

EXPLANATORY MEMORANDUM TO
THE TEACHERS' PENSION SCHEME (AMENDMENT) REGULATIONS 2015

2015 No. 592

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 amends The Teachers' Pension Scheme Regulations 2014 (SI: 2014/512).

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

3.1 None.

4. Legislative Context

4.1 The Teachers' Pension Scheme Regulations 2014 ("the 2014 Regulations") introduced a reformed pension scheme for teachers in England and Wales, providing pensions based on the member's average career earnings and a normal pension age equal to the state pension age ("the Career Average Scheme").

4.2 The purpose of this instrument is to amend the 2014 Regulations under the powers conferred in the Public Service Pensions Act 2013 (PSPA 2013):

4.2.1 To correct two technical matters; and

4.2.2 Amend the provisions relating to ill-health pensions for persons with benefits in the existing final salary scheme and the Career Average scheme to make it absolutely clear that the benefits involved cover accrued rights under both schemes.

5. Territorial Extent and Application

5.1 This instrument applies to England and Wales.

6. European Convention on Human Rights

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

7. Policy background

7.1 The Teachers' Pension Scheme Regulations 2014 were laid before Parliament on 7th March 2014 [SI 2014/512]. The key provisions of the reformed scheme come into force on 1st April 2015 and implement the recommendations set out in Lord Hutton's report on public sector pension schemes.

7.2 Following review with the scheme's administrators, two minor technical amendments are needed to the 2014 Regulations to provide for the policy intention.

7.3 Regulation 3 amends regulation paragraph 1(c) of regulation 65 of the 2014 Regulations to confirm the policy intention that, for indexation and other purposes, a person is not regarded as out of service if he or she returns to pensionable public service following a break of 5 years or less.

7.4 Regulation 4 amends paragraph 30(3)(a) of Schedule 2 to the 2014 Regulations to provide the policy intention that where a member who is in multiple employments has elected to take advantage of this provision all employers are to deduct the increased contributions involved.

7.5 Further consideration of the arrangements for the reformed Teachers' Pension Scheme has also identified the need for a change to Schedule 3 of the 2014 Regulations. For members who retire on the grounds of ill-health and who have service in both the final salary and Career Average schemes Schedule 3 provides that the member will receive all ill-health benefits as one pension, paid from the Career Average scheme – that is, accrued final salary and career average benefits and any enhancement applicable. The changes in regulation 5 onwards of this instrument provide that the final salary element of ill-health benefits switches to being paid from the existing scheme when the member attains final salary normal pension age. The changes ensure that it is absolutely clear that the pension being paid covers the member's accrued benefits under both schemes. The member will, nevertheless, experience no discernible change in the way his or her benefits are paid, i.e. final salary and career average benefits will continue to be paid simultaneously and the overall amount will be unaffected.

7.6 In addition safeguards are built into the amendments so that, in the event that a person exercises any right to transfer final salary benefits prior to the existing scheme normal pension age, the equivalent amount of pension from the Career Average scheme will be stopped immediately.

8. Consultation outcome

8.1 The Department ran a consultation on these amending regulations from 30 January 2015 to 12 February 2015 and received 2 written responses, both of which were supportive of the changes involved.

8.2 The consultation on these amending regulations can be found on

<https://www.gov.uk/government/publications/teachers-pension-scheme-regulations-draft-amendments--2>

9. Guidance

9.1 The amendments will ensure the pension arrangements for the Career Average scheme work smoothly alongside those for the existing final salary scheme, and as intended in the areas identified. They also make it absolutely clear that a member who is in receipt of an ill-health pension covering both final salary and career average benefits is receiving the accrued benefits under both of those schemes for so long as that pension is payable.

This consultation has also been posted on the Teachers' Pensions website which can be accessed at:

<https://www.teacherspensions.co.uk/news/reform/employers/2015/01/consultation-on-further-amendments-to-the-tps.aspx>

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 The changes effected by these regulations will provide the required clarity and ensure the efficient administration of the reformed Teachers' Pension Scheme. A review will be undertaken after the Career Average scheme has been in operation for an appropriate period of time.

13. Contact

Jeffrey Rogerson at the Department for Education will be able to assist with any queries regarding the instrument - Tel: 01325 735682
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