**EXPLANATORY MEMORANDUM TO**

# The Teachers' Superannation (Amendment) (No. 2) Regulations (Northern Ireland) 2014

**SR 2014 No.70**

## 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 is subject to the negative resolution procedure.

## 2. Purpose

2.1. These Regulations amend the Teachers' Superannuation Regulations (Northern Ireland) 1998 to increase the percentage of their salary which employees earning more than £15,000 per annum must contribute to the pension scheme from 1st April 2014.

## 3. Background

3.1. The Coalition Government announced in the 2010 Spending Review that it accepted the findings of the interim Report of the Independent Public Service Pensions Commission on public service pensions and that it would therefore seek progressive changes to the level of employee contributions.

3.2. The total overall savings are £2.8 billion per annum across the public service pension schemes by 2014-15. These changes equate to an average 3.2 percentage point contribution increase for members of public service pension schemes. The Northern Ireland proportion of this is likely to be in the region of £140m per annum. These savings were to be introduced incrementally over the three years starting April 2012, on a 40%:80%:100% basis (i.e. £55m/£110m/£140m. The Northern Ireland Teachers' Pension Scheme (NITPS) share of these savings amounts to £11.2m/£22.4m/£28m.

3.3. The Northern Ireland Executive discussed this matter at its meeting on 22 September 2011 and agreed the recommendations contained in Executive paper E (11) 148 NI Public Service Pensions.

## 4. Consultation

4.1. The Department of Education published a consultation on the proposed increases to contributions for members of the NITPS on 25 November 2013 with a closing date of 20 January 2014.

4.2. The consultation documentation, including the draft regulations, was published on the DE website on 25 November 2013. The Department notified bodies in the education sector, other stakeholders, Section 75 consultees and other interested parties. In addition, schools were emailed and the consultation was advertised in the Belfast Telegraph, the Irish

News, the Newsletter and Seachtain. Responses could be returned by email or by post. The consultation closed on 20 January 2014.

4.3. A total of 15 responses were received. These were mainly from teachers, their trade unions, an employer and a Professional body. The majority of responses opposed the policy of increasing pension contributions within the public sector schemes. No alternatives were proposed which would achieve the necessary level of savings.

4.4. The Department's response to consultation has been placed on the Department's website.

## 5. Equality Impact

5.1. An Equality Screening Exercise has been carried out for this policy in advance of Year 1 increases at April 2012 and the introduction of the secondary legislation will not differentially impact adversely on any of the Section 75 groups.

## 6. Regulatory Impact

6.1. A Regulatory Impact Assessment has not been prepared for these regulations as they have no impact on businesses, charities, social economy enterprises or voluntary bodies.

## 7. Financial Implications

7.1. The Coalition Government announced in the 2010 Spending Review that it accepted the findings of the interim report of the Independent Public Service Pensions Commission and that it would therefore seek progressive changes to the level of employee contributions.

7.2. The total overall savings are £2.8 billion per annum across the public service pension schemes by 2014-15. These changes equate to an average 3.2 percentage point contribution increase for members of public service pension schemes. The Northern Ireland proportion of this is likely to be in the region of £140m per annum. These savings were to be introduced incrementally over the three years starting April 2012, on a 40%:80%:100% basis (i.e. £55m/£110m/£140m). The NI Teachers' Pension Scheme (NITPS) share of these savings amounts to £11.2m/£22.4m/£28m.

7.3. Treasury has stated that if the Northern Ireland public sector pension schemes do not generate the targeted level of savings by means of increased member contributions, the NI Block Grant will be reduced commensurately (£2.5m per month in 2014-15).

## 8. Section 24 of the Northern Ireland Act 1998

8.1. The Departmental Solicitor's Office has confirmed that the proposed draft regulations comply with Article 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. These Regulations implement the same member contribution rates as the Teachers' Pension Schemes in Scotland and England and Wales.

## 11. Additional Information

11.1. Not applicable.