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 2015

Department of Education – Teachers' Superannuation
Annual Scheme Statements
For the year ended 31 March 2015

Laid before the Northern Ireland Assembly by the
Department of Finance and Personnel under
Section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001

3 July 2015

This publication is also available on our website at www.deni.gov.uk.

Any enquiries regarding this document should be sent to us at Department of Education, Rathgael House, 43 Balloo Road, Rathgill, BANGOR, BT19 7PR.

Contents **Page**

REPORT OF THE MANAGERS
for the year ended 31 March 2015

Background to the Teachers' Superannuation Scheme

Statutory basis for the Scheme
The Teachers' Superannuation Scheme ("the Scheme") operates under the Teachers' Superannuation Regulations (Northern Ireland) 1998 (as amended).

Eligibility to join the Scheme
Northern Ireland teachers' pensions were significantly modified and improved under the Teachers' Pensions etc. (Reform Amendments) Regulations (Northern Ireland) 2007.

These regulations introduced a pension age of 65 for new entrants and modifications to the Scheme for existing members from 1 April 2007.

Persons in the employments specified in Schedule 2 of the Teachers' Superannuation Regulations (Northern Ireland) 1998 are eligible to join the Scheme.

Further information about the Scheme is available on the internet at www.deni.gov.uk.

Main features of the Scheme
The Teachers' Superannuation Scheme is an unfunded, defined benefit scheme to which teachers and their employers contribute. Benefits are index-linked and there is provision for payments to dependants.

Corporate Governance and Management of the Scheme
The Teachers' Superannuation Scheme is managed by the Department of Education. The Department also manages the Teachers' Premature Retirement Compensation Scheme which operates under the Teachers' (Compensation for Redundancy and Premature Retirement) Regulations (Northern Ireland) 2010.

The Scheme Manager is responsible for policy in respect of the Scheme, legislative changes, and managing the relationship with the Government Actuary's Department (GAD).

The Scheme Administrator is responsible for the implementation of the Scheme regulations including day to day management of receipts and payments, and correspondence with Scheme members.

To manage the annual requirements for actuarial valuations and information for the preparation of the Annual Scheme Statements, the Teachers' Superannuation Scheme Steering Group meets during the year.

The Steering Group consists of staff from across the Department of Education, including the Financial Reporting Team (FRT), Pensions Policy Team (PPT), and the Teachers' Pay and Pensions Team (TP&PT).

To enable the Accounting Officer to maintain a sound system of internal control, the Accounting Officer is informed by the work of the internal auditors and reports from senior managers on the effectiveness of internal controls; and by comments made by the external auditors in their management letter and other reports. More detail is provided in the Governance Statement.

Employers
The Teachers' Superannuation Scheme is for persons in the employments specified in Schedule 2 of the Teachers' Superannuation Regulations (Northern Ireland) 1998. A full list of employers currently within the Scheme can be obtained from the Scheme Administrator.

Arrangements governing determination of contribution rates and benefits
The Department of Education in exercise of powers conferred upon it by the Superannuation (Northern Ireland) Order 1972 and after consultation with relevant interested parties makes regulations which determine the contributions and benefits of the Scheme.

The Teachers' Superannuation Consultative Committee is the established forum for consultation on matters relating to the Scheme. The Committee comprises representatives of the recognised teacher unions, the University and College Union and employers from both the school and further education sectors.

Key developments in year

Changes in contributions
From 1 April 2014 contribution rates for employees increased in accordance with the table below. Employers' contributions remained at 13.6% of pensionable pay.

Lower Salary*	Higher Salary*	Contribution Rate in 2014-15	Increase (against 2013-14)
-	£14,999	6.4%	0.0%
£15,000	£25,999	7.2%	0.2%
£26,000	£31,999	8.3%	0.4%
£32,000	£39,999	9.5%	0.7%
£40,000	£44,999	9.9%	0.7%
£45,000	£74,999	11.0%	0.9%
£75,000	£99,999	11.6%	1.0%
£100,000	-	12.4%	1.2%

* contributions are based on full-time equivalent (FTE) pay levels

Changes in benefits
Pensions were increased by 2.7% with effect from 7 April 2014 (8 April 2013: 2.2%).

Reform of Northern Ireland Teachers' Pension Scheme (NITPS)

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS), from 31 March 2015 and the establishment of new schemes based on a career average revalued earnings model with normal pension age equal to state pension age to be introduced from 1 April 2015. In compliance with the Act, regulations for a reformed NITPS were made on 12 December 2014.

Pensions legislation

During 2014-15 the Department made the following regulations:

1. The Teachers' Superannuation (Amendment)(No. 2) Regulations (Northern Ireland) 2014

These regulations amend the Teachers' Superannuation Regulations (Northern Ireland) 1998, with effect from 1 April 2014. The main provisions enacted in the regulations are to:

- amend the Teachers' Superannuation Regulations (Northern Ireland) 1998 to prescribe the percentage of their salary which employees must contribute to the pension scheme from 1 April 2014; and
- revoke and re-enact the Teachers' Superannuation (Amendment) Regulations (Northern Ireland) 2013.

2. The Teachers' Pension Scheme Regulations (Northern Ireland) 2014

These regulations come into operation on 1 April 2015. The main provisions enacted in the regulations are to:

- establish a new NITPS based on career average re-valued earnings for the payment of pensions and other benefits to and in respect of teachers in Northern Ireland;
- provide for a Normal Pension Age (NPA) equal to State Pension Age (SPA), but with options to enable scheme members to retire earlier or later than their NPA and the protection of benefits already accrued by members in the existing pension scheme;
- make governance provisions including delegation of the scheme manager's functions and establishment of the Northern Ireland Teachers' Pension Scheme Pension Board and the Northern Ireland Teachers' Pension Scheme Advisory Board;
- provide for scheme membership. It sets out the key concepts of eligible employment and pensionable earnings. It contains eligibility and auto-enrolment provisions;
- provide for the establishment of a member's pension accounts in relation to a continuous period of pensionable service under this scheme;
- explain how the amount of accrued pension is calculated;
- provide for the establishment of pension accounts;

- provide for the establishment of the active member's account. It provides for the proportion of pensionable earnings accrued as pension to be revalued each year until the member leaves pensionable service;
- provide for the establishment of additional pension accounts;
- provide for deferred members' accounts and explains how the provisional amount of deferred pension is calculated;
- provide for the establishment of pensioner members' accounts;
- provide for the establishment of pension credit members' accounts;
- provide for a member's entitlement to payment of retirement benefits. It sets out the key concept of qualifying service;
- provide for death grants and survivors' benefits;
- provide for benefits for pension credit members;
- provide for the payment and calculation of pension benefits. It also provides for the recovery and suspension of benefits in certain cases;
- provide for the payment of contributions by members and employers and also the repayment of a member's contributions after short-service;
- provide for the payment and receipt of transfer values including club transfers;
- make supplementary provisions on matters including employment records and the provision of information between the scheme and members;
- describe what constitutes eligible employment;
- make provision for pension flexibilities; and
- make transitional provision for members moving from the existing schemes to the new scheme.

3. The Teachers' Superannuation (Amendment) Regulations (Northern Ireland) 2015

These regulations amend the Teachers' Superannuation Regulations (Northern Ireland) 1998 and come into operation on 1 April 2015. The main provisions enacted in the regulations are to:

- ensure consistency in the treatment of NITPS members who remain in the existing final salary pension scheme as a result of full or tapered protection measures and those moving to the reformed career average scheme which comes into operation on 1 April 2015;
- set out the member contribution rates starting on 1 April 2015 and amend the member contributions provision to allow for contributions based on actual salary. Band up-rating will be in line with the consumer prices index;
- amend the timescale for 'in-service' applications for ill-health retirement received on, or after, 1 April 2015 to 2 years from leaving pensionable employment;

- clarify the operation of abatement taking into account the pension payable from the career average arrangements, even though the career average pension itself is a 'pension receipt' and is not therefore abated;
- make provisions for transfers and include provisions for changes in club rules and the ending of comparable service transfers. The amendments seek to clarify the operation of transfers; and
- revoke the Teachers' Superannuation (Amendment) (No. 2) Regulations 2014.

4. The Teachers' Pensions (Miscellaneous Amendments) Regulations (Northern Ireland) 2015

These regulations amend the Teachers' Superannuation Regulations (Northern Ireland) 1998 and the Teachers' Pension Scheme Regulations (Northern Ireland) 2014. The regulations come into operation on 1 April 2015. The main provisions enacted in the regulations are to:

- 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;
- amend the Teachers' Superannuation Regulations (Northern Ireland) 1998 to remove regulations which deal with finance as they are superseded by the 2014 Regulations; and provide for new employers' contribution rates;
- amend the Teachers' Pension Scheme Regulations (Northern Ireland) 2014 to correct drafting errors; provide for new employers' contributions; 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;
- make provision 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 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.

5. The Teachers' Pension Scheme (Consequential Provisions) Regulations (Northern Ireland) 2015

These regulations make consequential modifications to the regulations governing the existing NITPS - specifically the Pension Schemes (NI) Act 1993 and the Finance Act 2004 - to ensure the NITPS, which was created under the Public Service Pensions Act (NI) 2014, operates as intended in terms of their interaction with the wider framework of pensions and tax legislation. Under the 2014 Act, certain current members of public service pension schemes are to join new pension schemes ("new schemes") as active members, whilst retaining certain benefits in their existing pension schemes ("old schemes"). The regulations come into operation on 1 April 2015. The main provisions enacted in the regulations are to:

- modify the effect of provisions relating to contracting-out of the additional state pension. They disapply the requirement in the Pension Schemes (NI) Act 1993 ("the 1993 Act") for contracting-out certificates in relation to members joining or transferring to a new scheme from 1 April 2015. Procedural requirements in the Occupational Pension Schemes (Contracting Out) Regulations (Northern Ireland) 1996 are disapplied to an election to contract-out of the new scheme, as long as the new scheme meets certain requirements in the 1993 Act;
- modify the effect of other provisions of the 1993 Act, in their application to persons who join the new scheme whilst still being non-accruing members of the old scheme. Those members are to be treated as if they are in continuing pensionable service under one scheme, not two. The 1993 Act is modified in relation to pension debits. The 1993 Act concerns members of occupational pension schemes who leave before retirement age. The non-accruing members of the old scheme are to be treated as if their old scheme service does not terminate, nor their contracted-out employment cease, when they join the new scheme; only when they leave the new scheme. The modifications apply for the purposes of preserved benefit; revaluing benefits; protecting increases in guaranteed minimum pensions; and cash equivalent values and contribution refunds. Specified provisions in the Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996 which were made under the 1993 Act, are also modified for transition members;
- modify the effect of the pensions tax regime contained in the Finance Act 2004 upon the ill-health pension provision in the new scheme. It provides that any element of an ill-health pension relating to pensionable service for the old scheme will not fall to be calculated against the member's annual tax allowance, and that any pension in the old scheme that subsequently falls to be paid to a member who has taken ill-health retirement will not fall to be calculated against the member's lifetime tax allowance; and
- make provision that where a deferred member takes pension benefits before normal pension age, no account is to be taken of the standard reduction, applied to the benefits of active members taking pension benefits before the normal pension age, for the purpose of the short service benefit provisions contained in the 1993 Act.

Membership statistics

Details of changes in membership of the Teachers' Superannuation Scheme are as follows:

A. Active members	
Active members at 1 April 2014	**25,520**
Opening adjustment*	(75)
	25,445
Add:	
New entrants	942
Re-entrants in the period	685
Transfers in	5
Opt in	11
Less:	
Retirements in the period	(513)
Members leaving who have deferred pension rights	(1,321)
Deaths in service	(7)
Refunds/opt out	(86)
Transfers out	(3)
Active members at 31 March 2015	**25,158**

B. Deferred members	
Deferred members at 1 April 2014	**14,308**
Opening adjustment*	(318)
	13,990
Add:	
Members leaving with deferred pension rights	1,381
Less:	
Members taking up deferred pension rights	(171)
Transfers out	(37)
Re-entrants	(394)
Refunds	(49)
Deferred members at 31 March 2015	**14,720**

*An opening adjustment is required in respect of active and deferred members due to late receipt of service history and ongoing data cleansing during the period.

C. Pensions in payment	Members	Dependants	Total
Pensions in payment at 1 April 2014	**19,601**	**1,838**	**21,439**
Add:			
Members retiring in period at normal retirement age	784	-	784
Restorations	16	3	19
New dependants	-	173	173
Less:			
Deaths in period	(369)	(65)	(434)
Dependants leaving	-	(18)	(18)
Suspensions/other leavers	(19)	-	(19)
Pensions in payment at 31 March 2015	**20,013**	**1,931**	**21,944**

D. Compensation payments	
Members in receipt of compensation at 1 April 2014	**8,497**
Add: New members in receipt of compensation	62
Less: Deaths/other leavers	(159)
Members in receipt of compensation at 31 March 2015	**8,400**

Transfers

The Scheme has not accepted or transferred a liability during the year in respect of any group transfers.

Financial position at 31 March 2015

The Scheme liability at 31 March 2015 was £12.03 billion compared to £10.78 billion at the end of the previous year. The main reason for the increase was the change in financial assumptions as summarised in the Report of the Actuary. An analysis of movements in the Scheme liability is shown at note 14.4 to the Scheme Statements.

Events after the reporting period

There were no events after the reporting period which required adjustment to the Scheme Statements or additional disclosures.

Issues for 2015-16

With effect from 1 April 2015 employers' contributions will increase to 17.7% of pensionable pay. This rate was determined by the Government Actuary following a full funding valuation of the Scheme as at 31 March 2012.

From 1 April 2015 the salary bands applicable to member contributions for the NITPS will change; and the method of determining which salary band a member falls into will change, the appropriate contribution rates to be applied will be based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary.

These arrangements apply to **all** members i.e. both those who remain in final salary arrangements and those who move on 1 April 2015 to new career average arrangements.

Information for members

Additional Voluntary Contributions (AVCs)
The Department of Education Teachers' Superannuation Scheme has no arrangements to offer Free-Standing Additional Voluntary Contributions (FSAVCs) or stakeholder pensions. However, the 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. No contributions to these AVCs are made by the Scheme or teachers' employers. Members participating in this arrangement receive an annual statement from the approved provider as at 31 March confirming the amounts held on their account and any movements in the year.

All transactions and related assets and liabilities connected with the AVC scheme are private arrangements between Prudential and the employees, therefore they do not form part of the Department of Education Teachers' Superannuation Scheme Statements.

Final AVC figures supplied by Prudential for 2014-15 were as follows:

Prudential Teachers' AVC Facility (Northern Ireland)	**2014-15 £000**	**2013-14 £000**
Movements in the year		
Balance at 1 April	43,008	42,968
New investments	3,088	3,861
Sales of investments to provide pension benefits	(1,930)	(3,825)
Change in market value of investments	33	4
Balance at 31 March	**44,199**	**43,008**
Contributions received to provide life cover	102	115
Benefits paid on death	210	59

Scheme Managers, Advisers and Employers are listed below:

Accounting Officer
Paul Sweeney
Permanent Secretary
Department of Education
Rathgael House
43 Balloo Road
Rathgill
BANGOR
BT19 7PR

Scheme Manager and Premature Retirement Compensation Scheme Manager
La'Verne Montgomery
Department of Education
Rathgael House
43 Balloo Road
Rathgill
BANGOR
BT19 7PR

Scheme Administrator and Premature Retirement Compensation Scheme Administrator
Peter Crossley
Department of Education
Teachers' Pay & Pensions Team
Waterside House
75 Duke Street
Gobnascale
LONDONDERRY
BT47 6FP

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

Bankers
Danske Bank
Donegall Square North
BELFAST
BT1 5GB

Legal Advisers
Departmental Solicitor's Office
Victoria Hall
12 May Street
BELFAST
BT1 4NL

Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Disclosure of information to Auditor
The Accounting Officer 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 auditor is aware of such information. So far as he is aware there is no relevant audit information of which the Scheme's auditor is unaware.

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

Peter Crossley
Scheme Administrator, Teachers' Superannuation Scheme
Department of Education
Teachers' Pay and Pensions Team
Waterside House
75 Duke Street
Gobnascale
LONDONDERRY
BT47 6FP

REPORT OF THE ACTUARY

Introduction

1. This statement has been prepared by the Government Actuary's Department at the request of the Department of Education Northern Ireland ('the Department'). It summarises the pensions disclosures required for the 2014-15 Resource Accounts of the Northern Ireland Teachers' Pension Scheme ('the scheme', or 'NITPS').

2. The NITPS is a defined benefit scheme. It has a final salary section which applies to benefits accrued before 1 April 2015 and to future accrual for older members who have fully protected status or tapered protection. There is also a new career average section applying to future accrual after 1 April 2015 for members without protected status. The rules of the final salary section are set out in *The Teachers' Superannuation Regulations (Northern Ireland) 1998* (SR(NI) 1998/333) and the rules of the career average section are set out in *The Teachers' Pension Scheme Regulations (Northern Ireland) 2014* (SR(NI) 2014/310), as amended. The scheme is wholly unfunded. I am not aware of any informal practices operated within the scheme which lead to a constructive obligation. (Under IAS19 constructive obligations should be included in the measurement of the actuarial liability).

3. The statement is based on an assessment of the liabilities as at 31 March 2012, with an approximate updating to 31 March 2015 to reflect known changes.

Membership data

4. Tables A to C summarise the principal membership data as at 31 March 2012 used to prepare this statement.

Table A – Active members

	Number (nearest 10)	Total pensionable pay* (£ million pa)
Males	6,490	254.4
Females	19,200	696.6
Total	25,680	951.0

* Full time equivalent as at 31 March 2012.

Table B – Deferred members

	Number (nearest 10)	Total deferred pension* (£ million pa)
Males	3,730	4.9
Females	8,820	12.3
Total	12,550	17.2

* Pension amounts as at the assessment date and so exclude pension increases due in April 2012.

Table C – Pensions in payment

	Number (nearest 10)	Total annual pension* (£ million pa)
Males	6,640	112.5
Females	11,980	157.6
Spouses & dependants	1,740	8.9
Total	20,360	279.0

* Pension amounts as at the assessment date and so exclude pension increases due in April 2012.

Methodology

5. The present value of the liabilities has been determined using the Projected Unit Credit Method (PUCM), with allowance for expected future pay increases in respect of active members, and the principal assumptions applying to the 2014-15 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2015 was determined using the PUCM and the principal assumptions applying to the 2013-14 Resource Accounts.

6. 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 injury benefits (in excess of ill-health benefits). It does not include premature retirement and redundancy benefits in respect of current active members, although the assessment of liabilities includes pensions already in payment in respect of such cases.

Principal financial assumptions

7. The principal financial assumptions adopted to prepare this statement are shown in Table D.

Table D – Principal financial assumptions

Assumption	31 March 2015	31 March 2014
Rate of return (discount rate)	3.55%	4.35%
Rate of earnings increases	4.20%	4.50%
Rate of future pension increases	2.20%	2.50%
Rate of return in excess of:		
Pension increases (CPI)	1.30%	1.80%
Earnings increases	-0.65%	-0.15%
Expected return on assets:	n/a	n/a

8. The pension increase assumption as at 31 March 2015 is based on the Consumer Price Index (CPI) expectation of inflation.

Demographic assumptions

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

10. The 'S1' series of standard tables prepared by the Continuous Mortality Investigation (part of the Actuarial Profession) are used but with adjustments derived from recent scheme experience. For current and future male normal-health pensioners, a 107% loading has been applied (that is mortality rates are assumed to be 7% heavier than those in the standard table) relative to the S1NMA_L table. For current and future female normal health pensioners, age dependent loadings (74% up to age 79, 84% at ages 80-84, 98% at 85-89, 106% from age 90) have been applied relative to the S1NFA_L table. Mortality improvements are in accordance with those incorporated in the 2012-based principal population projections for the United Kingdom.

11. Reforms to the NITPS which were implemented in April 2015 may affect the behaviour of members, ie members subject to a later normal pension age for accrual after 2015 might be expected to retire later. The assumed age retirement rates are based on recent experience but make allowance for later retirements for members who transfer to the new scheme on or after 1 April 2015. The assumptions are the same as for the 2013-14 Resource Accounts.

12. The contribution rate used to determine the accruing cost in 2014-15 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2013-14 Resource Accounts.

Liabilities

13. Table E summarises the assessed value as at 31 March 2015 of benefits accrued under the scheme prior to 31 March 2015 based on the data, methodology and assumptions described in paragraphs 4 to 12. The corresponding figures for the previous four year ends are also included in the table.

Table E – Statement of Financial Position

£ billion

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Total market value of assets	nil	nil	nil	nil	nil
Value of liabilities	(12.03)	(10.78)	(9.56)	(9.08)	(8.44)
Surplus/(Deficit)	(12.03)	(10.78)	(9.56)	(9.08)	(8.44)
of which recoverable by employers	n/a	n/a	n/a	n/a	n/a

Pension cost

14. The cost of benefits accruing in the year ended 31 March 2015 (the Current Service Cost) is based on a standard contribution rate of 36.0%. Members contributed about 9.6% of pensionable pay on average, with different rates for different tiers of pensionable salary. Table F shows the employers' share of the contribution rate used to determine the Current Service Cost taking into account contributions paid by members. The corresponding figures for 2013-14 are also included in the table.

Table F – Contribution rate

	Percentage of pensionable pay	
	1 April 2014 to 31 March 2015	**1 April 2013 to 31 March 2014**
Standard contribution rate	36.0%	29.5%
Members' estimated average contribution rate	(9.6%)	(9.0%)
Employers' estimated share of standard contribution rate	26.4%	20.5%

15. For the avoidance of doubt the employers' share of the standard contribution rate determined for the purposes of the Resource Accounts is not the same as the actual rate of contributions payable by employers[1] which is determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme. The most significant difference between the actuarial assessments for Resource Accounts and for scheme funding purposes is the discount rate net of pension increases. This was 1.8% a year for the 2014-15 Current Service Cost compared with 3.5% a year for the scheme funding rate, calculated at the 2004 formal valuation, which was in payment over that period. (Note that the discount rate for scheme funding purposes has been reviewed and reduced to 3% a year. Contributions in payment from 1 April 2015, calculated at the 2012 formal valuation, are based on the reduced discount rate.) A higher discount rate for scheme funding purposes results in a lower assessed cost of benefit accrual. The discount rate for scheme funding is set by HM Treasury, and is expected to stay the same for an extended period so as to provide a stable budgeting mechanism for pension accrual within government. The discount rate for Resource Accounts is set each year by HM Treasury to reflect the requirements of IAS19.

16. The estimated pensionable payroll for the financial year 2014-15 was £895 million (derived from the contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2014-15 (at 36.0% of pay) is assessed to be £322 million. There is no past service cost and so this is the total pension cost for 2014-15.

[1] This was 13.6% for the period covered by the table but was increased to 17.7% from 1 April 2015.

Sensitivity analysis

17. The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty I have been asked to indicate the approximate effects on the actuarial liability as at 31 March 2015 of changes to the significant actuarial assumptions.

18. The principal financial assumptions are the future increases in pensionable salary due to general inflation (earnings increases), pension increases (both in payment and deferment), and the rate of interest (or discount rate) used to calculate the value of the benefits and contributions. A key demographic assumption is pensioner mortality.

19. As a result of the scheme reform, there is significant uncertainty associated with how members will retire in future for those members who move across to the new scheme. Assumed age retirement rates can have a significant impact on the scheme liabilities and so I have included an indication of the approximate effect (on the total past service liability) of all members who move to the new scheme retiring one year later than assumed in the main liability calculations.

20. There was uncertainty around the actual level of withdrawals experienced by the scheme over the analysis period used to determine the scheme-specific withdrawal assumption adopted. To illustrate the possible impact of this uncertainty we have included an indication of the approximate effect of withdrawal rates being a third higher than assumed.

21. Table G shows the indicative effects on the total liability as at 31 March 2015 of changes to these assumptions (rounded to an appropriate level of accuracy).

Table G: Sensitivity to significant assumptions

Change in assumption		Approximate effect on total liability	
Financial assumptions			
(i) discount rate*	+½% a year	- 9½%	- £1,100 million
(ii) earnings increases*	+½% a year	+ 2%	+ £250 million
(iii) pension increases*	+½% a year	+ 8%	+ £950 million
Demographic assumptions			
(iv) additional one year increase to life expectancy at retirement*		+ 3%	+ £350 million
(vi) all active members who move to the new scheme retire (on average) 1 year later		0%	£0 million
(vii) withdrawal rates a third higher		- ¼%	- £50 million

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

Matt Wood
Government Actuary’s Department
7 May 2015

Combined Statement of Comprehensive Net Expenditure disclosures for the year ended 31 March 2015

	Year ended 31 March 2015 £ billion	Year ended 31 March 2014 £ billion
Analysis of amount charged to pension cost		
Current service cost	0.32	0.26
Past service cost	-	-
Total operating charge	**0.32**	**0.26**
Analysis of amount recognised in Combined Statement of Comprehensive Net Expenditure		
Pension financing cost	(0.47)	(0.39)
	(0.47)	**(0.39)**
Analysis of amount recognised in Statement of Changes in Taxpayers' Equity (SCITE)		
Experience gains and losses arising on pension liabilities	0.22	(0.24)
Changes in mortality assumptions	-	0.09
Changes in demographic assumptions (other than mortality)	0.01	0.02
Changes to financial assumptions	(1.07)	(0.80)
Net actuarial gains/(losses) recognised in SCITE	**(0.84)**	**(0.93)**
Movement in deficit during the year		
Surplus/(Deficit) at 1 April	(10.78)	(9.56)
Current service cost	(0.32)	(0.26)
Benefits paid during the year	0.38	0.36
Past service costs	-	-
Net transfers in	-	-
Interest on pension liability	(0.47)	(0.39)
Actuarial losses	(0.84)	(0.93)
Deficit at 31 March	**(12.03)**	**(10.78)**

As required by the FReM, all actuarial gains and losses are recognised in full in the period in which they occur.

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 Scheme to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The Combined Scheme Statements must give a true and fair view of the state of affairs of the Combined Scheme at the year end and of the net resource outturn and cash flows for the year then ended. The Scheme Statements are required to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Assembly or material transactions that have not conformed to the authorities that govern them. In addition, the Scheme Statements must be prepared so as to ensure that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme Rules and the recommendations of the Actuary.

In preparing the Scheme Statements, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) 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 FReM have been followed, and disclose and explain any material departures in the Scheme Statements; and
- prepare the Scheme Statements on a going concern basis.

The Department of Finance and Personnel has appointed the Permanent Secretary of the Department of Education as Accounting Officer for the Teachers' Superannuation Scheme. 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 Managing Public Money Northern Ireland (MPMNI) which is published by the Department of Finance and Personnel.

GOVERNANCE STATEMENT

1. Introduction

1.1 This Governance Statement is a key feature of the Teachers' Superannuation Annual Scheme Statements. It provides details of how I, as Accounting Officer, have ensured effective management and control of resources during the 2014-15 year and of the action taken to ensure effective risk management and a high standard of corporate governance.

1.2 The Department of Education's 2014-15 Annual Report and Accounts includes an evaluation by the Department's Head of Internal Audit of the effectiveness of the Department's risk management, internal control and governance arrangements during 2014-15. This evaluation, which includes the Teachers' Superannuation Scheme, has indicated that these arrangements operated at a **satisfactory** level during 2014-15.

2. Governance Framework

2.1 The Department of Education (DE) operates under the direction and control of the Minister for Education who is Head of the Department. The Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department.

2.2 As Permanent Secretary, I am the Minister's principal adviser, the administrative Head of the Department and the Accounting Officer. As Accounting Officer, I am personally responsible and accountable to the Minister and to the Assembly for the effective management and organisation of the Department and the Teachers' Superannuation Scheme, including the use of public money and the stewardship of its assets.

The Departmental Board

2.3 The Department is managed by a Departmental Board which, within the strategic framework set by the Minister, supports me in the discharge of my role.

2.4 The Departmental Board is chaired by me and comprises the Department's two Deputy Secretaries; the Chief Inspector of the Education and Training Inspectorate; the Director of Finance; the Director of Equality and All Ireland; and two independent non-executive directors. The role of the latter members is to provide an independent and external perspective on the work of the Board; to bring some specific expertise to its discussions; and to provide a constructive challenge across the Departmental Board's business. The Board's work is guided by a corporate governance framework which is reviewed regularly, most recently in February 2015.

2.5 Further details on the Departmental Board can be found in the main Governance Statement published in the Department of Education's 2014-15 Annual Report and Accounts. This includes a list of members along with individual attendance records, details of the Board's role and categories of routine business.

Board Sub-Committees

2.6 During 2014-15, the Board was supported by two sub-committees: the Audit and Risk Assurance Committee (ARAC); and the Performance Efficiency Scrutiny Committee (PESC).

Audit and Risk Assurance Committee

2.7 The ARAC is an independent advisory committee with no executive functions. Its role is to support me as Accounting Officer and to support the Departmental Board in discharging our respective responsibilities for issues of risk, control, governance and associated assurance with the support of a professionally qualified Internal Audit Service.

2.8 ARAC comprises four independent members. Two members are serving senior civil servants and two are DE independent Board members.

2.9 During 2014-15 ARAC meetings were also attended by DE staff, including myself as Permanent Secretary, the Deputy Secretary with responsibility for finance and performance management, the Director of Finance, the Head of Internal Audit and a representative from the Department's external auditors, the Northern Ireland Audit Office (NIAO).

2.10 The ARAC carried out an assessment of its own effectiveness during 2014-15. The outcome indicated that, in overall terms, ARAC continued to operate effectively, although there were a few areas where action could be taken to achieve further improvement. These areas will be addressed during 2015-16.

2.11 Further details on the ARAC can be found in the main Governance Statement published in DE's 2014-15 Annual Report and Accounts. This includes a list of members along with individual attendance records, the key areas in which the ARAC provided independent advice, scrutiny and challenge during 2014-15, and information on key areas progressed by this sub-committee.

3 DE Board Performance

3.1 I consider that the DE Board operated effectively during 2014-15, meeting regularly and considering appropriate issues at the appropriate time.

Assessment of Effectiveness

3.2 In accordance with its Terms of Reference the Board completed a review of its effectiveness during 2014-15. The outcome of the review was discussed at a Board meeting in February 2015. The review found that, in general terms, the Board was operating effectively. A number of areas for further development of the Board's approach were identified and these will be taken forward during 2015-16.

3.3 The Board agreed that its 2015-16 evaluation will include an independent input.

4 Corporate Governance

4.1 As noted in the Department's Governance Statement, the Department has in place a Corporate Governance Framework which aligns with 2013 DFP Corporate Governance Code. This was reviewed and updated by the Departmental Board during 2014-15.

5 Quality of data used by the Board

5.1 The Board relies on a number of sources of data to inform its deliberations. Details of these are published in the main Governance Statement included in DE's 2014-15 Annual Report and Accounts, including steps taken by the Board to satisfy itself as to the quality of data provided.

6 Ministerial Directions

6.1 Arrangements exist to respond to a situation where an Accounting Officer believes that they are being asked by a Minister to take a course of action that could potentially result in irregular expenditure; impropriety; or poor value for money. In such circumstances, the Accounting Officer should ask for a formal Ministerial Direction to proceed.

6.2 During 2014-15 no Ministerial Directions were sought or given in relation to the Teachers' Superannuation Scheme.

7. Risk Assessment

7.1 The DE Board has responsibility for ensuring that an effective risk management process is in place and is regularly reviewed. In discharging this responsibility, it is supported by its ARAC and the Department's Internal Audit Team (IAT). The Chair of ARAC is a non-executive Director on the DE Board and is privy to discussions in relation to Departmental risk at DE Board meetings. This arrangement, in conjunction with written and verbal updates provided at each meeting, ensures the ARAC is kept fully informed of the Department's risk profile to enable it to undertake its responsibilities effectively.

7.2 The DE Risk Management Framework (RMF) sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. Details of this, including risk appetite are included in the main Governance Statement published in DE's 2014-15 Annual Report and Accounts.

Pensions Reform

7.3 On 8 March 2012 the NI Executive agreed the introduction of major changes to public service pensions. As a result the Public Service Pensions Act (NI) received royal assent on 11 March 2014. The core provisions for public sector pension schemes were contained in the Act. Any delays in implementing the pension reforms beyond 1 April 2015 would have had a serious impact on the education budget of circa £5m per month in 2015-16. The Teachers' Pension Scheme Regulations (NI) 2014 were made and laid in the Assembly on 12 December 2014. These regulations, which were subject to negative resolution procedures, established a new NI Teachers' Pension Scheme with effect from 1 April 2015. This removed the risk of penalties being applied to the education budget.

Overpayments

7.4 There were no significant overpayments discovered during 2014-15. One significant overpayment amounting to £130,959.46 has been discovered since the end of the period, as a result of the NFI data matching exercise. Recovery of this and previously discovered overpayments is ongoing.

Accuracy of membership data

7.5 The Department continues to manage its risk in relation to the accuracy of membership data. The Department has worked with the IT systems provider to amend the records of a number of members; and more accurate and reliable reports have been developed and are in place. The Department recognises the importance of the accuracy of the membership data produced from the pension system and continues to strive to improve the quality of this information.

Utilisation of IT System

7.6 In October 2010 a new Pensions Operating System was implemented. As part of the ongoing development of the system, meetings with the supplier highlighted that the system was not being used to its full potential. The Department carried out a major re-structuring of the Pensions Team in December 2013 with new procedures to incorporate fuller use of the IT system. Further development and enhancement of the IT system has been ongoing during 2014-15.

Data security lapses

7.7 The Department did not identify any data security issues relating to the Scheme during the year.

Fraud Prevention and Whistleblowing

7.8 The Department's fraud and whistleblowing arrangements were reviewed and updated during the year and are fully compliant with current best practice. A fraud risk analysis was also undertaken during the year to identify areas where the risk of fraud exists and ensure that appropriate measures are in place to minimise those risks.

7.9 Fraud monitoring and reporting arrangements have been effectively maintained throughout the year and there were no frauds reported within the Department during 2014-15.

7.10 The Department participates in the biennial NFI, which compares public sector databases to identify mismatches between information held. This allows the Department to compare teachers' pension payroll against other payrolls. Where mismatches are found, each case is investigated to ascertain if overpayments or possible fraud have taken place.

8. Conclusion

8.1 In conclusion, it is my assessment that an appropriately rigorous system of governance and accountability is operating, which I can rely on as Accounting Officer, to provide assurance that the public funds and other resources for which I am accountable are deployed effectively and appropriately.

Signed: ______________________________ **Date: 25 June 2015**

Accounting Officer

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 Teachers' Superannuation Scheme for the year ended 31 March 2015 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Combined Statement of Comprehensive Net Expenditure, the Combined Statement of Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. I have also audited the Statement of Assembly Supply 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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Teachers' Superannuation Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Teachers' Superannuation Scheme; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report of the Managers, Report of the Actuary and Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Scheme's affairs as at 31 March 2015 and of its combined net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001.

Opinion on other matters

In my opinion:

- the information given in the Report of the Managers and Report of the Actuary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

K J Donnelly

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 June 2015

STATEMENT OF ASSEMBLY SUPPLY

Summary of Resource Outturn 2014-15

								2014-15 £'000	2013-14 £'000
		Estimate			Outturn				Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total Outturn Compared with Estimate: Saving/ (excess)	Net Total
Annually Managed Expenditure		795,000	(209,377)	585,623	791,964	(209,223)	582,741	2,882	454,016
Non-Budget		-	(2,009)	(2,009)	-	(1,998)	(1,998)	(11)	(1,964)
Total Resources	SoAS2	795,000	(211,386)	583,614	791,964	(211,221)	580,743	2,871	452,052

RfR A: Providing a pension scheme for persons covered by the Teachers' Superannuation Scheme

Summary of net cash requirement 2014-15

				2014-15 £'000	2013-14 £'000
	Note	Estimate	Outturn	Net Total Outturn Compared with Estimate: Saving/ (excess)	Outturn
Net cash requirement	SoAS3	186,083	169,651	16,432	157,690

Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Scheme and is payable to the Consolidated Fund (cash receipts being shown in italics).

		Forecast 2014-15 £'000		Outturn 2014-15 £'000	
	Note	Income	Receipts	Income	Receipts
Total	SoAS4	-	-	46	*46*

Explanation of variances between Estimate and Outturn (net total resources):

<u>Request for Resources – Saving £2.8 million</u>

The saving of £2.8 million was mainly due to lower than anticipated transfers in from other schemes. Consequently there was a lower than anticipated provision required for the increase in liability in respect of transfers in during 2014-15.

The notes on pages 28 to 30 form part of the Statement of Assembly Supply.

NOTES TO THE STATEMENT OF ASSEMBLY SUPPLY

SoAS1. Statement of accounting policies

The Statement of Assembly Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The Statement of Assembly Supply accounting policies contained in the FReM are consistent with those set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates in the Northern Ireland Guidance Manual.

SoAS1.1 Accounting convention

The Statement of Assembly Supply and related notes are presented consistently with Treasury budget control and Supply Estimates in Northern Ireland. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Assembly Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Assembly authority, in support of the Government's fiscal framework. The system provides incentives to Departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and

- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SoAS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there is one difference as detailed below.

SoAS1.3 Prior period adjustments (PPAs)

PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the Department, need to be voted by the Assembly in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years. (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment).

There were no PPAs in 2014-15.

SoAS2. Reconciliation of Estimates, accounts and budgets

SoAS2.1 Reconciliation of net resource outturn to net expenditure

		2014-15 £'000			2013-14 £'000
	Note	Outturn	Supply Estimate	Outturn Compared With Estimate: saving/(excess)	Outturn
Net Resource Outturn		580,743	583,614	2,871	452,052
Non-supply income (CFERs)	SoAS4	-	-	-	-
Net Expenditure in Combined Statement of Comprehensive Net Expenditure		**580,743**	**583,614**	**2,871**	**452,052**

SoAS2.2 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.

SoAS3. Reconciliation of resources to net cash requirement

	Note	Estimate	Outturn	Net Total Outturn Compared with Estimate: saving/(excess)
		£'000	£'000	£'000
Net Resource Outturn	SoAS2.1	583,614	580,743	2,871
Accruals adjustments:				
New provisions and changes to previous provisions		(795,000)	(791,964)	(3,036)
Changes in working capital other than cash		11,000	(292)	11,292
Use of provisions		386,469	381,164	5,305
Net cash requirement		**186,083**	**169,651**	**16,432**

Explanation of variance between Estimate and net cash requirement:

1. <u>New provisions and changes to previous provisions — Excess £(3.03) million</u>

The excess was mainly due to lower than anticipated transfers into the Scheme.

2. <u>Changes in working capital other than cash — Saving £11.29 million</u>

A significant increase in receivables and a significant decrease in payables were budgeted for in the 2014-15 financial year, but the actual outturn was a small decrease in both receivables and payables primarily due to the timing of receipts and payments.

3. <u>Use of provision — Saving £5.30 million</u>

The saving was mainly due to lower than anticipated payments of pensions, lump sums and transfers during the year.

SoAS4. Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Scheme and is payable to the Consolidated Fund (cash receipts being shown in italics)

		Forecast 2014-15 £'000		Outturn 2014-15 £'000	
	Note	Income	Receipts	Income	*Receipts*
Operating income and receipts – excess Accruing Resources	SoAS5	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	46	*46*
Total income payable to the Consolidated Fund		**-**	**-**	**46**	***46***

SoAS5. Reconciliation of income recorded within the Combined Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

		2014-15 £'000	2013-14 £'000
Operating income		211,221	200,834
Income authorised to be accruing resources		(211,221)	(200,834)
Operating income payable to Consolidated Fund		**-**	**-**

COMBINED STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 March 2015

Principal arrangements
Teachers' Superannuation Scheme

	Note	2014-15 £'000	2013-14 £'000
Income:			
Contributions receivable	3	(209,390)	(198,231)
Transfers in	4	(1,831)	(2,565)
Other pension income	5	-	(38)
		(211,221)	(200,834)
Expenditure:			
Pension cost	6	320,000	260,000
Pension financing cost	7	470,000	390,000
Enhancements	8	133	283
Transfers in – additional liability	9	1,831	2,565
Other pension cost	10	-	38
		791,964	652,886
Net expenditure		**580,743**	**452,052**

Other Comprehensive Net Expenditure

	Note	2014-15 £000	2013-14 £000
Pension re-measurements:			
Actuarial loss	14.7	839,200	924,262
Total Comprehensive Net Expenditure for the year		**1,419,943**	**1,376,314**

The notes on pages 35 to 49 form part of these Scheme Statements.

COMBINED STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

Principal arrangements
Teachers' Superannuation Scheme

	Note	2014-15 £'000	2013-14 £'000
Current assets:			
Receivables	11	4,027	4,188
Cash and cash equivalents	12	1,223	2,830
Total current assets		5,250	7,018
Current liabilities:			
Payables (within 12 months)	13	(6,039)	(7,515)
Net current liabilities, excluding pension liability		(789)	(497)
Pension liability	14.4	(12,030,000)	(10,780,000)
Net liabilities, including pension liability		**(12,030,789)**	**(10,780,497)**
Taxpayers' equity:			
General fund		(12,030,789)	(10,780,497)
		(12,030,789)	**(10,780,497)**

Signed: ________________________________ **Date: 25 June 2015**

Accounting Officer

The notes on pages 35 to 49 form part of these Scheme Statements.

COMBINED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2015

		General Fund	
	Note	2014-15 £'000	2013-14 £'000
Balance at 1 April		(10,780,497)	(9,561,873)
Net Assembly Funding – drawn down		168,000	159,000
Net Assembly Funding – deemed (prior year)		2,828	1,518
Supply payable adjustment – current year	13	(1,177)	(2,828)
Excess accruing resources	13	-	-
Combined comprehensive net expenditure for the year		(580,743)	(452,052)
Actuarial loss	14.7	(839,200)	(924,262)
Net change in Taxpayers' Equity		(1,250,292)	(1,218,624)
Balance at 31 March		**(12,030,789)**	**(10,780,497)**

The notes on pages 35 to 49 form part of these Scheme Statements.

COMBINED STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net expenditure for the year		(580,743)	(452,052)
Adjustments for non-cash transactions:			
(Increase) / decrease in receivables		161	(848)
Increase / (decrease) in payables		(1,476)	(83)
Less movement in payables relating to items not passing through the Combined Statement of Comprehensive Net Expenditure		1,607	(445)
Increase in pension provision	14.4	790,000	650,000
Increase in pension provision – enhancements and transfers in	14.4	1,964	2,848
Increase in pension provision – capitalised cost of enhancement	14.4	-	38
Use of provisions – pension liability	14.5	(375,737)	(354,482)
Use of provisions – death in service	14.5	(2,649)	(1,567)
Use of provisions – refunds and transfers	14.6	(2,778)	(1,099)
Net cash outflow from operating activities		(169,651)	(157,690)
Cash flows from financing activities			
From the Consolidated Fund (supply): current year		168,000	159,000
Net Assembly Financing		168,000	159,000
Net (decrease) / increase in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		(1,651)	1,310
Receipts due to the Consolidated Fund which are outside the scope of the Scheme's activities		46	2
Payments of amounts due to the Consolidated Fund		(2)	(867)
Net (decrease) / increase in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund		(1,607)	445
Cash and cash equivalents at the beginning of the period	12	2,830	2,385
Cash and cash equivalents at the end of the period	12	**1,223**	**2,830**

The notes on pages 35 to 49 form part of these Scheme Statements.

NOTES TO THE SCHEME STATEMENTS

1. Basis of preparation of the Scheme Statements

The combined Scheme Statements have been prepared in accordance with the relevant provisions of the 2014-15 Government Financial Reporting Manual (FReM*)* issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector. 'IAS 19 Employee Benefits' and 'IAS 26 Accounting and Reporting by Retirement Benefit Plans' are of particular relevance to these statements.

In addition to the primary statements prepared under International Financial Reporting Standards, the FReM also requires the Scheme to prepare an additional statement – a Statement of Assembly Supply. This statement, and the 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 Teachers' Superannuation Scheme is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the Department of Education on behalf of the members.

The Teachers' Superannuation (Amendment) Regulations (Northern Ireland) 2014 provides that the rate of employer contributions is fixed at 13.6% of the employee's salary. The Department determined the contribution rates for employees after a consultation exercise. The contributions partially fund payments made by the Scheme, the balance of funding being provided by the Northern Ireland Assembly through the annual Supply Estimates process. The administrative expenses associated with the operation of the Scheme are borne by the Department of Education and reported in the annual resource accounts of the Department.

The Scheme Statements summarise the transactions of the Teachers' Superannuation Scheme and the Teachers' Premature Retirement Compensation Scheme where the Department of Education acts as a principal. The Statement of Financial Position shows the unfunded net liabilities of the Scheme; the Statement of Comprehensive Net Expenditure shows, amongst other things, factors contributing to the change in the net liability analysed between the pension cost, pension financing cost, enhancements and transfers in. Further information about the actuarial position of the Scheme is dealt with in the Report of the Actuary, and the Scheme Statements should be read in conjunction with that Report.

The Scheme Statements also have regard to the accounts direction given by the Department of Finance and Personnel in accordance with Section 9(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

2. Statement of accounting policies

The accounting policies contained in the FReM follow International Financial Reporting Standards to the extent they are meaningful and appropriate in the public sector context.
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 Scheme Statements.

2.1 Accounting convention

These Scheme Statements have been prepared under the historical cost convention.

2.2 Pension contributions receivable

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

b. 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.

c. Employees' contributions and amounts received in respect of the purchase of added years of service are accounted for on an accruals basis. Neither Additional Voluntary Contributions 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 and out in respect of individuals are accounted for on a cash basis. However, where the Scheme has formally accepted or transferred a liability in respect of a group transfer, such transfers are accounted for on an accruals basis.

Transfers in are simultaneously recognised as income and expenditure so that the increase in the Scheme liability is accounted for at the same time as the income is received.

2.4 Other income

Other income, including refunds of benefits, overpayments recovered other than by deduction from future benefits and miscellaneous income, and the recovery of the capitalised cost of enhancement under the Premature Retirement Compensation Scheme 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 Combined

Statement of Comprehensive Net Expenditure. It is calculated by factoring up the actual contribution rates charged to employers (13.6%) to the projected unit credit rate (36.0%) adopted by the Actuary.

2.6 Past service cost

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, change to, or improvement to, retirement benefits. Past service costs are recognised in the Combined Statement of Comprehensive Net Expenditure in the year in which the change in benefits vests.

2.7 Pension financing cost

The pension financing 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 Combined Statement of Comprehensive Net Expenditure. The interest cost is based on the discount rate applicable at 1 April 2014, being 1.80 per cent real rate (i.e. 4.35 per cent including CPI inflation) and is recognised in the Combined Statement of Comprehensive Net Expenditure. These discount rates are determined by HM Treasury and circularised in a Public Expenditure System (PES) paper.

2.8 Other expenditure

Other expenditure is 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 credit method and is discounted at the rate applicable at the close of 31 March 2015, being 1.30 per cent real rate (i.e. 3.55 per cent including CPI 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 reporting period date and updates it to reflect current conditions.

Further details in respect of the Scheme liability are provided in note 14.

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 sums and 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 Statement of Financial Position date are recognised in the Combined Statement of Comprehensive Net Expenditure.

2.15 Premature Retirement Compensation

The cost of compensation for early retirement because of redundancy or in the interests of the efficient discharge of the employer's function can be broken down into two elements, being the cost of enhancement (added years) and the cost of the early payment of unreduced pension. From 1 April 2008, employers became liable for the cost of enhancement in the form of a lump sum paid to the Scheme to meet the liabilities that have yet to be discharged. During 2008-09 and 2009-10, the Scheme continued to meet the cost of early payment of unreduced pension. The cost of the future liability in setting up and revising the provision is recorded as expenditure in the Combined Statement of Comprehensive Net Expenditure, with the offsetting income reflecting the reimbursements receivable from the employers. The Department made regulations, which came into operation on 30 April 2010, which have the effect of transferring the full cost of premature retirement compensation (i.e. both enhancement and early payment of pension) to employers.

2.16 Cash and cash equivalents

The cash balance is based on cash at bank as adjusted for any outstanding receipts and payments that have yet to be processed through the account.

2.17 Currency and rounding

The functional currency is Sterling and, except where otherwise stated, all figures have been rounded to the nearest thousand pounds.

2.18 Changes to International Financial Reporting Standards

Management have reviewed all new accounting standards and concluded that there are no changes affecting these annual Scheme Statements.

2.19 Changes to the Financial Reporting Manual (FReM)

The FReM for 2014-15 did not introduce any changes applicable to these annual Scheme Statements.

3. Contributions receivable

	2014-15 £000	2013-14 £000
Employers' contributions	121,766	118,614
Employees' contributions - normal	85,493	77,370
Employees' contributions - purchase of added years	133	283
Premature retirement compensation receipts from DEL	1,998	1,964
	209,390	**198,231**

£246 million contributions are expected to be payable to the scheme in 2014-15. This estimate takes into account the increase in employer contributions from 13.6% to 17.7% of pensionable pay with effect from 1 April 2015.

4. Transfers in (see also Note 9)

	2014-15 £000	2013-14 £000
Individual transfers in from other schemes	**1,831**	**2,565**

5. Other pension income (see also Note 10)

	2014-15 £000	2013-14 £000
Capitalised cost of enhancements to pensions payable	**-**	**38**

6. Pension cost (*see also* Note 14.4)

	2014-15 £000	2013-14 £000
Current service cost	**320,000**	**260,000**

7. Pension financing cost (*see also* Note 14.4)

	2014-15 £000	2013-14 £000
Net interest on defined benefit liability	**470,000**	**390,000**

8. Enhancements *(see also* Note 14.4*)*

Purchase of added years and added pension	2014-15 £000	2013-14 £000
Employees:	133	283
Employers:	-	-
	133	**283**

9. Transfer in – additional liability (*see also* Note 4)

	2014-15 £000	2013-14 £000
Individual transfers in from other schemes	**1,831**	**2,565**

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the Combined Statement of Comprehensive Net Expenditure as part of the movement in the provision during the year.

10. Other pension cost (*see also* Note 5)

	2014-15 £000	2013-14 £000
Capitalised cost of enhancement to pensions payable	**-**	**38**

11. Receivables - contributions due in respect of pensions

11.1 Analysis by type

Amounts falling due within one year:	**2014-15 £000**	**2013-14 £000**
Pension contributions due from employers	2,123	2,180
Employees' normal contributions	1,510	1,428
Overpaid pensions	595	698
Provision for bad debt	(367)	(280)
Receivable from DEL	166	162
Total receivables at 31 March	**4,027**	**4,188**

Included within these figures is £nil (2013-14: £nil) that will be due to the Consolidated Fund once the debts are collected.

11.2 Analysis by organisation

Amounts falling due within one year:	**2014-15 £000**	**2013-14 £000**
Balances with other central government bodies	166	162
Balances with bodies external to government	3,861	4,026
Total receivables at 31 March	**4,027**	**4,188**

12. Cash and cash equivalents

	Note	2014-15 £000	2013-14 £000
Balance at 1 April		2,830	2,385
Net change in cash balances		(1,607)	445
Balance at 31 March		**1,223**	**2,830**
The following balances at 31 March were held at:			
Commercial banks and cash in hand		**1,223**	**2,830**
The balance at 31 March comprises:			
Amounts issued from the Consolidated Fund for supply but not spent at year end	13	1,177	2,828
Excess accruing resources	13	-	-
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	13	46	2
		1,223	**2,830**

13. Payables - in respect of pensions

13.1 Analysis by type

Amounts falling due within one year:	2014-15 £000	2013-14 £000
Pensions	725	915
HMRC and voluntary contributions	4,015	3,661
Interdepartmental balances owed in respect of refund of overpaid contributions	15	44
Other payables	61	65
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,177	2,828
Excess accruing resources	-	-
Consolidated Fund extra receipts received due to be paid to the Consolidated Fund	46	2
Total payables at 31 March	**6,039**	**7,515**

13.2 Analysis by organisation

Amounts falling due within one year:	2014-15 £000	2013-14 £000
Balances with other central government bodies	5,253	6,535
Balances with bodies external to government	786	980
Total payables at 31 March	**6,039**	**7,515**

14. Pension liability

14.1 Assumptions underpinning pension liability

The Department of Education Teachers' Superannuation Scheme is an unfunded defined benefit scheme. The Government Actuary's Department carried out an assessment of the Scheme liabilities as at 31 March 2015. The Report of the Actuary and Combined Statement of Comprehensive Net Expenditure disclosures on pages 12 to 18 set out the scope, methodology and results of the work the actuary has carried out.

The last full formal actuarial valuation undertaken for the Department of Education Teachers' Superannuation Scheme was completed as at 31 March 2012 per the Government Actuary's report dated 3 February 2015.

Approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. The amounts recognised in these Scheme Statements have been prepared using full membership data supplied for the full formal valuation as at 31 March 2012, and rolled forward to 31 March 2015. The liability calculations as at 31 March 2015 have been carried out using the demographic assumptions derived from the experience analysis for the 2012 valuation. In undertaking this exercise, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have been used.

The Scheme Manager together with the actuary and the auditor have signed a Memorandum of Understanding that identifies, as far as practicable, the range of information that the Scheme Manager should make available to the actuary in order to meet the expected requirements of the Scheme auditor. This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- Benefit structure, including details of any discretionary benefits and any proposals 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.

The major assumptions used by the Actuary were:

Financial assumptions	**At 31 March 2015**	**At 31 March 2014**	**At 31 March 2013**	**At 31 March 2012**	**At 31 March 2011**
Rate of increase in salaries*	1.00%	1.00%	0.00%	0.00%	0.00%
Rate of increase in pensions in payment and deferred pensions*	2.70%	2.20%	5.20%	3.10%	0.00%
Nominal discount rate**	3.55%	4.35%	4.10%	4.85%	5.60%
Rate of CPI inflation**	2.20%	2.50%	1.70%	2.00%	2.65%
Discount rate net of CPI**	1.30%	1.80%	2.35%	2.80%	2.90%

*These relate to the increase in that particular year. **These relate to long-term assumptions assumed to apply to all future years (for the purpose of the particular year's accounting disclosures).

Life expectancies at age 60		**At 31 March 2015**	**At 31 March 2014**	**At 31 March 2013**	**At 31 March 2012**	**At 31 March 2011**
Current retirements:	Females (years)	32.2	32.1	32.8	32.7	32.7
	Males (years)	29.5	29.4	29.2	29.1	29.2
*Retirements in 20 years time:	Females (years)	34.2	34.1	35.1	35.0	34.6
	Males (years)	31.6	31.5	31.6	31.5	31.1

*The life expectancy from age 60 of future pensioners will depend on their current age. This table shows the life expectancy from age 60 for future pensioners currently aged 40

Life expectancies at age 65		**At 31 March 2015**	**At 31 March 2014**	**At 31 March 2013**	**At 31 March 2012**	**At 31 March 2011**
Current retirements:	Females (years)	27.1	27.0	27.8	27.7	27.7
	Males (years)	24.5	24.4	24.4	24.3	24.3
*Retirements in 20 years time:	Females (years)	29.1	29.0	30.0	29.9	29.6
	Males (years)	26.5	26.4	26.6	26.5	26.2

*The life expectancy from age 65 of future pensioners will depend on their current age. This table shows the life expectancy from age 65 for future pensioners currently aged 45.

These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the scheme liabilities. However, the Scheme Manager acknowledges that the valuation reported in these Scheme Statements is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the greatest impact on the amount of the reported liability is the discount rate net of price inflation. As set out in the FReM, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. The rates are set out in the financial assumptions table above. Any decrease in the discount rate net of price inflation leads to a significant increase in the reported liability.

In accordance with IAS 19 the Scheme Manager is required to undertake a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses, are included in the analysis of the pension liability below.

14.2 Analysis of pension liability

Analysis of provision for pension liability	**At 31 March 2015 £ billion**	**At 31 March 2014 £ billion**	**At 31 March 2013 £ billion**	**At 31 March 2012 £ billion**	**At 31 March 2011 £ billion**
Pensions in payment	6.24	5.70	5.39	4.96	4.53
Deferred members	0.50	0.46	0.36	0.36	0.26
Active members	5.29	4.62	3.81	3.76	3.65
Total	**12.03**	**10.78**	**9.56**	**9.08**	**8.44**

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 into the future. The 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.

The value of the liability on the Statement of Financial Position 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 Scheme Manager accepts 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 note 14.7. The disclosure of "experience" gains or losses for the year in note 14.8 shows the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

14.3 Sensitivity analysis

A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period is included below. Each of the sensitivity results has been determined by calculating the liability under the sensitivity scenario in a similar way to the main results, with a valuation on the sensitivity basis being carried out using full membership data as at 31 March 2012 and rolled forward to 31 March 2015.

The principal financial assumptions are the discount rate, earnings increases and pension increases (currently based on the Consumer Prices Index [CPI]).

The liability is very sensitive to the assumed discount rate but this is primarily because changing the discount rate in isolation also changes the rate net of earnings and pension increases. If earnings and pension increases were increased at the same time then the impact on the liability would be small. Higher pension increases have a substantial effect because this has an impact on all categories of members.

A wide range of demographic assumptions is required to determine the actuarial liability. All the assumptions are uncertain but some of the assumptions are more uncertain than others owing to the quality of the past data available for analysis and its relevance to members' future circumstances. For example, the timing of retirements for members who remain in the existing scheme after 1 April 2015 is more predictable than for those who are moved into the new career average scheme. Some assumptions, for example, rates of death in service, only have a small impact on the liability. The significant assumptions for the purpose of the sensitivity analysis are those which are more uncertain and may have the potential for a larger impact on the liability. These are pensioner mortality, timing of retirements for members moving to the new scheme and withdrawal rates.

If longevity at retirement were assumed to be a year greater, then this would increase the total actuarial liability by about 3%.

The reforms to the Scheme implemented with effect from 1 April 2015 introduce a later normal retirement age for accrual after 2015. As a result of the Scheme reform, there is significant uncertainty associated with how members will retire in future for those members who move across to the new Scheme. In general, assumed age retirement rates can have a significant impact on the Scheme liabilities and so the analysis indicates the approximate effect (on the total past service liability) of all active members who move to the new Scheme retiring one year later than assumed in the main liability calculations. Changing the assumed timing of retirement has different effects on members retiring before and after the normal pension age (NPA). For members retiring before NPA, later retirement will result in additional costs to the Scheme, whereas for members retiring after NPA it will result in savings. These effects tend to cancel each other out unless the change in retirement age is large.

There was uncertainty around the actual level of withdrawals experienced by the Scheme over the analysis period used to determine the Scheme specific withdrawal assumption adopted. The analysis illustrates the possible impact of this uncertainty by giving an indication of the approximate effect of withdrawal rates being a third higher than assumed.

The following table shows the indicative effects on the total liability as at 31 March 2015 of changes to these assumptions (mostly rounded to the nearest 0.5%). The sensitivities show the change in each assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Sensitivity to significant assumptions

Change in assumption		Approximate effect on total liability	
Financial assumptions:			
(i) Discount rate*	+½% a year	-9½%	-£1,100 million
(ii) earnings increases*	+½% a year	+2%	+£250 million
(iii) pension increases*	+½% a year	+8%	+£950 million
Demographic assumptions:			
(iv) additional one year increase to life expectancy at retirement*		+3%	+£350 million
(v) all active members who move to the new Scheme retire (on average) one year later		0%	£0 million
(vi) withdrawal rates a third higher		-¼%	-£50 million

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

14.4 Analysis of movements in the Scheme liability

	Note	2014-15 £000	2013-14 £000
Scheme liability at 1 April		(10,780,000)	(9,560,000)
Current service cost	6	(320,000)	(260,000)
Pension financing cost	7	(470,000)	(390,000)
		(790,000)	(650,000)
Enhancements	8	(133)	(283)
Pension transfers in	9	(1,831)	(2,565)
Other pension cost	10	-	(38)
		(1,964)	(2,886)
Benefits payable	14.5	378,386	356,049
Pension payments to and on account of leavers	14.6	2,778	1,099
		381,164	357,148
Actuarial loss	14.7	(839,200)	(924,262)
Scheme liability at 31 March		**(12,030,000)**	**(10,780,000)**

During the year ended 31 March 2015, contributions from employers were 13.6% and from employees approximately 9.6% of pensionable pay on average, employees' contributions being based on different rates for different tiers of pensionable salary. For 2015-16 contributions are expected to be 17.7 % for employers and for employees approximately 9.6% on average.

14.5 Analysis of benefits paid

	2014-15 £000	2013-14 £000
Pensions or annuities to retired employees and dependants (net of recoveries or overpayments)	326,971	311,842
Commutations and lump sum benefits on retirement	48,766	42,640
Lump sum benefits on death in service	2,649	1,567
Total benefits paid	**378,386**	**356,049**

14.6 Analysis of payments to and on account of leavers

	2014-15 £000	2013-14 £000
Refunds to members leaving service	170	165
Individual transfers to other schemes	2,608	934
Total payments to and on account of leavers	**2,778**	**1,099**

14.7 Analysis of actuarial gain / (loss)

	2014-15 £000	2013-14 £000
Experience gains /(losses)	220,800	(234,262)
Changes in mortality assumptions	-	90,000
Changes in demographic assumptions	10,000	20,000
Changes in financial assumptions	(1,070,000)	(800,000)
Total actuarial gain / (loss)	**(839,200)**	**(924,262)**

14.8 History of experience gains / (losses)

	2014-15	2013-14	2012-13	2011-12	2010-11
Experience gains / (losses) on Scheme liabilities:					
Amount (£000)	220,800	(234,262)	600,019	(220,922)	59,948
Percentage of the present value of the Scheme liabilities	1.83%	(2.17%)	6.27%	(2.43%)	0.7%
Total amount recognised in the Statement of Changes in Taxpayers' Equity:					
Amount (£000)	(839,200)	(924,262)	(169,981)	(270,922)	909,948
Percentage of the present value of the Scheme liabilities	(6.97%)	(8.57%)	(1.77%)	(2.98%)	10.8%

15. Financial instruments

As the cash requirements of the Scheme are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector scheme of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Scheme's expected purchase and usage requirements and the Scheme is therefore exposed to negligible credit, liquidity or market risk.

16. Contingent liabilities disclosed under IAS 37

In the unlikely event of a default by Prudential plc, the Department's approved provider of an Additional Voluntary Contributions scheme, the Department of Education will guarantee pension payments due from that scheme. This guarantee does not apply to members who make payments to institutions offering Free Standing Additional Voluntary Contribution Schemes.

17. Losses and special payments

17(a) Losses statement:

During the years 2014-15 and 2013-14 total losses were less than £250,000; and in accordance with Annex 4.10 to Managing Public Money Northern Ireland (MPMNI), no further disclosure is required.

17(b) Special payments:

During the years 2014-15 and 2013-14 there were no special payments.

18. 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 or key managerial staff have undertaken any material transactions with the Schemes during the year.

19. Events after the reporting period

There were no events after the reporting period which required adjustment to the Scheme Statements or additional disclosures.

Date of authorisation for issue
The Accounting Officer authorised the issue of the Scheme Statements on 30 June 2015.

Department of Education, Rathgael House, 43 Balloo Road, Rathgill, Bangor, Co Down BT19 7PR