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Department of Education - Teachers' Superannuation

ANNUAL SCHEME STATEMENTS

for the year ended 31 March 2009

INVESTOR IN PEOPLE

NIA 146/08-09

Department of Education – Teachers' Superannuation
Annual Scheme Statements
For the year ended 31 March 2009

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

3 July 2009

NIA 146/08-09

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION ANNUAL SCHEME STATEMENTS
for the year ended 31 March 2009

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DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

REPORT OF THE MANAGERS

for the year ended 31 March 2009

Introduction

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

Further information about the scheme is given in the explanatory booklet dated November 2007, which is issued to all members and which is available on the internet at www.deni.gov.uk within the "Pension Scheme" section.

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

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

Managers

Accounting Officer

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

Scheme Manager and Premature Retirement Compensation Scheme Manager

Mr Mark Mawhinney
Department of Education
Rathgael House
43 Balloo Road
BANGOR
BT19 7PR

Scheme Administrator and Premature Retirement Compensation Scheme Administrator

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

Advisers

Pension Scheme Actuary

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

Bankers

Northern Bank Ltd
Donegal Square North
BELFAST
BT1 5GB

Legal Advisers

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

Auditors

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Employers

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

Performance and Position

The NITSS account is influenced by changes in membership numbers, salary levels, mortality rates and the age profile of the scheme.

Changes to the Scheme

During the year the following changes were made:

Pension Scheme

- Pensions were increased by 3.9% with effect from 7 April 2008.
- During the year, there was no change to the employers' contribution rate (currently 13.6%) or to the employees' contribution rate (currently 6.4%).

Premature Retirement Compensation Scheme

- From 1 April 2008, employers became liable for the additional cost of enhanced pension and lump sum. They are required to make a single payment to the scheme to meet the capitalised cost of future liabilities in respect of any additional service credit ("added years") they choose to award to a teacher.
- The Department intends to bring forward legislation during 2009-10 which will have the effect of transferring the full cost of premature retirement compensation to employers (i.e. the lifetime cost of both enhancement and the payment of unreduced pension benefits before normal pension age). A full Equality Impact Assessment is to be carried out on the Department's proposal. As a result, the Teachers' Superannuation Scheme will bear the cost of compensation (excluding enhancement) for any premature retirements taking place at the end of the 2008-09 school year.

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

Prudential plc has been selected by the Department of Education to provide AVCs to members of the Teachers' Superannuation Scheme. Scheme members are made aware of the AVC arrangements and there is a facility which allows contributions through payroll. No contributions are made by the Managers of the Teachers' Superannuation Scheme or by employers. The only role of the Managers of the Teachers' Superannuation Scheme is to advise Prudential plc of the date from which a member's pension is payable and of the maximum pension payable under Inland Revenue rules. Members of the Teachers' Superannuation Scheme may make their own arrangements for making payments to institutions which offer FSAVC or Stakeholder Pensions. Where a member has a FSAVC, the only role of the Managers of the Teachers' Superannuation Scheme is to carry out a check at retirement to ensure that pension benefits do not exceed Inland Revenue limits.

Post Balance Sheet Events

There were no post balance sheet events.

Membership Statistics

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

A.	Active members	
Active members at 1 January 2008		**24,532**
Add:	New entrants	419
	Re-entrants in the year	771
	Transfers in	141
Less:	Retirements in the year	(769)
	Members leaving who have deferred pension rights	(856)
	Transfers out	(1)
	Deaths in Service	(12)
	Refunds/opt out	(69)
Active members at 31 December 2008*		**24,156**

B. Deferred members	
Deferred members at 1 January 2008	**13,719**
Add: Members leaving who have deferred pension rights	856
New members now classed as deferred	383
Less: Members taking up deferred pension rights	(197)
Transfers out	(69)
Re-entrants	(771)
Refunds	(45)
Deaths	(6)
Deferred members at 31 December 2008*	**13,870**

C. Pensions in payment	Members	Dependants	Total
Pensions in payment at 1 January 2008	**16,374**	**1,382**	**17,756**
Members retiring in year at normal retirement age	966	-	966
Restorations	14	7	21
New dependants	-	130	130
Deaths in year	(259)	(50)	(309)
Dependants leaving	-	(17)	(17)
Suspensions/other leavers	(13)	(7)	(20)
Pensions in payment at 31 December 2008*	**17,082**	**1,445**	**18,527**

D. Compensation payments	
Members in receipt of compensation at 1 January 2008	**8,675**
Add: New members in receipt of compensation	275
Less: Deaths/other leavers	(114)
Members in receipt of compensation payments at 31 December 2008*	**8,836**

* The requirement to meet shortened financial reporting deadlines under Faster Closing has resulted in the Department's decision to disclose membership statistics for the 12 months ending 31 December 2008 instead of the year ending 31 March 2009. This change has been made after consultation with both the Government Actuary's Department (GAD) and the Northern Ireland Audit Office (NIAO). The Department is content, after reviewing financial data for 1 January to 31 March 2009 and making enquiries with key personnel, that there is no evidence of substantial changes to the scheme membership which should be brought to the attention of either GAD, NIAO or the users of these accounts.

Disclosure to the Auditors

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

Further Information

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

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

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT OF THE ACTUARY

Accounts for the year ended 31 March 2009

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 2008-09 Resource Accounts of the Northern Ireland Teachers' Pension Scheme ("the Scheme").

2. The statement is based on the results of an interim valuation carried out as at 31 March 2006, with an approximate updating to 31 March 2009 to reflect known changes.

Membership data

3. Tables A1 to A3 (in Appendix) summarise the principal membership data as at 31 March 2006 and 31 March 2009 used to prepare this statement.

Methodology

4. The value of the liabilities has been determined using the projected accrued benefit method, with allowance for expected future pay increases in respect of active members, and the principal financial assumptions applying to the 2008-09 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2009 was determined using the projected unit method and the principal financial assumptions applying to the 2007-08 Resource Accounts.

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

6. The actuarial liability as at 31 March 2009 is based on the new provisions which came into force on 1 April 2007.

Financial assumptions

7. Table A4 (in Appendix) shows the principal financial assumptions adopted to prepare this statement. With effect from 31 March 2009, the assumed rate of return in excess of prices was increased from 2.5% a year to 3.2% a year, and the assumed rate of return in excess of earnings was increased from 1.0% a year to 1.7% a year. In addition, with effect from 31 March 2009, the assumed rate of future price inflation is 2.75% a year and the assumed nominal rate of salary growth is 4.3% a year (both the same as at 31 March 2008).

8. At the request of the Department, this assessment allows for annual pay awards of 2.3% on 1 September 2009 and 2.3% on 1 September 2010, rather than increases in line with the assumed long term rate of salary growth of 4.3% a year.

Demographic assumptions

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

10. The demographic assumptions (other than the mortality assumptions) adopted for the assessment of the liabilities as at 31 March 2009 are those adopted for the 2006 interim valuation of the NITPS (which were the same as those adopted for the valuation as at 31 March 2004 except that no allowance was included for future premature retirements).

11. The mortality assumptions adopted for the purpose of the 2008-09 Resource Accounts are the same as those adopted for the 2007-08 Resource Accounts. These include allowance for future mortality improvement in accordance with the UK 2006-based principal population projections (greater than at the 2006 interim valuation) but the assumed current level of mortality remains in accordance with the Scheme's own experience, as reviewed at the 2004 valuation.

12. The contribution rate used to determine the accruing cost in 2008-09 was based on the demographic assumptions applicable at the start of the year: that is, those adopted for the 2007-08 Resource Accounts.

Liabilities

13. Table 1 summarises the capital value as at 31 March 2009 of benefits accrued under the Scheme prior to 31 March 2009 based on the data, methodology and assumptions described in paragraphs 3 to 12.

Table 1
Past service liabilities as at 31 March 2009

Value of liability in respect of	£ billion
Pensions in payment	4.06
Deferred pensions	0.30
Active members (past service)	3.02
Total	**7.38**

Accruing costs

14. The cost of benefits accruing in the year ended 31 March 2009 (the 'current service cost') is based on a standard contribution rate of 27.3%, as determined at the start of the year. The actual contribution rate payable during the year was 20.0% of pensionable pay, of which members paid 6.4% and employers paid 13.6%. Table 2 shows the contribution rate used to determine the current service cost assuming a members' contribution rate of 6.4%, with employers meeting the balance of the cost.

Table 2
Contribution rate 2008-09

Contribution rate	Percentage of pensionable pay
Standard contribution rate	27.3%
Members' contribution rate	6.4%
Employers' share of standard rate	20.9%
Actual rate charged to employers	13.6%

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

16. In relation to the pensionable payroll for the financial year 2008-09, the contributions actually paid by the employers were £114 million (from data provided by the Department). Based on this information, the accruing cost of pensions in 2008-09 (at 27.3% of pay, including member contributions) is estimated to be £230 million.

Disclosures

17. Tables A5 and A6 (in Appendix) show the Balance Sheet and the Profit and Loss disclosures as at 31 March 2009.

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

19 June 2009

APPENDIX

Table A1
Active members

	31 March 2006		31 March 2008	31 March 2009
	Number	Total salaries* (£ million)	Total salaries* (£ million)	Total salaries* (£ million)
Males	6,844	247	260	267
Females	17,884	590	621	638
Total	**24,728**	**837**	**881**	**905**

*Full-time equivalent

Table A2
Deferred members

	31 March 2006		31 March 2008	31 March 2009
	Number	Total deferred pension (pa)* (£ million)	Total deferred pension (pa) † (£ million)	Total deferred pension (pa) # (£ million)
Males	3,886	4.2	4.7	5.0
Females	9,435	10.2	11.3	12.1
Total	**13,321**	**14.4**	**16.0**	**17.1**

* Including increases applying from April 2006
† Including increases applying from April 2008
# Including increases applying from April 2009

Table A3
Pensions in payment

	31 March 2006		31 March 2008	31 March 2009
	Number	Annual pension * (£ million)	Annual pension † (£ million)	Annual pension # (£ million)
Males	5,428	77.6	95.4	105.4
Females	9,321	104.6	128.6	142.1
Spouses & dependants	1,217	4.7	5.7	6.3
Total	**15,966**	**186.9**	**229.7**	**253.8**

*Including pension increase awarded in April 2006
† Including pension increase awarded in April 2008
# Including pension increase awarded in April 2009

Table A4
Financial assumptions

Assumption	31 March 2009	31 March 2008
Rate of return (discount rate)	6.0%	5.3%
Rate of return in excess of:		
Earnings increases	1.7%	1.0%
Pension increases	3.2%	2.5%
Expected return on assets:	n/a	n/a

Table A5
Balance Sheet disclosures

	31 March 2009 (£ billion)	31 March 2008 (£ billion)
Total market value of assets	nil	nil
Value of liabilities	(7.38)	(7.90)
Surplus (deficit)	(7.38)	(7.90)
of which recoverable by employers	n/a	n/a

Table A6
Profit and Loss disclosures

	Year ending 31 March 2009 (£ billion)
Analysis of amount charged to Operating profit	
Current service cost	0.23
Past service cost	0.03
Total operating charge	0.26
Analysis of the amount credited to other finance income	
Expected return on scheme assets	-
Interest on pension liabilities (@5.3%)	-0.42
Net return	-0.42
Analysis of amount recognised in STRGL	
Actual return less expected return on scheme assets	-
Experience gains and losses arising on the pension liabilities	0.02
Changes in mortality assumptions	-
Changes in demographic assumptions (other than mortality)	-
Changes to financial assumptions from 31 March 2009	0.91
Actuarial gain (loss) recognised in STRGL	0.93
Movement in surplus during the year *	
Surplus at 31 March 2008	-7.90
Current service cost	-0.23
Enhancements	-0.01
Transfers in	-
Payments to and on account of leavers	-
Benefits paid during the year	0.28
Past service costs	-0.03
Other finance income	-0.42
Actuarial gain (loss)	0.93
Surplus at 31 March 2009	-7.38

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

Government Actuary's Department
19 June 2009

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

- observe the accounts direction issued by the Department of Finance and Personnel including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards, as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and

- prepare the financial statements on a going concern basis.

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

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department of Education for the year ended 31 March 2009 and up to the date of approval of the accounts, and accords with the Department of Finance and Personnel guidance.

3. Capacity to handle risk

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

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

4. The risk and control framework

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

Steps taken to manage and control risks to information include: regularly reviewing and restricting system access to specific staff; ensuring staff receive fraud awareness training; and performing spot checks by branch management.

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

5. Review of effectiveness

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

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

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

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

6. Significant internal control problems

A significant duplicate payment to a newly retired pensioner occurred in April 2008. The Department took action by immediately recovering most (i.e. 98%) of the overpayment and investigating the circumstances which led to this duplicate payment. As a result of this event, additional controls to mitigate against a recurrence have been implemented. The Department intends to recover the remaining amount of the duplicate payment currently outstanding.

Signed: ________________ **Date:** 25 June 2009

Accounting Officer

Department of Education – Teachers' Superannuation Scheme Accounts

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

I certify that I have audited the financial statements of the Department of Education Teachers' Superannuation Scheme for the year ended 31 March 2009 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Combined Revenue Account and Combined Statement of Recognised Gains and Losses, the Combined Balance Sheet, the Combined Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

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

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

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

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

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

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

Basis of audit opinions

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

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the scheme's affairs as at 31 March 2009, and the net cash requirement, net resource outturn, net outgoings, recognised gains and losses and cash flows for the year then ended; and

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

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Date 29 June 2009

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

STATEMENT OF PARLIAMENTARY SUPPLY

SUMMARY OF RESOURCE OUTTURN 2008-09

		Estimate			Outturn			2008-09 Net Total Outturn compared to Estimate	2007-08 Outturn
Request for Resource A	**Note**	**Gross expenditure**	**Accruing resources**	**Net Total**	**Gross expenditure**	**Accruing Resources**	**Net Total**	**saving/ (excess)**	**Net Total**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Annually managed expenditure		707,575	(183,910)	523,665	696,860	(183,080)	513,780	9,885	497,163
Non-budget		-	(1,718)	(1,718)	-	(1,713)	(1,713)	(5)	(1,851)
Total resources	3	707,575	(185,628)	521,947	696,860	(184,793)	512,067	9,880	495,312

SUMMARY OF NET CASH REQUIREMENT 2008-09

		2008-09			2007-08
	Note	**Estimate**	**Outturn**	**Net Total Outturn compared to Estimate saving/ (excess)**	**Outturn**
		£000	**£000**	**£000**	**£000**
Net cash requirement	4	115,865	100,538	15,327	102,005

SUMMARY OF INCOME PAYABLE TO THE CONSOLIDATED FUND

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

	Note	Forecast 2008-09		Outturn 2008-09	
		Income	**Receipts**	**Income**	**Receipts**
		£000	**£000**	**£000**	**£000**
Total	5	-	*-*	1	*1*

Income Excess AR is £nil. Cash Excess AR is nil. Actual CFER receipts were £1,297.18. This amount was surrendered to the Consolidated Fund during the year ended 31 March 2009.

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

Annually managed expenditure — Saving £9,885k

The variance is mainly attributable to the outturn for pension current service cost being lower than the amount included in the Estimate amount, which was based on the Department's technical estimation process.

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

COMBINED REVENUE ACCOUNT
for the year ended 31 March 2009

Principal arrangements
Teachers' Superannuation Scheme

	Note	2008-09 £000	2007-08 £000
Income:			
Contributions receivable	7	(168,233)	(165,166)
Transfers in	8	(3,746)	(3,298)
Other pension income	9	(12,814)	(71)
		(184,793)	(168,535)
Outgoings:			
Pension cost	10 & 20.5	260,000	300,000
Enhancements	11	300	549
Transfers in	12	3,746	3,298
Interest on scheme liabilities	13 & 20.5	420,000	360,000
Capitalised cost of enhancement	14	12,814	-
		696,860	663,847
Net outgoings for the year	3(a)	**512,067**	**495,312**

COMBINED STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009

	Note	2008-09 £000	2007-08 £000
Actuarial (gain) / loss	20.8	(945,015)	(370,000)
Recognised gains and losses for the financial year		**(945,015)**	**(370,000)**

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

COMBINED BALANCE SHEET
as at 31 March 2009

	Note	2008-09 £000	2007-08 £000
Current assets			
Debtors	17	3,378	3,016
Cash at bank and in hand	18	753	444
		4,131	3,460
Creditors: amounts falling due within one year	19	(4,099)	(4,089)
		(4,099)	(4,089)
Net current assets / (liabilities), excluding pension liability		**32**	**(629)**
Pension liability	20.5	(7,380,000)	(7,912,825)
Net liabilities, including pension liability		**(7,379,968)**	**(7,913,454)**
Taxpayers' equity			
General fund	22	(7,379,968)	(7,913,454)
		(7,379,968)	**(7,913,454)**

Signed: ____________ Date: 25 June 2009

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

COMBINED CASH FLOW STATEMENT
for the year ended 31 March 2009

	Note	2008-09 £000	2007-08 £000
Net cash outflow from operating activities	23(a)	(100,538)	(101,880)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		1	-
Payments of amounts due to the Consolidated Fund		(1)	(7,718)
Financing	23(b)	100,847	108,304
Increase / (decrease) in cash in the period	23(c)	**309**	**(1,294)**

DEPARTMENT OF EDUCATION—TEACHERS' SUPERANNUATION

NOTES TO THE SCHEME STATEMENT

Accounts for the year ended 31 March 2009

1. Basis of preparation of the scheme statement

The combined scheme statements have been prepared in accordance with the relevant provisions of the *2008-09 Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel, which reflect the requirements of Financial Reporting Standard (FRS) 17 *Retirement Benefits*. These accounts show the unfunded pension liability and movements in that liability during the year. These accounts also have regard to the recommendations of the Statement of Recommended Practice entitled *Financial Reports of Pension Schemes* to the extent that these are appropriate. The current regulations under which the Teachers' Superannuation Scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The current regulations under which the Teachers' Premature Retirement Compensation Scheme operates are the Teachers' (Compensation for Redundancy and Premature Retirement) Regulations (Northern Ireland) 1991 S.R. 1991 No 132.

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

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

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

2. Statement of accounting policies

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

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

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Pension contributions receivable

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

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

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

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

2.3 Transfers in and out

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

2.4 Other income

Other income, including refunds of benefits, overpayments recovered other than by deduction from future benefits and miscellaneous income, 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 Revenue account. The cost is based on the discount rate applicable at 1 April 2008, being 2.5 per cent real rate (i.e. 5.3 per cent including inflation).

2.6 Past service costs

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

2.7 Interest on scheme liabilities

The interest cost is the increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement, and is recognised in the Revenue Account. The interest cost is based on the discount rate applicable at 1 April 2008, being 2.5 per cent real rate (i.e. 5.3 per cent including inflation).

2.8 Other payments

Other payments are accounted for on an accruals basis.

2.9 Scheme liability

Provision is made for liabilities to pay pensions and other benefits in the future. The scheme liability is measured on an actuarial basis using the projected unit method and is discounted at the rate applicable at the close of 31 March 2009, being 3.2 per cent real rate (i.e. 6.0 per cent including inflation)

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

2.10 Pension benefits payable

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

2.11 Pension payments to those retiring at their normal retirement age

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

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

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

2.13 Lump sums payable on death in service

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

2.14 Actuarial gains / losses

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

2.15 Additional Voluntary Contributions

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

2.16 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, 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 revenue account, with the offsetting income reflecting the reimbursements receivable from the employers. The Department intends to bring forward legislation during 2009-10 which will have the effect of transferring the full cost of premature retirement compensation (i.e. both enhancement and early payment of pension) to employers.

3. Reconciliation of Estimates, accounts and budgets

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

		2008-09			2007-08
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate: saving / (excess) £000	Outturn £000
Net resource outturn		512,067	521,947	9,880	495,312
Net outgoings	22	**512,067**	**521,947**	**9,880**	**495,312**

3(b) Outturn against final administration budget

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

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving / (excess) £000
Net resource outturn	3(a)	521,947	512,067	9,880
Accruals adjustments:				
Changes in working capital other than cash		-	661	(661)
Increase in provision	20.5	(707,575)	(696,860)	(10,715)
Use of provision	20.5	301,493	284,670	16,823
Net cash requirement	23(c)	**115,865**	**100,538**	**15,327**

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

1. Changes in working capital other than cash — Excess £661k

   Changes in working capital are inherently difficult to forecast. As such, in the absence of any known significant changes to debtors or creditors, no accruals to cash adjustment was included in the TSS Spring Supplementary Estimate 2008-09.

2. Increase in provision — Excess £10,715k

   The variance is mainly attributable to the outturn for pension current service cost being lower than the amount included in the Estimate amount, which was based on the Department's technical estimation process.

3. Use of provision — Saving £16,823k

   The variance is the result of a reduction in the number of overall members retiring in year due to changes in the Premature Retirement Scheme as described on page 3 of the Report of the Managers included in these Resource Accounts.

5. Analysis of income payable to the Consolidated Fund

		Forecast 2008-09		Outturn 2008-09	
	Note	**Income £000**	**Receipts £000**	**Income £000**	**Receipts £000**
Other amounts collectable on behalf of the Consolidated Fund		-	-	1	*1*
Total income payable to the Consolidated Fund		-	-	**1**	***1***

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

	Note	2008-09 £000	2007-08 £000
Operating income		184,793	168,535
Income authorised to be Accruing Resource		(184,793)	(168,535)
Operating income payable to the Consolidated Fund	5	**-**	**-**

7. Pension contributions receivable

	2008-09 £000	2007-08 £000
Employers	113,418	110,838
Employees:		
Normal	52,802	51,815
Premature retirement compensation receipts from DEL	1,713	1,911
Purchase of added years	300	602
	168,233	**165,166**

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

	2008-09 £000	2007-08 £000
Individual transfers in from other schemes	**3,746**	**3,298**

9. Other pension income

	Note	2008-09 £000	2007-08 £000
Amounts falling due within one year:			
Receipts in respect of additional costs for uncapped salaries		-	71
Capitalised cost of enhancement	14	12,814	-
		12,814	**71**

10. Pension cost (*see also* Note 20.5)

	2008-09 £000	2007-08 £000
Current service cost	230,000	260,000
Past service cost	30,000	40,000
	260,000	**300,000**

11. Enhancements *(see also* Note 20.5*)*

	2008-09 £000	2007-08 £000
Employees:		
Purchase of added years	**300**	**549**

12. Transfer in (*see also* Notes 8 and 20.5)

	2008-09 £000	2007-08 £000
Individual transfers in from other schemes	**3,746**	**3,298**

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

13. Interest charge (*see also* Note 20.5)

	2008-09 £000	2007-08 £000
Interest charge for the year	**420,000**	**360,000**

14. Capitalised cost of enhancement

	Note	2008-09 £000	2007-08 £000
Amounts falling due within one year:			
Capitalised cost of enhancement	9	**12,814**	**-**

15. Additional Voluntary Contributions

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

The aggregate amounts of AVC investments are as follows:

Prudential Teachers' AVC Facility (Northern Ireland)	2008-09 £000	2007-08 £000
Movements in the year		
Balance at 1 April	43,690	43,563
New investments	5,041	5,363
Sales of investments to provide pension benefits	(5,126)	(5,204)
Changes in market value of investments	(30)	(32)
Balance at 31 March	**43,575**	**43,690**

16. Contingent liabilities

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

17. Debtors

17 (a) Analysis by type

	Note	2008-09 £000	2007-08 £000
Amounts falling due within one year:			
Contributions due:			
Employers		1,991	1,824
Employees		937	858
Added years and added pension		-	8
Capitalised cost of enhancement		137	-
Overpaid pensions		198	235
DEL debtor		142	137
Provision for bad debt		(27)	(46)
		3,378	**3,016**

Included within these figures is £nil (2008-09 £nil) that will be due to the Consolidated Fund once the debts are collected.

17 (b) Intra-government balances

	Amounts falling due within one year	
	2008-09 £000	2007-08 £000
Balances with other central government bodies	171	163
Balances with bodies external to government	3,207	2,853
Total debtors at 31 March	**3,378**	**3,016**

18. Cash at bank and in hand

	Note	2008-09 £000	2007-08 £000
Balance at 1 April		444	1,738
Net change in cash balances		309	(1,294)
Balance at 31 March		**753**	**444**
The following balances at 31 March are held at:			
Commercial banks		**753**	**444**
The balance at 31 March comprises:			
Amounts issued from the Consolidated Fund for supply but not spent at year end	19	**753**	**444**

19. Creditors

19 (a) Analysis by type

	Note	2008-09 £000	2007-08 £000
Amounts falling due within one year:			
Members		271	685
Inland Revenue and voluntary contributions		3,027	2,924
Other creditors		48	36
Amounts issued from the Consolidated Fund for supply but not spent at year end	18 & 23(b)	753	444
		4,099	**4,089**

19 (b) Intra-government balances

	Amounts falling due within one year	
	2008-09 **£000**	**2007-08** **£000**
Balances with other central government bodies	3,780	3,368
Balances with bodies external to government	319	721
Total creditors at 31 March	**4,099**	**4,089**

20. Provision for pension liability

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

	At 31 March 2009	At 31 March 2008	At 31 March 2007
Rate of return (discount rate)	6.0%	5.3%	4.6%
Inflation assumption			
Rate of return in excess of:			
Pension increases	3.2%	2.5%	1.8%
Earnings increases	1.7%	1.0%	0.3%

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

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

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

- income and expenditure, including details of any 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.

20.3 Pension scheme liabilities accrue over employee's 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.

20.4 The value of the liability on the balance sheet may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increases in salaries, the value of the pension liability will increase or decrease. The managers of the scheme accept that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in Notes 20.9 and 20.10. The note also discloses 'experience' gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

20.5 Analysis of movement in the scheme liability

	Note	2008-09 £000	2007-08 £000
Scheme liability at 1 April		**(7,912,825)**	**(7,889,840)**
Current service cost	10	(230,000)	(260,000)
Past service cost	10	(30,000)	(40,000)
Interest on pension scheme liability	13	(420,000)	(360,000)
	23(a)	(680,000)	(660,000)
Enhancements	11	(300)	(549)
Pension transfers in	12	(3,746)	(3,298)
Capitalised cost of enhancement	14	(12,814)	-
	23(a)	(16,860)	(3,847)
Benefits paid	20.6 & 23(a)	282,334	268,976
Pension payments to and on account of leavers	20.7 & 23(a)	2,336	1,886
		284,670	270,862
Actuarial gain/(loss)	20.8	945,015	370,000
Scheme liability at 31 March		**(7,380,000)**	**(7,912,825)**

During the year ended 31 March 2009 contributions were 20% of pensionable pay.

20.6 Analysis of benefits paid

	Note	2008-09 £000	2007-08 £000
Pensions or annuities to retired employees and dependants		236,027	216,179
Commutations and lump sum benefits on retirement		44,792	52,043
Lump sum benefits on death in service		1,515	754
Per combined cash flow statement	20.5	**282,334**	**268,976**

20.7 Analysis of payments to and on account of leavers

	Note	2008-09 £000	2007-08 £000
Refunds to members leaving service		225	91
Individual transfers to other schemes		2,111	1,795
Per combined cash flow statement	20.5	**2,336**	**1,886**

20.8 Analysis of actuarial gain/(loss)

	Note	2008-09 £000	2007-08 £000
Experience gains/(losses) arising on the scheme liabilities		35,015	(190,000)
Changes in demographic assumptions underlying the present value of the scheme liabilities		-	(410,000)
Changes in assumptions underlying the present value of the scheme liabilities (adjustment to discount rate % at 31 March)		910,000	970,000
Per combined statement of recognised gains and losses	20.5 & 22	**945,015**	**370,000**

20.9 History of experience gains and losses

	2008-09	2007-08	2006-07	Restated 2005-06	2004-05
Experience (gains)/losses on scheme liabilities: Amount (£000)	(35,015)	190,000	300,000	10,000	50,000
Percentage of the present value of the scheme liabilities	(0.5%)	2.4%	3.8%	0.2%	1.0%
Total actuarial (gain)/loss: Amount (£000)	(945,015)	(370,000)	1,590,000	720,000	180,000
Percentage of the present value of the scheme liabilities	(12.8%)	(4.7%)	20.2%	11.8%	3.5%

Refer to Note 20.12 for explanation of restated 2005-06 comparatives.

20.10 Sensitivity analysis

20.10.1 The Government Actuary has been asked to indicate the approximate effects on the actuarial liability as at 31 March 2009 of changes to the main actuarial assumptions.

20.10.2 The principal financial assumptions are the real rates of return in excess of price inflation and earnings growth. (The assumed nominal rate of return is less important although it does affect the past service liability in respect of Guaranteed Minimum Pensions (GMPs).) A key demographic assumption is pensioner mortality (see note 20.11).

20.10.3 Table 1 shows the indicative effects on the total liability as at 31 March 2009 of changes to these assumptions.

Table 1

Sensitivity to main assumptions

Change in assumption*		Approximate effect on total liability	
Rate of return			
(i) nominal	-0.5% a year	+ 0.50%	+ £40 million
(ii) in excess of earnings	-0.5% a year	+ 2.25%	+ £170 million
(iii) in excess of prices	-0.5% a year	+ 6.00%	+ £440 million
Pensioner mortality:			
(iv) pensioners living (on average) 2 years longer		+ 3.50%	+ £260 million

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

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

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

20.10.6 Variant (ii) shows a more significant effect because the real rate of return in excess of earnings (or, equivalently, real earnings growth) differs from the central assumptions (by 0.5% a year). The total actuarial liability would change by about 2.25%.

20.10.7 Similarly, variant (iii) shows a substantial effect because the real rate of return in excess of prices differs from the central assumptions (by 0.5% a year). The total actuarial liability would change by about 6.0%.

20.10.8 Variant (iv) shows the significance of pensioner mortality: if longevity at retirement were assumed to be 2 years greater, then this would increase the total actuarial liability by about 3.5%.

20.11 Life Expectancy

Tables 2 and 3 show the life expectancy at age 60 and at age 65 respectively of pensioners retiring in normal health, under the mortality assumptions used for the Resource Accounts as at 31 March 2009 and as at 31 March 2008.

Table 2

Life expectancy of normal health pensioners at age 60

	As at 31 March 2009		As at 31 March 2008	
	Men (years)	Women (years)	Men (years)	Women (years)
Current pensioners	28.6	31.8	28.5	31.7
Future pensioners	30.2	33.3	30.1	33.2

Table 3

Life expectancy of normal health pensioners at age 65

	As at 31 March 2009		As at 31 March 2008	
	Men (years)	Women (years)	Men (years)	Women (years)
Current pensioners	23.5	26.7	23.4	26.6
Future pensioners	25.6	28.6	25.5	28.6

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

The Combined Statement of Recognised Gains and Losses within the Teachers' Superannuation Annual Scheme Statements 2005-06 disclosed a total movement of £720m, analysed as a £40m actuarial loss and £680m in respect of a restatement of the opening balance of the pension liability as at 1 April 2005, due to a change in the discount rate percentage. In accordance with FRS 17, the £680m adjustment meets the definition of an actuarial loss. As such, this movement was reclassified (between the Resource Accounts 2005-06 and 2006-07) as an actuarial loss in order to make the comparative figures consistent with the subsequent years' disclosures. This restatement is reflected in Note 20.9 of the Notes to the Scheme Statement.

21. Transfers in and out

Transfers in amounting to £441,065.65 had been agreed in January, February and March 2009 and are expected to be received after 31 March 2009. Small differences between some individual amounts agreed and received may arise due to fluctuations in the underlying investment between the date on which a transfer in is agreed and the date on which it is received.

There are no transfers out outstanding.

22. General fund

	Note	2008-09 £000	2007-08 £000
Balance at 1 April		(7,913,454)	(7,890,147)
Net parliamentary funding drawn down	23 (b)	100,847	102,449
Year end adjustment supply (creditor) / debtor—current year	23 (b)	(753)	(444)
Settlement of supply creditor—prior year		444	-
Combined net outgoings for the year	3(a)	(512,067)	(495,312)
Actuarial gain / (loss)(SRGL)	20.8	945,015	370,000
Balance at 31 March		**(7,379,968)**	**(7,913,454)**

Notes to the Combined Cash Flow Statement

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

	Note	2008-09 £000	2007-08 £000
Net outgoings for the year		(512,067)	(495,312)
(Increase)/decrease in debtors	17	(362)	(153)
Increase/(decrease) in creditors	19	(299)	600
Increase in pension provision	20.5	680,000	660,000
Increase in pension provision – enhancements and transfers in	20.5	16,860	3,847
Use of provisions – pension liability	20.5	(282,334)	(268,976)
Use of provisions – refunds and transfers	20.5	(2,336)	(1,886)
Net cash outflow from operating activities		**(100,538)**	**(101,880)**

23 (b) Analysis of financing

	Note	2008-09 £000	2007-08 £000
From the Consolidated Fund (supply): current year	23(c)	100,847	102,449
From the Consolidated Fund (supply): prior year	23(c)	-	5,855
Net financing	17(a), 19(a) & 22	100,847	108,304
Consolidated Fund (creditor) / debtor	22	(753)	(444)
Settlement of Supply creditor		444	-
Receipt of Consolidated Fund debtor		-	(5,855)
Financing from the Consolidated Fund		**100,538**	**102,005**

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

	Note	2008-09 £000	2007-08 £000
Net cash requirement	4	(100,538)	(102,005)
From the Consolidated Fund (supply): current year	23(b)	100,847	102,449
From the Consolidated Fund (supply): prior year	23(b)	-	5,855
Amounts due to the Consolidated Fund received in a prior year and paid over		-	(7,593)
Receipt of a prior year debtor due to the Consolidated Fund		-	125
Payment of the above receipt to the Consolidated Fund		-	(125)
Increase/ (decrease) in cash in the period		**309**	**(1,294)**

24. Financial instruments

As the cash requirements for the Department of Education Teachers' Superannuation 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 little credit, liquidity or market risk.

25. Premature retirement compensation

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

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

Number of teachers retiring on grounds of premature retirement in the year to 31 March 2009

	Efficient Discharge	Redundancy
Belfast Education and Library Board	3	29
North Eastern Education and Library Board	6	40
Southern Education and Library Board	7	50
South Eastern Education and Library Board	8	70
Western Education and Library Board	2	46
Voluntary Grammar Schools	-	42
Further Education Colleges	2	191
Other Grant-Maintained Schools	-	2
Other Bodies	-	5
TOTAL	**28**	**475**

Total number of teachers retired on grounds of premature retirement as at 31 March 2009

	Efficient Discharge	Redundancy
Belfast Education and Library Board	221	1,146
North Eastern Education and Library Board	272	1,235
Southern Education and Library Board	426	932
South Eastern Education and Library Board	334	904
Western Education and Library Board	279	1,016
Voluntary Grammar Schools	162	640
Further Education Colleges	183	909
Other Grant-Maintained Schools	6	17
Other Bodies	27	81
TOTAL	**1,910**	**6,880**

26. Related party transactions

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

27. Losses

During 2008-09 it was discovered that, due to errors on the level of Guaranteed Minimum Pension (GMP) payable to pensioners from State Pension Age, a number of overpayments were made to pensioners in the Teachers' Superannuation Scheme. It has been agreed by HM Treasury that these overpayments are not to be recovered, and that pensions will be paid at the correct rate from 6 April 2009. The total amount overpaid is £1,144,216.04, relating to 512 cases.

Additional losses relating to cases other than the GMP errors outlined above arose in 30 cases, resulting in total losses of £39,978.68. During 2007-08 total losses were less than £250k, and in accordance with DAO (DFP) 10/05, no further disclosure was required.

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