

EXPLANATORY MEMORANDUM TO
THE TEACHERS' PENSIONS (AMENDMENT) REGULATIONS 2013
2013 No. 275

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 These Regulations amend the Teachers' Pensions Regulations 2010 (SI 2010/990) ('the 2010 Regulations'). The amendments remove the actuarial review and cap and share provisions. A revised tiered structure of salary bands, is inserted, and is used to determine employee pension contributions, which have increased.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 The Committee's attention is drawn to regulation 7 which contains retrospective provisions concerning the removal of the actuarial review provisions in the 2010 Regulations. The relevant enabling power is in section 12 of the Superannuation Act 1972 (please also see further explanation in paragraph 7.4).
4. **Legislative Context**
 - 4.1 The Teachers' Pension Scheme (TPS) is governed by Regulations made under the Superannuation Act 1972, primarily the Teachers' Pension Regulations 2010 (SI 2010/990). This instrument is being made to amend the 2010 Regulations in order to bring about changes required to meet Government policy.
 - 4.2 This instrument provides amendments to existing arrangements to the calculation of members' pension contributions and removes the actuarial review and cap and share provisions in the current TPS.
5. **Territorial Extent and Application**
 - 5.1 This instrument applies to England and Wales.
6. **European Convention on Human Rights**
 - 6.1 As the Regulations are subject to the negative resolution procedure and do not amend primary legislation, no statement is required.

7. Policy background

- **What is being done and why**

7.1 The Teachers' Pensions Regulations 2010 govern the provision and administration of pensions for teachers and qualifying members in England and Wales.

7.2 At the Spending Review on 20 October 2010 the Government proposed increases to employee contribution rates that would lead to savings of £2.8bn a year by 2014-15, to be phased in from April 2012. The TPS is required to make an average 3.2% increase in member contributions with 80% of the increase being achieved in the 2013-14 financial year.

7.3 The level of employee contributions is calculated by reference to the full-time equivalent annual rate of contributable salary and this instrument revises the tiered structure of pay bands (regulation 5(3)(b)(ii)).

7.4 Regulations 3 to 6 remove the cap and share provisions and the provisions relating to actuarial review from the 2010 Regulations. The retrospective application of the relevant actuarial review provisions in the Teachers' Pensions Regulations 1997 (which survived under the 2010 Regulations) is removed by regulation 7, as it is from the 2010 Regulations. The cap and share and the actuarial review provisions are no longer necessary as the Department will be introducing a reformed scheme, which will include new arrangements for undertaking valuations and managing scheme costs.

- **Consolidation**

7.5 This is the fourth set of amendments to the Teachers' Pensions Regulations (which came into force on 1 September 2010). There are no immediate plans for the Department to consolidate these Regulations.

7.6 Work is underway on the development of a reformed Teachers' Pension Scheme with Regulations taking effect in 2015.

8. Consultation outcome

8.1 In October 2012 the Department launched a consultation on the introduction of an additional tier to the existing employee contribution structure, changes to contribution rates and removal of the actuarial review and cap and share provisions. The consultation closed on 21 December 2012 having received 41 responses.

8.2 Those responding to the consultation did not propose modifications to the Department's proposals. The employers did not anticipate any issues but did indicate that any proposed changes would need to be communicated in a timely manner in order to implement the necessary system and payroll changes.

8.3 A full analysis of consultation responses is available on the Department's website at:

www.education.gov.uk/schools/careers/payandpensions/pensions/a00221031/ps-response-consult-contr-incr

9 Guidance

9.1 It will not be necessary for the Department to prepare guidance on the amendments contained within this instrument. The main change is the contribution increases on which the pension administrator (Capita) will be in the lead and provide guidance and communications.

10. Impact

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

10.2 The impact on the public sector is nil.

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 This amendment updates tiered salary bands for employee pension contributions. In designing the tiers, the Department aims to minimise the likelihood of members leaving the scheme (opting out) as a result of the increase.

12.2 Relevant data and information will continue to be collected to inform a review of tiering structures in advance of the Department consulting on further contribution increases for 2014-15. Information currently includes data on opt-out and also an assessment of members' expected behaviour in response to further increases in contribution rates. This work will be taken forward within the context of the Government's wider consideration of tiering structures across public service pension schemes.

13. Contact

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