

## **EXPLANATORY MEMORANDUM TO**

### **The Teachers' Pensions (Miscellaneous Amendments) Regulations (Northern Ireland) 2015**

**SR 2015 No. 126**

#### **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 the Public Service Pensions Act (Northern Ireland) 2014 and is subject to the negative resolution procedure.

#### **2. Purpose**

- 2.1. These Regulations implement the revised employers' contribution rate, make provision for an employer cost cap and future scheme valuations, and make a number of additional technical amendments to the Teachers' Pension Scheme Regulations (Northern Ireland) 2014.
- 2.2. The Teachers' Superannuation Regulations (Northern Ireland) 1998 are amended to remove Regulations G2, G3 and G4 of Part G (Finance) of the 1998 Regulations as they are superseded by the 2014 Regulations (regulation 4); and provide for new employers' contribution rates (regulation 5).
- 2.3. The Teachers' Pension Scheme Regulations (Northern Ireland) 2014 are amended to correct drafting errors (regulations 7 to 11, 14 to 16 and 23(a)(i)); provide for new employers' contributions (regulation 12); amend Schedule 3 (transitional arrangements) to clarify the circumstances in which existing scheme retirement benefits are payable to transition members post-transition out of the existing scheme or the new scheme (regulations 17 to 24).
- 2.4. They insert new paragraphs 33A and 33B in the 2014 Regulations which provide that any existing scheme ill-health retirement benefits to which transition members are entitled are paid by the new scheme before the member's existing scheme normal pension age. From normal pension age the existing scheme retirement pension is paid by the existing scheme; and 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 cap cost of the scheme (regulation 25).

#### **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.

#### **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 document on 20 January 2015, initiating a 4 week consultation on amendments to regulations implementing the new employers' contribution rate to be set at 17.7% from 1 April 2015; removal of sections of the 1998 Regulations dealing with scheme valuations; a new Schedule 4 to the 2014 Regulations to be introduced setting out 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 cap cost of the scheme; employer cost cap to be set at 13.2%; and technical amendments to the 2014 regulations.
- 4.3. 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 17 February 2015.
- 4.4. Three responses to the consultation were received, two of which were from teacher employers. One of these employers was broadly supportive of the changes, the other raised the issue of funding required for employers due to the increase in employers' contributions which was outside the remit of the consultation. A further response from the Government Actuary's Department (GAD) raised some minor technical queries about the provisions included, which have been taken into account in finalising the draft regulations.

#### **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. An increase in employer contribution rates from 13.6% to 17.7% will create a pressure on employers with members in the NITPS. This will

materialise during the 2015/16 financial year. Failing to raise the employers' rate of contributions by 1 April 2015 would mean that NITPS would face a deficit.

#### **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.