

**NASUWT Evidence for the Northern Ireland Assembly Committee for Finance
and Personnel – 9th October 2013**

WITHOUT PREJUDICE

The NASUWT is committed to working with the Northern Ireland Assembly to secure the best interests of teachers and pupils in all schools in Northern Ireland. The NASUWT is the largest union representing teachers and principals in Northern Ireland.

The NASUWT opposes the Public Service Pensions Bill. The proposed reforms to public service pensions are unjustified and unnecessary.

If the Public Service Pensions Bill becomes law, it will:

- worsen the pensions of all public service workers, who form a bigger proportion of society in Northern Ireland than elsewhere in the UK;
- force teachers to work much longer to receive an adequate pension;
- devastate the morale of the teaching profession;
- exacerbate the growing scandal of newly qualified teacher unemployment in Northern Ireland;
- potentially discriminate against teachers, particularly women and younger teachers;
- damage the Northern Ireland economy by reducing public service workers' spending power because of increased pension contributions;
- damage the Northern Ireland economy by reducing public service pensioners' incomes.

The NASUWT is committed to working constructively with the Northern Ireland Assembly to secure the best pension arrangements, which will continue to secure the future recruitment and retention of a high quality teacher workforce for the benefit of all pupils. The NASUWT is deeply concerned that quality education provision for pupils will be undermined as a

result of measures contained in the Public Service Pensions Bill, which have been transposed from the legislative measures adopted by the Westminster Government.

The NASUWT notes with concern the constraints imposed on the Northern Ireland Assembly in respect of the determination of its public service pensions policy, including the threat to reduce the Northern Ireland Block Grant.

Suggested Amendments to the Public Service Pensions Bill

The NASUWT invites the Committee for Finance and Personnel to consider the scope for amendments to the Public Service Pensions Bill which will deliver fairness for teachers. Many of the amendments suggested below would have no financial cost implications for the Northern Ireland Assembly. However, if the amendments are successful, they will increase the pension protections which teachers and other public service workers receive and will bring some democratic accountability to the process of public service pension governance.

The NASUWT recognises that the wording of amendments suggested below may need to alter to reflect the Assembly's legislative process. The NASUWT would be pleased to work with the Committee for Finance and Personnel on the wording of any legislative measures.

The Committee for Finance and Personnel should note also that the NASUWT supports the amendments to the Bill as proposed by the Irish Congress of Trade Unions (ICTU).

In addition, the NASUWT suggests the following **deletions** of clauses and sub-clauses, which will mitigate some of the most detrimental aspects of the Bill on teachers' pensions.

8.2 (b and c)

This deletion would ensure that public service schemes remain as defined benefit schemes, where teachers and other public service workers are able to reasonably predict the pension benefits they would receive, and can plan for their futures.

8 (5)

This deletion would ensure that regulations made by the Department of Finance and Personnel (DFP) cannot be negative resolutions and the Assembly has to vote on these.

9 (5) (a) Deletion of second clause 'if... and', together with deletion of **9 (5) (b)**.

This deletion would ensure that the Assembly's affirmative procedure has to be used in respect of all revaluation orders of scheme members' benefits under the CARE process - i.e. detrimental changes to revaluations cannot be made without an Assembly vote.

9 (6) Deletion of 'which does not exceed 5 years'.

This refers to the feature of public service pension schemes whereby any member who is deferred for more than five years has their benefits revalued in line with CPI rather than CPI + 1.6%. This provision is likely to impact detrimentally and disproportionately on women teachers who tend to take lengthier career breaks for family reasons. The deletion of this clause will therefore remove a potential inequality.

10 (1) Deletion of **(a)**, together with the clause 'if that is higher' in **(b)**.

Deletion of **10 (3), (4) and (5)**.

These would retain the normal pension age of 60 for the uniformed services, but ensure a pension age of 65 for Northern Ireland Teachers' Pension Scheme members, which is now the case for post-2007 entrants. The teachers' pension age would not increase further in line with the increase in the state pension age, but would remain at 65.

Deletion of all wording after ‘procedure’ in **24(1)**.

This would ensure that all scheme regulations are subject to an Assembly vote, provide greater transparency and assurance to members of public service pension schemes that future changes are subject to appropriate democratic debate and scrutiny.

Protecting Public Service Workers’ Pensions after 2015

The Bill’s proposals for public service scheme governance place public service workers’ pensions at further risk after 2015. The Bill establishes two boards for each scheme:

- the Pension Board, and
- the Scheme Advisory Board.

These boards will supposedly exist to manage and administer the public service schemes and consider future changes to pension benefits following valuations. However, as defined in the Bill, the boards are not fit for purpose, do not provide adequate protections to safeguard the future of the pension schemes and would marginalise the views of scheme members (employees). The NASUWT suggests amendments to the Bill to provide these protections.

The purposes of the NASUWT’s suggested amendments are as follows:

Clause **5 (5) (c)** establishes that the Pension Board must include employer representatives and member representatives in equal numbers. The NASUWT suggests amending this clause and the rationale for this amendment is that the DfE’s current proposal for England and Wales is that only two out of twelve representatives of the Pension Board of the Teachers’ Pension Scheme will be direct teacher union nominees. The remainder are likely to be the Secretary of State’s nominees, although this has currently not yet been finally determined. The England and Wales Teachers’ Pension Scheme Pension Board is therefore not fit for purpose as a trustee board. The NASUWT would invite the Northern Ireland Assembly to bring about an amendment to prevent this happening in Northern Ireland.

The NASUWT would wish for the Northern Ireland Assembly to bring about an amendment **[additional 5 (5) (d)]** to ensure that, in the case of the Teachers' Pension Scheme, scheme member representatives are nominated by the Teacher Side of the Scheme Advisory Board (this is consequential on the amendment to Clause 7 being accepted), to read as follows:

'Member representatives are nominated by the Teacher Side of the Scheme Advisory Board.'

As an alternative, if the NASUWT's suggested amendment to **Clause 7** is not accepted, the amendment to **Clause 5** should then read:

'Member representatives are representatives of the teacher unions.'

The NASUWT also suggests an amendment to **Clause 7**, to establish the scheme advisory board as a negotiating board, with a wider remit than that currently in the Bill. The amendment would include the following provisions, which the NASUWT would wish to see as key features in the scheme advisory boards. This amendment is applicable to every Northern Ireland public service pension scheme, including the Teachers' Pension Scheme:

- *The Scheme Advisory Board will be a joint body. The joint body will be made up of a Union Side, comprising appropriate representatives of the scheme unions, and an Employer Side, comprising appropriate representatives of the Government Department and employers.*
- *The Scheme Advisory Board will be responsible for negotiations on scheme benefits and contributions, membership regulations, conduct of valuations and application of cost sharing and cost cap arrangements, as well as matters relating to effective administration and management.*
- *Both Sides will negotiate with a view to reaching agreement on any and all of the matters for which the joint body's terms of reference make it responsible.*

- *Both Sides will have equal weight of representation and will have a Chair, Vice Chair and Secretary.*
- *The Union Side will be made up only of the unions which represent members of the relevant public service pension scheme.*
- *The Union Side will determine its own constitution and arrangements for decision making and representation at meetings independently.*
- *A 'conflict of interest' as defined in the Act will not arise as a result of any member of the body exercising their representative role.*
- *Meetings of the Scheme Advisory Board may be chaired by any member of the body, by agreement of those present.*

Further information – the specific impact on teachers' pensions of Northern Ireland TPS Reform

The Northern Ireland Public Service Pensions Bill mirrors entirely the British Government's Public Service Pensions Act. Because of this, it is possible to use the England and Wales Teachers' Pension Scheme (TPS) *Scheme Reform Pensions Calculator* to model the impact on Northern Ireland teachers with different career histories of pensions reform. The following calculations assume that the design of the Reformed Northern Ireland TPS is eventually identical to the England and Wales TPS and are therefore an indication of potential impact only.

The blue row shows the pension benefits which teachers receive under the current TPS, for teachers with a current normal pension age (npa) of 60 or 65. The green row shows what teachers would receive under the reformed TPS if they retire at the same age, taking actuarially reduced benefits. The red rows show the additional years which teachers will have to work to receive their unreduced pensions, and then the severely reduced lump sums which teachers will receive, even when working another seven years. Of course, all

teachers will have to pay up to 50% more in pension contributions in comparison with April 2012 for these inferior benefits.

Comparison of existing and future benefits

Current salary point	M2	M6	UPS3	UPS3 +TLR	Primary Head (L23)
Age	23	28	40	40	45
Current npa	65	65	60	60	60
Salary point at npa	UPS3	UPS3 + £1847 TA1	UPS3	UPS3 + £6407 TA3	L28
Final salary	£36,756	£38603	£36,756	£43163	£72,752
Years' service	43	43	38	38	38
Current pension (and lump sum) at 60/65	£26,342	£18884 + (£27665)	£17,459 + (£52,377)	£20,502 + (£61,507)	£34,557 + (£103,672)
Reformed pension (and lump sum) at 60/65	£18,900	£22,000	£17,200 + (£27,600)	£20,200 + (£32,400)	£33,800 (£68,200)
New npa	68	68	67	67	67
Extra years worked	3	8	7	7	7
Pension (and lump sum) at new npa	£22,100	£26,500	£24,100 + (£27,600)	£28,300 + (£32,400)	£45,500 + (£68,200)

The NASUWT is happy to attend further meetings of the Committee for Finance and Personnel, to discuss these suggested amendments and deletions, together with any other aspect of the Public Service Pensions Bill. Please contact Dave Wilkinson, NASUWT National Negotiating Official, on 0121 453 6150 or dave.wilkinson@mail.nasuwt.org.uk if you wish to do so.