regulations on which to rely.

13. Contact

John Brown at the Department for Education (Tel: 01325 735495 or email:
John.brown@education.gsi.gov.uk) can answer any queries regarding the instrument.