Department of Education
www.deni.gov.uk
AN ROINN
Oideachais
MÄNNYSTRIE O
Lear

Department of Education - Teachers' Superannuation

ANNUAL SCHEME STATEMENTS

for the year ended 31 March 2008

INVESTOR IN PEOPLE

NIA 154/07-08

Department of Education – Teachers' Superannuation
Annual Scheme Statements
For the year ended 31 March 2008

Laid before the Northern Ireland Assembly by the Department of Finance and Personnel under Section 10(04) of the Government Resources and Accounts Act (Northern Ireland) 2001

4 July 2008

NIA 154/07-08

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION ANNUAL SCHEME STATEMENTS for the year ended 31 March 2008

Contents **Page**

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

REPORT OF THE MANAGERS

for the year ended 31 March 2008

Introduction

The *Teachers' Superannuation Scheme* is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended).*

Further information about the scheme is given in the explanatory booklet dated November 2007, which is issued to all members.

The *Teachers' Premature Retirement Compensation Scheme***,** which is administered by the Department of Education, provides a range of compensation benefits for teachers who leave service before their normal retirement age under an early retirement scheme. The current regulations under which the scheme operates are *The Teachers' (Compensation for Redundancy and Premature Retirement) Regulations (Northern Ireland) 1991 S.R. 1991 No 132*.

The Managers, Advisers and Employers for both schemes are listed below:

Managers

Accounting Officer

Mr Will Haire
Permanent Secretary
Department of Education
Rathgael House
43 Balloo Road
BANGOR
BT19 7PR

Scheme Administrator

Mr Rory O'Boyle
Department of Education
Teachers' Pensions Branch
Waterside House
75 Duke Street
LONDONDERRY
BT47 6FP

Advisers

Pension Scheme Actuary

Government Actuary's Department
Finlaison House
15-17 Furnival Street
LONDON
EC4A 1AB

Bankers

Northern Bank Ltd
Donegal Square North
BELFAST
BT1 5GB

Legal Advisers

Departmental Solicitors Office
Victoria Hall
12 May Street
BELFAST
BT1 4NL

Auditors

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Employers

The Teachers' Superannuation Scheme and the Teachers' Premature Retirement Compensation Scheme cover the majority of employers within the educational field. These include the Education and Library Boards, Voluntary and Maintained Schools, Further Education Colleges, Universities and a small number of other employers. A full list of employers currently within the scheme can be obtained from the Scheme Administrator.

Performance and Position

The NITSS account is influenced by changes in membership numbers, salary levels, mortality rates and the age profile of the scheme. The introduction of automatic scheme membership for part-time teachers from 1 April 2007 has contributed to an increase in membership numbers since all part-time staff are automatically enrolled in the scheme either on first appointment or when they receive a new contract of employment.

Changes to the Scheme

During the year the following changes were made to both schemes:

- Pensions were increased by 3.6% with effect from 9 April 2007.

- From 1 April 2007 the employers' contribution rate changed from 14.15% to 13.60%; and the employees' contribution rate changed from 6.0% to 6.4%.

- From 1 April 2007 a number of new provisions were introduced to the scheme including a pension age of 65 for new entrants to the NITSS alongside modifications to the current scheme for existing members. Detailed information relating to the changes can be obtained on the internet at www.deni.gov.uk within the "Pension Scheme" section.

- From 1 April 2008 the Scheme will incur part of the extra cost of premature retirements granted during 2008-09, with the relevant employers funding the rest of the cost. Subject to consultation on the necessary legislative change, the Department of Education intends that from 1 April 2009 the relevant employers will bear all of the extra cost arising from premature retirements.

Additional Voluntary Contributions (AVCs), Free-Standing Additional Voluntary Contributions (FSAVCs) and Stakeholder Pensions

Prudential plc has been selected by the Department of Education to provide AVCs to members of the Teachers' Superannuation Scheme. Scheme members are made aware of the AVC arrangements and there is a facility which allows contributions through payroll. No contributions are made by the Managers of the Teachers' Superannuation Scheme or by employers. The only role of the Managers of the Teachers' Superannuation Scheme is to advise Prudential plc of the date from which a member's pension is payable and of the maximum pension payable under Inland Revenue rules.

Members of the Teachers' Superannuation Scheme may make their own arrangements for making payments to institutions which offer FSAVC or Stakeholder Pensions. Where a member has a FSAVC, the only role of the Managers of the Teachers' Superannuation Scheme is to carry out a check at retirement to ensure that pension benefits do not exceed Inland Revenue limits.

Post Balance Sheet Events

There were no post balance sheet events.

Membership Statistics

Details of the current membership of the Department of Education Teachers' Pension Scheme is as follows:

A. Active members	
Active members at 1 January 2007	**22,201**
Add: New entrants	1,762
Re-entrants in the year	2,304
Transfers in	150
Less: Retirements in the year	(948)
Members leaving who have deferred pension rights	(908)
Transfers out	(1)
Deaths in Service	(9)
Refunds/opt out	(19)
Active members at 31 December 2007*	**24,532**

B. Deferred members	
Deferred members at 1 January 2007	**15,183**
Add: Members leaving who have deferred pension rights	908
New members now classed as deferred	206
Less: Members taking up deferred pension rights	(130)
Transfers out	(80)
Re-entrants	(2,304)
Refunds	(58)
Deaths	(6)
Deferred members at 31 December 2007*	**13,719**

C. Pensions in payment	Members	Dependants	Total
Pensions in payment at 1 January 2007	**15,598**	**1,309**	**16,907**
Members retiring in year at normal retirement age	1,054	-	1,054
Restorations	11	10	21
New dependants	-	126	126
Deaths in year	(280)	(39)	(319)
Dependants leaving	-	(12)	(12)
Suspensions/other leavers	(9)	(12)	(21)
Pensions in payment at 31 December 2007*	**16,374**	**1,382**	**17,756**

D. Compensation payments

Members in receipt of compensation at 1 January 2007	**8,124**
Add: New members in receipt of compensation	648
Less: Deaths/other leavers	(97)
Members in receipt of compensation payments at 31 December 2007*	**8,675**

* The requirement to meet shortened financial reporting deadlines under Faster Closing has resulted in the Department's decision to disclose membership statistics for the 12 months ending 31 December 2007 instead of the year ending 31 March 2008. This change has been made after consultation with both the Government Actuary's Department (GAD) and the Northern Ireland Audit Office (NIAO). The Department is content, after reviewing financial data for 1 January to 31 March 2008 and making enquiries with key personnel, that there is no evidence of substantial changes to the scheme membership which should be brought to the attention of either GAD, NIAO or the users of these accounts.

Disclosure to the Auditors

The Accounting Officer, Will Haire, has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Scheme's auditors are aware of such information. So far as he is aware there is no relevant audit information of which the entity's auditors are unaware.

Further Information

Any enquiries about the Teachers' Superannuation Scheme or the Teachers' Premature Retirement Compensation Scheme should be addressed to:

Mr Rory O'Boyle
The Scheme Administrator
Teachers' Superannuation Scheme
Department of Education
Waterside House
75 Duke Street
LONDONDERRY
BT47 6FP

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT OF THE ACTUARY

Accounts for the year ended 31 March 2008

Introduction

1. This statement has been prepared by the Government Actuary's Department at the request of the Department for Education Northern Ireland ("the Department"). It summarises the pensions disclosures required for the Resource Accounts of the Northern Ireland Teachers' Pension Scheme ("the Scheme") as at 31 March 2008.

2. The statement is based on the results of an interim valuation carried out as at 31 March 2006, with an approximate updating to31 March 2008 to reflect known changes.

Membership data

3. Tables A1 to A3 summarise the principal membership data as at 31 March 2006 and 31 March 2008 used to prepare this statement.

Methodology

4. The value of the liabilities has been determined using the projected accrued benefit method, with allowance for expected future pay increases in respect of active members, and the principal financial assumptions applying to the Resource Accounts as at 31 March 2008. The contribution rate for accruing costs in the year ended 31 March 2008 was determined using the projected unit method and the principal financial assumptions applying to the Resource Accounts as at 31 March 2007.

5. This statement takes into account the benefits normally provided under the Scheme, including age retirement benefits, ill-health retirement benefits, and benefits applicable following the death of the member. It does not include the cost of premature retirements or redundancy benefits in respect of active members, although the assessment of liabilities includes some pensions already in payment in respect of such cases. Injury benefits (in excess of ill-health benefits) are not payable by the Scheme and so the cost of any such benefits has been excluded from the liabilities.

6. The actuarial liability as at 31 March 2008 is based on the new provisions which came into force on 1 April 2007.

Financial assumptions

7. Table A4 (in Appendix) shows the principal financial assumptions adopted to prepare this statement. With effect from 31 March 2008, the assumed rate of return in excess of prices was increased from 1.8% a year to 2.5% a year, and the assumed rate of return in excess of earnings was increased from 0.3% a year to 1.0% a year.

Demographic assumptions

8. The demographic assumptions adopted to prepare this statement were derived from the specific experience of the scheme membership.

9. The demographic assumptions (other than the mortality assumptions) adopted for the assessment of the liabilities as at 31 March 2008 are those adopted for the 2006 interim valuation of the NITPS (which were the same as those adopted for the valuation as at 31 March 2004 except that no allowance was included for the future premature retirements).

10. The mortality assumptions adopted for the purpose of the Resource Accounts as at 31 March 2008 include greater allowance for future mortality improvement than those adopted for the 2006 interim valuation and the Resource Accounts as at 31 March 2007 (but the assumed current level of mortality remains in accordance with the Scheme's own experience, as reviewed at the 2004 valuation).

11. The contribution rate used to determine the accruing cost in 2007/08 was based on the demographic assumptions applicable at the start of the year, which were those adopted for the interim valuation as at 31 March 2006.

Liabilities

12. Table 1 summarises the capital value as at 31 March 2008 of benefits accrued under the Scheme prior to 31 March 2008 based on the data, methodology and assumptions described in paragraphs 3 to 11.

Table 1
Past service liabilities as at 31 March 2008

Value of liability in respect of	£ billion
Pensions in payment	4.00
Deferred pensions	0.34
Active members (past service)	3.56
Total	**7.90**

Accruing costs

13. The cost of benefits accruing in the year ended 31 March 2008 (the "current service cost") is based on a standard contribution rate of 31.8%, as determined at the start of the year. The actual contribution rate payable during the year was 20.0% of pensionable pay, of which members paid 6.4% and employers paid 13.6%. Table 2 shows the contribution rate used to determine the current service cost assuming a members' contribution rate of 6.4%, with employers meeting the balance of the cost.

Table 2
Contribution rate 2007/08

Contribution rate	Percentage of pensionable pay
Standard contribution rate	31.8%
Members' contribution rate	6.4%
Employers' share of standard rate	25.4%
Actual rate charged to employers	13.6%

14. The employers' share of the standard rate determined for the purposes of the Resource Accounts is not the same as the actual rate charged to employers (which is based on the methodology and the financial and demographic assumptions adopted for the funding of the Scheme).

15. In relation to the pensionable payroll for the financial year 2007/08, the contributions actually paid by the employers were £111 million (from data provided by the Department). Based on this information, the accruing cost of pensions in 2007/08 (at 31.8% of pay, including member contributions) is estimated to be £260 million.

Disclosures

16. Table A5 and A6 (in Appendix) show the Balance sheet and the Profit and Loss disclosures as at 31 March 2008.

E I Battersby, FIA
Chief Actuary
Government Actuary's Department

25 April 2008

APPENDIX

Table A1
Active members

	31 March 2006		31 March 2007	31 March 2008
	Number	Total salaries* (£ million)	Total salaries* (£ million)	Total salaries* (£ million)
Males	6,844	247	253	260
Females	17,884	590	606	621
Total	**24,728**	**837**	**859**	**881**

*Full-time equivalent

Table A2
Deferred members

	31 March 2006		31 March 2007	31 March 2008
	Number	Total deferred pension (pa)* (£ million)	Total deferred pension (pa) # (£ million)	Total deferred pension (pa) † (£ million)
Males	3,886	4.2	4.4	4.7
Females	9,435	10.2	10.8	11.3
Total	**13,321**	**14.4**	**15.2**	**16.0**

* Including increases applying from April 2006
# Including increases applying from April 2007
† Including increases applying from April 2008

Table A3
Pensions in payment

	31 March 2006		31 March 2007	31 March 2008
	Number	Annual pension * (£ million)	Annual pension # (£ million)	Annual pension † (£ million)
Males	5,428	77.6	86.2	95.4
Females	9,321	104.6	116.3	128.6
Spouses & dependants	1,217	4.7	5.2	5.7
Total	**15,966**	**186.9**	**207.7**	**229.7**

*Including pension increase awarded in April 2006
Including pension increase awarded in April 2007
† Including pension increase awarded in April 2008

Table A4
Financial assumptions

Assumption	31 March 2008	31 March 2007
Rate of return (discount rate)	5.3%	4.6%
Rate of return in excess of:		
Earnings increases	1.0%	0.3%
Price increases	2.5%	1.8%
Expected return on assets:	n/a	n/a

Table A5
Balance sheet disclosures

	31 March 2008 (£ billion)	31 March 2007 (£ billion)
Total market value of assets	nil	nil
Value of liabilities	(7.90)	(7.88)
Surplus (deficit)	(7.90)	(7.88)
of which recoverable by employers	n/a	n/a

Table A6
Profit and loss disclosures

	Year ending 31 March 2008 (£ billion)
Analysis of amount charged to operating profit	
Current service cost	0.26
Past service cost (Premature retirements)	0.04
Total operating charge	0.30
Analysis of the amount credited to other finance income	
Expected return on scheme assets	-
Interest on pension liabilities (@4.6%)	-0.36
Net return	-0.36
Analysis of amount recognised in STRGL	
Actual return less expected return on scheme assets	-
Experience gains and losses arising on the pension liabilities	-0.19
Changes in demographic assumptions	-0.41
Changes to financial assumptions from 31 March 2008	0.97
Actuarial gain (loss) recognised in STRGL	0.37
Movement in surplus during the year *	
Surplus at beginning of year	-7.88
Current service cost	-0.26
Benefits paid during the year	0.27
Past service costs	-0.04
Other finance income	-0.36
Actuarial gain (loss)	0.37
Surplus at end of year	-7.90

* Pension transfers in and payments to and on account of leavers have not been shown here, as they are zero to the level of rounding shown in this table.

Government Actuary's Department
25 April 2008

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance and Personnel has directed the Department of Education Teachers' Superannuation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

With the exception of certain transactions (which are accounted for on a cash basis) the combined financial statements are prepared on an accruals basis and must give a true and fair view of the financial transactions of the combined scheme during the year and the disposition, at the end of the financial year, of the combined net liabilities. Note 2, "Accounting Policies", to the financial statements describes those transactions which are accounted for on a cash basis, the use of which has no material effect on the net outgoings for the year nor on the combined net liabilities at the year end.

In preparing these financial statements, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by the Department of Finance and Personnel including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer for the Department of Education Teachers' Superannuation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the pension scheme, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in *Government Accounting Northern Ireland.*

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department of Education's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting Northern Ireland*.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department of Education for the year ended 31 March 2008 and up to the date of approval of the accounts, and accords with the Department of Finance and Personnel guidance.

3. Capacity to handle risk

The Department's Board has collective responsibility for monitoring and reviewing the high-level risks recorded in the Department's risk registers. The Board has procedures in place for verifying that risk management and internal control are regularly reviewed and reported on.

The Department's Risk Management Framework, which is available to Departmental staff on the DE intranet site, provides direction on the Department's underlying approach to risk management, including the roles and responsibilities of the Departmental Board, the Audit and Risk Management Committee, Heads of Divisions, Heads of Branches, Internal and External Audit.

4. The risk and control framework

The Department has set out its attitude to risk in a Risk Management Framework, which also outlines the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. We have carried out appropriate procedures to ensure that risks associated with the Department's key objectives have been assessed, and determined a control strategy for each of the significant risks. Risk ownership has been allocated to the appropriate staff.

The nature of the risk, the current level of control, any further action being taken, and risk owners, are recorded in the Department's risk registers. The Department's Risk Management Framework includes guidance which helps ensure consistent evaluation of risk.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Departmental Board, the Audit and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The risk management arrangements currently in place have been assessed by Internal Audit against HM Treasury guidance. This review has confirmed a high level of compliance with the guidance and also indicated some areas for improvement and consolidation, including clarifying the central responsibilities regarding oversight and co-ordination of risk management and providing refresher training for staff.

My review of the effectiveness of the system of internal control is also informed by:

- regular performance information provided by managers with executive responsibilities;
- the subsidiary statements of internal control presented by Heads of Branch and Heads of Division within the Department, who have responsibility for the development and maintenance of the internal control framework in their respective areas;
- comments made by the external auditors in their management letters and other reports.

6. Significant internal control problems

The Statement of Internal Control included in the TSS Resource Accounts 2005-2006 refers to 13 recommendations made by Internal Audit. As part of the Department's ongoing assurance process, Internal Audit carried out a follow-up review in April 2007 which concluded that 6 of the 13 recommendations were implemented, 5 partially implemented and 2 not yet implemented. Internal Audit has carried out a further follow-up review and has reported that of the 7 remaining recommendations 5 are now implemented. The remaining 2 recommendations relate to data cleansing and by their nature are considered as ongoing. Internal Audit report assurance using a 4 tier 'traffic light' system (red, orange, amber, green) and based on this degree of implementation, Internal Audit has upgraded the assurance rating from 'orange' to 'amber', representing a satisfactory level of assurance.

The TSS pensions payroll for August 2007 was not successfully processed on time for pensions payments due for payment on 31 August 2007 due to a breakdown in existing controls. The Department immediately investigated the events which gave rise to this incident and identified additional controls to mitigate against a recurrence of this issue. To date, there have been no similar processing delays in pensions payroll.

Signed: ________________ **Date:** 26 June 2008

Accounting Officer

Department of Education – Teachers' Superannuation Scheme Accounts

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Department of Education Teachers' Superannuation Scheme for the year ended 31 March 2008 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Combined Revenue Account and Combined Statement of Recognised Gains and Losses, the Combined Balance Sheet, the Combined Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Report of the Managers and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information which comprises the Report of the Managers and the Statement of the Actuary and any other information published with the account, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the scheme's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the scheme's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, combined net outgoings, recognised gains and losses and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001.

Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast

Date 1st July 2008

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT OF PARLIAMENTARY SUPPLY

SUMMARY OF RESOURCE OUTTURN 2007-08

		Estimate			Outturn			2007-08	2006-07
Request for Resource A	Note	Gross expenditure	Accruing resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net Total Outturn compared to Estimate saving/ (excess)	Outturn Net Total
		£000	£000	£000	£000	£000	£000	£000	£000
Annually managed expenditure		710,000	(167,346)	542,654	663,847	(166,684)	497,163	45,491	261,004
Non-budget		-	(1,851)	(1,851)	-	(1,851)	(1,851)	-	-
Total resources	3	710,000	(169,197)	540,803	663,847	(168,535)	495,312	45,491	261,004

SUMMARY OF NET CASH REQUIREMENT 2007-08

		2007-08			2006-07
	Note	Estimate	Outturn	Net Total Outturn compared to Estimate saving/ (excess)	Outturn
		£000	£000	£000	£000
Net cash requirement	4	131,937	102,005	29,932	87,674

SUMMARY OF INCOME PAYABLE TO THE CONSOLIDATED FUND

In addition to Accruing Resources (AR) the following income relates to the Department and is payable to the Consolidated Fund (cash receipts are shown in *italics*):

	Note	Forecast 2007-08		Outturn 2007-08	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	5	-	-	-	*125*

Income Excess AR is £nil. Cash Excess AR is £125,372.74 and is in respect of the prior year Excess AR debtor. This amount was surrendered in year to the Consolidated Fund. Actual CFER receipts were £312.57. This amount is also surrenderable to the Consolidated Fund.

Explanation of the variation between Estimate and outturn (net total resources):

Annually managed expenditure — Saving £45,491k

The variance is mainly attributable to the outturn for pension cost and interest on scheme liabilities being lower than expected.

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

COMBINED REVENUE ACCOUNT
for the year ended 31 March 2008

Principal arrangements
Teachers' Superannuation Scheme

	Note	2007-08 £000	2006-07 £000
Income:			
Contributions receivable	7	(165,166)	(161,728)
Transfers in	8	(3,298)	(3,825)
Other pension income	9	(71)	-
		(168,535)	(165,553)
Outgoings:			
Pension cost	10 & 19.5	300,000	90,000
Enhancements	11	549	619
Transfers in	12	3,298	3,825
Interest on scheme liabilities	13 & 19.5	360,000	330,000
		663,847	424,444
Net outgoings for the year	3(a)	**495,312**	**258,891**

COMBINED STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

	Note	2007-08 £000	2006-07 £000
Actuarial (gain) / loss	19.8	(370,000)	1,590,000
Recognised gains and losses for the financial year		**(370,000)**	**1,590,000**

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

COMBINED BALANCE SHEET
as at 31 March 2008

	Note	2007-08 £000	2006-07 £000
Current assets			
Debtors	16	3,016	8,718
Cash at bank and in hand	17	444	1,738
		3,460	10,456
Creditors: amounts falling due within one year	18	(4,089)	(10,763)
		(4,089)	(10,763)
Net current liabilities excluding pension liability		**(629)**	**(307)**
Provisions for liabilities and charges			
Pension liability	19.5	(7,912,825)	(7,889,840)
Net liabilities		**(7,913,454)**	**(7,890,147)**
Taxpayers' equity			
General fund	21	(7,913,454)	(7,890,147)
		(7,913,454)	**(7,890,147)**

Signed: ________________ Date: 26 June 2008

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

COMBINED CASH FLOW STATEMENT
for the year ended 31 March 2008

	Note	2007-08 £000	2006-07 £000
Net cash outflow from operating activities	22(a)	(101,880)	(85,570)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	2
Payments of amounts due to the Consolidated Fund		(7,718)	(2)
Financing	22(b)	108,304	90,470
Increase / (decrease) in cash in the period	22(c)	**(1,294)**	**4,900**

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

NOTES TO THE SCHEME STATEMENT

Accounts for the year ended 31 March 2008

1. Basis of preparation of the scheme statement

The combined scheme statements have been prepared in accordance with the relevant provisions of the *2007-08 Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel, which reflect the requirements of Financial Reporting Standard (FRS) 17 *Retirement Benefits*. These accounts show the unfunded pension liability and movements in that liability during the year. These accounts also have regard to the recommendations of the Statement of Recommended Practice entitled *Financial Reports of Pension Schemes* to the extent that these are appropriate. The current regulations under which the Teachers' Superannuation Scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The current regulations under which the Teachers' Premature Retirement Compensation Scheme operates are the Teachers' (Compensation for Redundancy and Premature Retirement) Regulations (Northern Ireland) 1991 S.R. 1991 No 132.

In addition to the primary statements prepared under UK GAAP, the *FReM*, also requires the scheme to prepare an additional statement – a *Statement of Parliamentary Supply*. This, and its supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Department of Education – Teachers' Superannuation Scheme and Teachers' Premature Retirement Compensation Scheme

The scheme statement summarises the transactions of the Department of Education - Teachers' Superannuation Scheme and the Teachers' Premature Retirement Compensation Scheme where the Department of Education acts as a principal. The balance sheet shows the deficit on the scheme; the Revenue Account shows, *inter alia*, the movements in the liability analysed between the pension cost, enhancements and transfers in, and the interest on the scheme liability. The actuarial position of the pension scheme is dealt with in the Report of the Actuary, and the scheme statement should be read in conjunction with that Report.

2. Statement of accounting policies

The accounting policies contained in the *FReM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the *FReM* permits a choice of accounting policy, the accounting policy, which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with items considered material in relation to the accounts.

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Pension contributions receivable

a. Contributions made by employers and employees in respect of pension and premature compensation are combined.

b. Employers' normal contributions are accounted for on an accruals basis.

c. Employers' special contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of such an agreement, on an accruals basis.

d. Employees' contributions and amounts received in respect of the purchase of added years service are accounted for on an accruals basis. Neither Additional Voluntary Contributions (AVCs) (note 14) nor payments to providers of Stakeholder Pensions (see the Report of the Managers) are brought into account in these statements.

2.3 Transfers in and out

Transfers in are normally accounted for as income and expenditure (representing the associated increase in the scheme liability) on a cash basis, although group transfers in may be accounted for on an accruals basis where the scheme has formally accepted or transferred a liability.

2.4 Other income

Other income, including refunds of benefits, overpayments recovered other than by deduction from future benefits and miscellaneous income, are accounted for on an accruals basis. To the extent that this income also represents an increase in the scheme liability, it is also reflected in expenditure.

2.5 Current service cost

The current service cost is the increase in the present value of the scheme liabilities arising from current members' service in the current period and is recognised in the Revenue account. The cost is based on the discount rate applicable at 1 April 2007, being 1.8 per cent real rate (i.e. 4.6 per cent including inflation).

2.6 Past service costs

Past service costs are changes in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits. Past service costs are recognised in the Revenue Account on a straight-line basis over the period in which the increase in benefits vests.

2.7 Interest on scheme liabilities

The interest cost is the increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement, and is recognised in the Revenue Account. The interest cost is based on the discount rate applicable at 1 April 2007, being 1.8 per cent real rate (i.e. 4.6 per cent including inflation).

2.8 Other payments

Other payments are accounted for on an accruals basis.

2.9 Scheme liability

Provision is made for liabilities to pay pensions and other benefits in the future. The scheme liability is measured on an actuarial basis using the projected unit method and is discounted at the rate applicable at the close of 31 March 2008, being 2.5 per cent real rate (i.e. 5.3 per cent including inflation).

Full actuarial valuations by a professionally qualified actuary are obtained at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the balance sheet date and updates it to reflect current conditions.

2.10 Pension benefits payable

Pension benefits payable are accounted for as a decrease in the scheme liability on an accruals basis.

2.11 Pension payments to those retiring at their normal retirement age

Lump sum and the annual pension payments are accounted for on an accruals basis. Recognition is based on the pension liability accruing from the day following the date of retirement.

2.12 Pension payments to and on account of leavers before their normal retirement age

Refunds of employees' contributions are accounted for on an accruals basis. Refunds include amounts payable both at the time of leaving or at normal retirement age (or earlier death).

2.13 Lump sums payable on death in service

Lump sum payments payable on death in service are accounted for on an accruals basis. They are funded through the normal pension contributions and are a charge on the pension provision.

2.14 Actuarial gains / losses

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Recognised Gains and Losses for the year.

2.15 Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) are deducted from employees' salaries and are paid over directly by the Department of Education to the approved AVC providers.

3. Reconciliation of Estimates, accounts and budgets

3(a) Reconciliation of net resource outturn to net outgoings

	Note	Outturn £000	Supply Estimate £000	2007-08 Outturn compared with Estimate: saving / (excess) £000	2006-07 Outturn £000
Net resource outturn		495,312	540,803	45,491	261,004
Non-supply income	5	-	-	-	(2,113)
Net outgoings	21	**495,312**	**540,803**	**45,491**	**258,891**

3(b) Outturn against final administration budget

All costs of administering the Teachers' Superannuation Scheme and the Teachers' Premature Retirement Scheme are borne by the Department of Education.

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving / (excess) £000
Net resource outturn	3(a)	540,803	495,312	45,491
Accruals adjustments:				
Changes in working capital other than cash		-	(322)	322
Other adjustments		4,100	-	4,100
Increase in provision	19.5	(710,000)	(663,847)	(46,153)
Use of provision	19.5	297,034	270,862	26,172
Net cash requirement	22(c)	**131,937**	**102,005**	**29,932**

Explanation of the variation between Estimate net cash requirement and outturn (net cash requirement):

1. Other adjustments — Saving £4,100k

The variance is attributable to the inclusion within the Estimate of cover for cash outflows for the payment of creditors which was not required in year.

2. Increase in provision — Excess £46,153k

The variance is mainly attributable to two factors, being:

- The outturn for past service cost was £20m less than expected due to a smaller than originally anticipated number of staff who retired under the Premature Retirement Scheme.

- The balance of the variance is primarily attributable to the outturn for pension cost and interest on scheme liabilities being lower than the amounts included in the Estimate amount, which was based on the Department's technical estimation process.

3. Use of provision — Saving £26,172k

The variance is attributable to the outturn utilisation of the pension provision being less than that provided for in the Estimate. The bulk of this variance (£17.1m) is the result of a smaller than originally anticipated number of staff who received payments under the Premature Retirement Scheme.

5. Analysis of income payable to Consolidated Fund

		Forecast 2007-08		**Outturn 2007-08**	
	Note	**Income £000**	**Receipts £000**	**Income £000**	**Receipts £000**
Other operating income and receipts not classified as ARs	3(a) & 21	-	-	-	*125*
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		-	-	**-**	***125***

6. Reconciliation of income recorded within the Revenue Account to operating income payable to the Consolidated Fund

	Note	2007-08 £000	2006-07 £000
Operating income		168,535	165,553
Income authorised to be Accruing Resource		(168,535)	(163,440)
Operating income payable to the Consolidated Fund	5	**-**	**2,113**

7. Pension contributions receivable

	2007-08 £000	2006-07 £000
Employers	110,838	112,155
Employees:		
Normal	51,815	47,268
Premature retirement compensation receipts from DEL	1,911	1,686
Purchase of added years	602	619
	165,166	**161,728**

8. Pension transfer in (*see also* Note 12)

	2007-08 £000	2006-07 £000
Individual transfers in from other schemes	**3,298**	**3,825**

9. Other pension income

	2007-08 £000	2006-07 £000
Other pension income	**71**	**-**

10. Pension cost (*see also* Note 19.5)

	2007-08 £000	2006-07 £000
Current service cost	260,000	190,000
Past service cost	40,000	40,000
Negative past service cost	-	(140,000)
	300,000	**90,000**

11. Enhancements *(see also* Note 19.5*)*

	2007-08 £000	2006-07 £000
Employees:		
Purchase of added years	**549**	**619**

12. Transfer in (*see also* Notes 8 and 19.5)

	2007-08 £000	2006-07 £000
Individual transfers in from other schemes	**3,298**	**3,825**

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the Revenue account as expenditure as part of the movements in the provision during the year.

13. Interest charge (*see also* Note 19.5)

	2007-08 £000	2006-07 £000
Interest charge for the year	**360,000**	**330,000**

14. Additional Voluntary Contributions

The Department of Education Teachers' Superannuation Scheme provides for employees to make Additional Voluntary Contributions (AVCs) to increase their pension entitlements or to increase life assurance cover. Employees may arrange to have agreed sums deducted from their salaries, for onward payment to the approved provider, namely Prudential plc. The Managers of the Department of Education Teachers' Superannuation Scheme have responsibility only for the onward payment by employers of members' contributions to the scheme's approved provider. These AVCs are not brought to account in this statement. Members participating in this arrangement receive an annual statement from the approved provider as at 31 March confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

Prudential Teachers' AVC Facility (Northern Ireland)	**2007-08 £000**	**2006-07 £000**
Movements in the year		
Balance at 1 April	43,563	43,920
New investments	5,363	6,428
Sales of investments to provide pension benefits	(5,204)	(6,795)
Changes in market value of investments	(32)	10
Balance at 31 March	**43,690**	**43,563**

15. Contingent liabilities

In the unlikely event of a default by the Prudential plc, the Department of Education will guarantee pension payments. This guarantee does not apply to members who make payments to institutions offering Free Standing Additional Voluntary Contribution Schemes.

The Department is currently processing the claims of part-time teachers who are pursuing the possibility of having their part-time teaching service prior to 1 May 1995 considered for pension purposes. It is not possible to estimate the value of these claims at the present time as a number of cases are expected to be out of time.

16. Debtors

16 (a) Analysis by type

	Note	2007-08 £000	2006-07 £000
Amounts falling due within one year:			
Contributions due:			
Employers		1,824	1,795
Employees		858	706
Added years		8	91
Overpaid pensions		235	195
DEL debtor		137	125
Provision for bad debt		(46)	(49)
		3,016	2,863
Consolidated Fund debtor	22(b)	-	5,855
		3,016	**8,718**

Included within these figures is £nil (2006-07 £125,060.17) that will be due to the Consolidated Fund once the debts are collected.

16 (b) Intra-Government balances

	Amounts falling due within one year	
	2007-08 £000	**2006-07 £000**
Balances with other central government bodies	163	6,004
Balances with bodies external to government	2,853	2,714
Total debtors at 31 March	**3,016**	**8,718**

17. Cash at bank and in hand

	Note	2007-08 £000	2006-07 £000
Balance at 1 April		1,738	(3,162)
Net change in cash balances		(1,294)	4,900
Balance at 31 March		**444**	**1,738**

The following balances at 31 March are held at:

Commercial Banks		**444**	**1,738**

The balance at 31 March comprises:

	Note	2007-08 £000	2006-07 £000
Income not Accruing Resources received and payable to the Consolidated Fund		-	7,593
Amounts owed from the Consolidated Fund for supply		-	(5,855)
Amounts issued from the Consolidated Fund for supply but not spent at year end	18	444	-
		444	**1,738**

18. Creditors

18 (a) Analysis by type

	Note	2007-08 £000	2006-07 £000
Amounts falling due within one year:			
Members		685	386
Inland Revenue and voluntary contributions		2,924	2,630
Other creditors		36	29
Amounts issued from the Consolidated Fund for supply but not spent at year end	17 & 22(b)	444	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund			
Received		-	7,593
Receivable		-	125
		4,089	**10,763**

18 (b) Intra-government balances

Amounts falling due within one year	**2007-08 £000**	**2006-07 £000**
Balances with other central government bodies	3,368	10,348
Balances with bodies external to government	721	415
Total creditors at 31 March	**4,089**	**10,763**

19. Provision for pension liability

19.1 The Department of Education Teachers' Superannuation Scheme is an unfunded defined benefit scheme. A full actuarial valuation was carried out as at 31 March 2004 supplemented by an interim actuarial valuation as at 31 March 2006. The major assumptions used by the Actuary were:

	At 31 March 2008	At 31 March 2007	At 31 March 2006
Rate of return (discount rate)	5.3%	4.6%	5.4%
Inflation assumption			
Rate of return in excess of:			
Pension increases	2.5%	1.8%	2.8%
Earnings increases	1.0%	0.3%	1.3%

19.2 The scheme managers are responsible for providing the Actuary with the information the Actuary needs to carry out the valuation. This information includes, but is not limited to, details of:

- scheme membership, including age and gender profile, active membership, deferred pensioners and pensioners;

- benefit structure, including details of any discretionary benefits and any proposal to amend the scheme;

- income and expenditure, including details of expected bulk transfers into or out of the scheme; and

- following consultation with the Actuary, the key assumptions that should be used to value the scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

19.3 Pension scheme liabilities accrue over employees' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the scheme liability, the Actuary must estimate the impact of several inherently uncertain variables far into the future. These variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

19.4 The value of the liability included on the balance sheet may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increases in salaries, the value of the pension liability will increase or decrease. The managers of the scheme accept that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in Notes 19.9 and 19.10. The note also discloses 'experience' gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

19.5 Analysis of movement in the scheme liability

	Note	2007-08 £000	2006-07 £000
Scheme liability at 1 April		**(7,889,840)**	**(6,126,869)**
Current service cost	10	(260,000)	(190,000)
Past service cost	10	(40,000)	(40,000)
Negative past service cost	10	-	140,000
Interest on pension scheme liability	13	(360,000)	(330,000)
	22(a)	(660,000)	(420,000)
Enhancements	11	(549)	(619)
Pension transfers in	12	(3,298)	(3,825)
	22(a)	(3,847)	(4,444)
Benefits paid	19.6 & 22(a)	268,976	247,571
Pension payments to and on account of leavers	19.7 & 22(a)	1,886	3,902
		270,862	251,473
Actuarial gain/(loss)	19.8	370,000	(1,590,000)
Scheme liability at 31 March		**(7,912,825)**	**(7,889,840)**

During the year ended 31 March 2008 contributions were 20.00% of pensionable pay.

19.6 Analysis of benefits paid

	Note	2007-08 £000	2006-07 £000
Pensions or annuities to retired employees and dependants		216,179	196,124
Commutations and lump sum benefits on retirement		52,043	50,708
Lump sum benefits on death in service		754	739
Per combined cash flow statement	19.5	**268,976**	**247,571**

19.7 Analysis of payments to and on account of leavers

	Note	2007-08 £000	2006-07 £000
Refunds to members leaving service		91	122
Individual transfers to other schemes		1,795	3,780
Per combined cash flow statement	19.5	**1,886**	**3,902**

19.8 Analysis of actuarial gain/(loss)

	Note	2007-08 £000	2006-07 £000
Experience (losses)/gains arising on the scheme liabilities		(190,000)	(300,000)
Changes in demographic assumptions underlying the present value of the scheme liabilities		(410,000)	-
Changes in assumptions underlying the present value of the scheme liabilities (adjustment to discount rate % at 31 March)		970,000	(1,290,000)
Per combined statement of recognised gains and losses	19.5 & 21	**370,000**	**(1,590,000)**

19.9 History of experience gains and losses

	2007-08	**2006-07**	**Restated 2005-06**	**2004-05**	**2003-04**
Experience losses/(gains) on scheme liabilities: Amount (£000)	190,000	300,000	10,000	50,000	(100,000)
Percentage of the present value of the scheme liabilities	2.4%	3.8%	0.2%	1.0%	(2.1%)
Total actuarial (gain)/loss: Amount (£000)	(370,000)	1,590,000	720,000	180,000	220,000
Percentage of the present value of the scheme liabilities	(4.7%)	20.2%	11.8%	3.5%	4.7%

Refer to Note 19.12 for explanation of restated 2005-06 comparatives.

19.10 Sensitivity analysis

19.10.1 The Government Actuary has been asked to indicate the approximate effects on the actuarial liability as at 31 March 2008 of changes to the main actuarial assumptions.

19.10.2 The principal financial assumptions are the real rates of return in excess of price inflation and earnings growth. (The assumed nominal rate of return is less important although it does affect the past service liability in respect of Guaranteed Minimum Pensions (GMPs).) A key demographic assumption is pensioner mortality (see note 19.11).

19.10.3 Table 1 shows the indicative effects on the total liability as at 31 March 2008 of changes to these assumptions.

Table 1

Sensitivity to main assumptions

Change in assumption*		Approximate effect on total liability	
Rate of return			
(i) nominal	-0.5% a year	+ 0.5%	+ £40 million
(ii) in excess of earnings	-0.5% a year	+ 2.5%	+ £200 million
(iii) in excess of prices	-0.5% a year	+ 6.5%	+ £510 million
Pensioner mortality:			
(iv) pensioners living (on average) 2 years longer		+ 4.0%	+ £320 million

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.

19.10.4 In variant (ii) of Table 1, the assumed rate of return in excess of prices remains unchanged, and in variant (iii), the assumed rate of return in excess of earnings remains unchanged.

19.10.5 Variant (i) shows little change from the central assumptions because the assumed real rates of return (in excess of prices and earnings) are unchanged. However, GMP benefits are not fully inflation-linked after they come into payment, and so the change in the nominal rate of return (of 0.5% a year) affects the value of GMP benefits. The total actuarial liability would change by about 0.5%.

19.10.6 Variant (ii) shows a more significant effect because the real rate of return in excess of earnings (or, equivalently, real earnings growth) differs from the central assumptions (by 0.5% a year). The total actuarial liability would change by about 2.5%.

19.10.7 Similarly, variant (iii) shows a substantial effect because the real rates of return in excess of prices differ from the central assumptions (by 0.5% a year). The total actuarial liability would change by about 6.5%.

19.10.8 Variant (iv) shows the significance of pensioner mortality: if longevity at retirement were assumed to be 2 years greater, then this would increase the total actuarial liability by about 4.0%.

19.11 Life Expectancy

Tables 2 and 3 show the life expectancy at age 60 and at age 65 respectively of pensioners retiring in normal health, under the mortality assumptions used for the Resource Accounts as at 31 March 2008 and as at 31 March 2007.

Table 2

Life expectancy of normal health pensioners at age 60

	As at 31 March 2008		As at 31 March 2007	
	Men (years)	Women (years)	Men (years)	Women (years)
Current Pensioners	29	32	26	29
Future Pensioners	30	33	28	30

Table 3

Life expectancy of normal health pensioners at age 65

	As at 31 March 2008		As at 31 March 2007	
	Men (years)	Women (years)	Men (years)	Women (years)
Current Pensioners	23	27	21	24
Future Pensioners	25	29	23	26

19.12 Explanation of restated disclosure of 2005-06 comparatives in respect of adjustment to the scheme liability due to change in discount rate

The Combined Statement of Recognised Gains and Losses within the Teachers' Superannuation Annual Scheme Statements 2005-06 disclosed a total movement of £720m, analysed as a £40m actuarial loss and £680m in respect of a restatement of the opening balance of the pension liability as at 1 April 2005, due to a change in the discount rate percentage. In accordance with FRS 17, the £680m adjustment meets the definition of an actuarial loss. As such, this movement has been reclassified as an actuarial loss in order to make the comparative figures consistent with the subsequent years' disclosures. This restatement is reflected in Note 19.9 of the Notes to the Scheme Statement.

20. Transfers in and out

Transfers in amounting to £274,401.77 had been agreed in January, February and March 2008 and are expected to be received after 31 March 2008. Small differences between some individual amounts agreed and received may arise due to fluctuations in the underlying investment between the date on which a transfer in is agreed and the date on which it is received.

Transfers out amounting to £74,002.44, which had been agreed in March 2008 were paid in April 2008.

21. General fund

	Note	2007-08 £000	2006-07 £000
Balance at 1 April		(7,890,147)	(6,126,817)
Net parliamentary funding drawn down	22 (b)	102,449	81,819
Year end adjustment supply (creditor) / debtor—current year	22 (b)	(444)	5,855
Income not Accruing Resource, payable to the Consolidated Fund	5	-	(2,113)
Combined net outgoings for the year	3(a)	(495,312)	(258,891)
Actuarial gain / (loss)(SRGL)	19.8	370,000	(1,590,000)
Balance at 31 March		**(7,913,454)**	**(7,890,147)**

Notes to the Combined Cash Flow Statement

22 (a) Reconciliation of net outgoings to operating cash flows

	Note	2007-08 £000	2006-07 £000
Net outgoings for the year		(495,312)	(258,891)
(Increase)/decrease in debtors	16	(153)	361
Increase/(decrease) in creditors	18	600	(11)
Increase in pension provision	19.5	660,000	420,000
Increase in pension provision – enhancement and transfers in	19.5	3,847	4,444
Use of provisions – pension liability	19.5	(268,976)	(247,571)
Use of provisions – refunds and transfers	19.5	(1,886)	(3,902)
Net cash outflow from operating activities		**(101,880)**	**(85,570)**

22 (b) Analysis of financing

	Note	2007-08 £000	2006-07 £000
From the Consolidated Fund (supply): current year	22(c)	102,449	81,819
From the Consolidated Fund (supply): prior year	22(c)	5,855	8,651
Net financing	16(a), 18(a) & 21	108,304	90,470
Consolidated Fund (creditor) / debtor	21	(444)	5,855
Receipt of Consolidated Fund debtor		(5,855)	(8,651)
Financing from the Consolidated Fund	21	**102,005**	**87,674**

22 (c) Reconciliation of net cash requirement to increase / (decrease) in cash

	Note	2007-08 £000	2006-07 £000
Net cash requirement	4	(102,005)	(87,674)
From the Consolidated Fund (supply): current year	22(b)	102,449	81,819
From the Consolidated Fund (supply): prior year	22(b)	5,855	8,651
Amounts due to the Consolidated Fund received in a prior year and paid over		(7,593)	-
Amounts due to the Consolidated Fund received and not paid over		-	1,988
Receipt of a prior year debtor due to the Consolidated Fund		125	116
Payment of the above receipt to the Consolidated Fund		(125)	-
Increase/ (decrease) in cash in the period		**(1,294)**	**4,900**

23. Financial instruments

FRS 13 *Derivatives and Other Financial Instruments* requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which government departments are financed, the Department of Education Teachers' Superannuation Scheme is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies.

Liquidity risk

Resources voted by Parliament finance the Department of Education Teachers' Superannuation Scheme's net revenue resource requirements. The Department of Education Teachers' Superannuation Scheme is not therefore exposed to significant liquidity risks.

Interest rate risk

All of the Department of Education Teachers' Superannuation Scheme's financial assets and liabilities carry nil or fixed rates of interest. The Scheme is not therefore exposed to any interest rate risk.

24. Premature retirement compensation

The Teachers' Premature Retirement Compensation Scheme recovers compensation costs via increased employer contributions.

The number of compensation cases for the current year and in total broken down by employer group, are:

Number of teachers retiring on grounds of premature retirement in the year to 31 March 2008

	Efficient Discharge	Redundancy
Belfast Education and Library Board	8	82
North Eastern Education and Library Board	5	76
Southern Education and Library Board	9	60
South Eastern Education and Library Board	5	96
Western Education and Library Board	6	84
Voluntary Grammar Schools	6	111
Further Education Colleges	3	39
Other Grant-Maintained Schools	-	8
Other Bodies	-	1
TOTAL	**42**	**557**

Total number of teachers retired on grounds of premature retirement as at 31 March 2008

	Efficient Discharge	Redundancy
Belfast Education and Library Board	223	1,134
North Eastern Education and Library Board	271	1,204
Southern Education and Library Board	424	889
South Eastern Education and Library Board	330	844
Western Education and Library Board	281	979
Voluntary Grammar Schools	166	604
Further Education Colleges	182	722
Other Grant-Maintained Schools	6	15
Other Bodies	28	77
TOTAL	**1,911**	**6,468**

25. Related party transactions

The Teachers' Superannuation Scheme and the Teachers' Premature Retirement Scheme fall within the ambit of the Department of Education, which is regarded as a related party. During the year, the schemes have had material transactions with the Department, Non-Departmental Public Bodies and other bodies whose employees are members of the schemes. None of the Managers of the schemes, key managerial staff or other related parties have undertaken any material transactions with the schemes during the year.

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
PC 2384 09/08

information & publishing solutions

Published by TSO (The Stationery Office) and available from:
Online
www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries: 0870 600 5522
Fax orders: 0870 600 5533
E-mail: customer.services@tso.co.uk
Textphone 0870 240 3701

TSO Shops
16 Arthur Street, Belfast BT1 4GD
028 9023 8451 Fax 028 9023 5401
71 Lothian Road, Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588
TSO@Blackwell and other Accredited Agents

ISBN 978-0-337-09107-0

9 780337 091070