



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Public Service Pensions Bill: NASUWT
Briefing

9 October 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir

Witnesses:

Mr Justin McCamphill	NASUWT
Mr Seamus Searson	NASUWT
Mr Dave Wilkinson	NASUWT

The Chairperson: From the National Association of Schoolmasters Union of Women Teachers (NASUWT), I welcome Dave Wilkinson, the national negotiating official; Seamus Searson, the regional organiser; and Justin McCamphill, a serving teacher with the union.

Gentlemen, before we start, I think that you have suggested some eight amendments to the Bill. I wonder whether you could go through the Bill with members to ensure that there is clarity on what you want to change. Further to that, you may want to make some general comments to start with.

Mr Justin McCamphill (NASUWT): I am the Northern Ireland junior vice-president of the NASUWT, and I have with me Dave Wilkinson, our national negotiating official with responsibility for pensions, and Seamus Searson, our Northern Ireland organiser, who has been referred to in the documentation as representing someone else, but he is representing us here today. I will hand you over to Dave first.

Mr Dave Wilkinson (NASUWT): Thanks, Chair and members, for inviting us to present this evidence. We are more than happy to talk through the amendments. I was going to start off by responding in part to the correspondence that you put on your website relating to the trade union submissions to the Committee for Finance and Personnel with the deadline of 30 August. I will focus on the key points and explain the purpose of the amendments that the NASUWT is asking the Committee to consider, and then my colleagues will come in and explain the perspective from the point of view of our Northern Ireland organiser and also a serving teacher and scheme member.

The amendments that we wish to see made to the Bill that will protect Northern Ireland teachers' pensions when the reformed teachers' pension scheme comes into operation will improve the

governance of the teachers' pension scheme and other public service schemes and establish higher standards of democracy and accountability through the Northern Ireland Assembly and invite greater involvement of trade unions representing scheme members than is currently the case in the Bill.

I will comment on the correspondence from Judith Finlay to Shane McAteer, the Committee Clerk, on scheme-specific comments made by the trade unions. For clarity: our comments are not largely scheme-specific; we make very few scheme-specific comments. Our comments relate to the overarching legislation and the Bill. Features such as the equalisation of the Northern Ireland teachers' pension scheme normal pension age and state pension age, the process of annual revaluation of earnings and career average revalued earnings (CARE), the Department of Finance and Personnel (DFP) directions and valuation process and scheme governance through the pension board and the scheme advisory board are all in the Bill and will become legislation if the Bill is passed. Those features cannot be negotiated away through scheme-specific discussions, so I want to address issues to do with the architecture of the Bill.

I also want to address the response to the letter that the Department sent to the Northern Ireland Public Service Alliance (NIPSA) — I know that NIPSA will want to pick this up — relating to the Government Actuary's Department (GAD) costings of the penalisation to the block grant. We regard it as an utterly bizarre comment about the method of calculating the amount by which the block grant will be reduced in the event of failure to progress pensions reform: the comment is that that is "irrelevant" and that no response will be given to a request to outline the method. I would suggest that it is precisely the role of the Assembly and the Committee for Finance and Personnel to ensure that the people of Northern Ireland, including public service workers, are not the victims of back-of-a-fag-packet calculations by the Government Actuary's Department. Even allowing for that, the exact nature of the final calculated figure should not cloud the appalling nature of the pressure that the Treasury is bringing to bear on the people of Northern Ireland through its threat to reduce the block grant. Later in your response to the trade union submissions, you quote GAD's phrase "spurious accuracy" in respect of the block grant deduction figure. We have to make it clear that we see GAD's figure as spurious, as it is provided without justification and, therefore, cannot be subject to analysis. We ask you to treat it in the same way. I think that it is absolutely appalling that GAD has not been prepared to provide justification for what was, of course, a racking up of that figure to a £300 million deduction.

In the same way, the NASUWT regards the macroeconomic arguments against the increase in the pension age of public service workers among the most powerful for you. Given the high proportion of public service workers in Northern Ireland, which is incomparable with England, Wales and Scotland, the increase in the pension age could deepen the recession in Northern Ireland by keeping unemployment high for far longer than would otherwise be the case. The scandal of graduate teacher unemployment in Northern Ireland, which is far higher than in England, Wales and Scotland, would, therefore, continue. My colleague Seamus will go into that in more detail and explain the impact that the scandal of graduate unemployment has on Northern Ireland teachers.

The NASUWT considers that the Committee Stage should be further extended, if necessary, to ensure that Committees have an opportunity to scrutinise thoroughly the Department's strategic policy division's response to the Nevin Economic Research Institute paper. The explanation that is given in the correspondence of 23 September is that the strategic policy division has not had time to produce a response to that. We ask you to extend the Committee Stage further to allow that response to be properly scrutinised.

I will work through some of the clauses that you address in the correspondence of 23 September from the Department to the Committee. I will look at clause 3(5) first. We do not consider that it is sufficient for the Department simply to give consent. This relates to retrospective changes to public service pensions. We do not accept that it is sufficiently democratic and accountable for DFP and relevant Departments to fulfil such a decision-making role. That should lie with the Assembly. We consider that it is part of the democratic role of the Northern Ireland Assembly to do that.

As you will have picked up from our submissions, one of our biggest concerns is scheme governance. We consider that the representatives on pension boards and scheme advisory boards should not be left to the vagaries of scheme-specific discussions or be within the gift of successive Ministers of Education. That is leading to a disastrous situation in England and Wales, where the Secretary of State for Education, Michael Gove, is picking the overwhelming majority of members of those boards, with only two members out of 12 on the pension board being direct representatives of scheme members through the trade unions. At the moment, nobody on the scheme advisory board is a representative scheme member. Those boards will have a crucial role in determining the future of public service pensions should the cost cap ever be breached.

You raised other points in the correspondence of 23 September. The NASUWT cannot accept that it is in the interests of scheme members for defined contribution schemes to continue to be an option. The Department of Finance and Personnel's response to what the trade unions have had to say about clause 8(1) is that it will limit options to close down that option. From our perspective, these are clearly detrimental options that will deteriorate public service pensions. Therefore, we seek protection for scheme members by removing the possibility of those options being pursued in the future. That is also the case for clause 11(5). You have rejected the reasons for an amendment being made to that clause.

We accept that there is no intention on the part of the Northern Ireland Executive to provide an alternative to defined benefit schemes. However, the legislation allows for scheme designs to be varied to move away from those in the future, and the NASUWT seeks additional protections to ensure that that deterioration does not occur. Linked to that is our concern about the Department's response to the trade unions over the amendment to clause 21(1). That is at the heart of the NASUWT's disagreement with the lack of protection that the Bill affords to public service workers about future detrimental changes.

In our view, the negative resolution procedure in the Assembly does not afford an appropriate level of government scrutiny to ensure that proper consultation on scheme changes has been completed. There should always be a debate and a vote in the Assembly on further changes to public service workers' pensions. If the Assembly does not see that as its democratic role, our members and public service workers in Northern Ireland, including all teachers, are saying that they are being let down badly by the democratic process. We strongly support the Equality Commission's and the Human Rights Commission's concerns about those aspects of the Bill that permit retrospective application.

We find bizarre the departmental response to clause 8(5), stating that expanding the permitted range of scheme designs by regulations has no direct effect on the pensions that are actually provided. That makes no sense to us as a statement. Expanding the permitted range of scheme designs would clearly have a direct effect. It would be possible to have a scheme, for example, that worsens the accrual rate compared with the accrual rate that is currently on the table.

One of the most significant issues in the Bill — I am sure that you picked this up from our submissions — is the equalisation of teachers' normal pension age and the state pension age. The NASUWT is supportive of the aspirations of the Fire Brigades Union (FBU), which you just heard from, and the other uniformed services for a normal pension age of under 60 for those services. However, what I would say to you, Chair and Committee members, is that that makes the normal pension age of up to 68 for teachers even more unacceptable. At a recent meeting, for which I was present, one of our younger members said that she did not want to die at her desk. The ever-increasing teachers' pension age would be harmful not only to Northern Ireland teachers but to the education service in Northern Ireland. Justin, who is a serving Northern Ireland teacher, will explain the implications of that to you in greater detail.

On a couple of the other points that the Department responded to on your behalf, the NASUWT accepts that there will not be consultation with the pension boards and the scheme advisory boards on the initial valuations of the reformed public service schemes, because they will not have been brought into existence. Over the next few months, the initial consultation will take place on the directions for the valuation of the reformed public service schemes, including the Northern Ireland teachers' pension scheme. The valuation process involves several specific aspects: the DFP directions; the DFP regulations; and the scheme's specific assumptions on teacher mortality and behaviour around retirement. The NASUWT considers that all that — the DFP directions and regulations — should be subject to consultation with all trade unions, including the NASUWT, because they will set the employer cost cap and contribution rate, and determine, for example, the circumstances in which the cost cap could be breached, and teachers' pensions could be worsened in the future. As you will appreciate, the current legislation is that that would be done by negative resolution, not positive resolution. Hence our even greater concern that there should be full consultation on the DFP directions. That has happened in England, Wales and Scotland. The Treasury has consulted all trade unions that represent scheme members, and we expect DFP to do likewise and consult on the draft directions. The finalised directions should also be subject to a consultation process with all unions.

The Treasury, in fact, a couple of days ago, issued its finalised directions for public service schemes in England, Wales and Scotland, which are subject to that process of consultation with all unions. To enable fair deal to protect the pensions of public service workers who are outsourced, we strongly believe that the provisions should be included in the Bill and not simply in guidance from DFP or the Department of Education. I will give you a good example of why that should be the case. The new

Treasury fair deal policy for England excludes workers in higher education and further education completely, because it classifies those sectors as being in the private sector. It includes a series of caveats and loopholes to allow outsourced employers to offer broadly comparable pension schemes or even to pay compensation as an alternative to the provision of a pension scheme. That is presumably because it is Treasury policy and guidance. It is your intention that DFP will issue similar policy and guidance. It is not an entitlement for public service workers entered into legislation.

I must say to you, as Committee members, and to you, Chairman, that the NASUWT's proposed amendments address all the above issues. They are, with one exception, amendments that would not permit the Treasury to implement its threat to reduce the block grant with any meaningful justification. Reduction could not be justified. At the moment, GAD is not offering any justification for its figures anyway. Even if it were to offer justification, the Treasury would not be able to reduce the block grant if the majority of our amendments were to be accepted by the Committee or Assembly.

I will be honest. There is an exception, with the amendment to the clause that equalises the teachers' pension age with the state pension age. There would obviously be a cost to that. However, this is absolutely crucial to our members' well-being and to the education service in Northern Ireland. That is why we make that request to you, that equalisation of the teachers' pension age with the state pension age does not occur.

Mr Weir: Have you calculated what that cost would be?

Mr Wilkinson: We have not. I am sorry. If GAD were to give us the basis of its calculations, we would be able to work that out through scrutinising them. It must, by definition, be less than the claimed penalisation that they would bring about as a result of the Northern Ireland teachers' pension scheme not being subject to the reforms that are proposed, which I think is £60 million. So it must, by definition, be less than that.

We can explain to you the actual losses that teachers would suffer in Northern Ireland from current pensions reform. Have a look at the supplementary submission. The Committee for Education asked for figures when the Irish National Teachers' Organisation (INTO) gave evidence a few weeks ago. The Committee said that it is all fine and dandy talking about how bad things are going to get, but it wanted to see what was meant by that. The information set out in the table is conditional on the Northern Ireland teachers' pension scheme having the same design as the schemes for England, Wales and Scotland. At the moment, the proposal from the Department of Education is that the scheme designs should be identical. Have a look at the supplementary evidence that was submitted at the end of September or in early October. There is a table that shows how the pensions of teachers reduce because of scheme reform. Effectively, it projects teachers with different career histories and ages into the future, on one basis — that scheme reform does not occur — and on another — that it does occur. The blue row shows the situation for teachers if scheme reform does not occur; the final red row shows the situation if it does occur. The green row shows the situation for teachers if scheme reform occurs, and they take their pension at the age of 60 or 65 with actuarial reduction.

The representatives of the Fire Brigades Union spoke about the reductions that their members will suffer if they take their pensions at the same age as they do now. The Treasury has admitted that it expects public service workers to do that. It does not expect them to work until they are 68 at all. In the case of the uniformed services, it expects them to work the additional years. They would then suffer an actuarial reduction, which the FBU explained as being around 40%. For teachers, that could be as high as 60%, if they have a normal pension age of 68 and take their pensions along the lines that teachers' behaviour in Northern Ireland demonstrates at present. The table demonstrates the impact.

I want to make some final points, which are political — for want of a better word — rather than the specifics of scheme reform. They relate to the opportunities that the Northern Ireland Assembly has to ensure that its people — the people of Northern Ireland, including public service workers — are treated with more fairness and justice than those in England, Wales and Scotland. From our perspective as a union, the people of Great Britain and, of course, Northern Ireland are in thrall to one of the most vicious and pernicious Governments that we have seen. You may not have seen the full impact of this over here, but, in England, they make a virtue of attacks on the poor and the vulnerable and on public service workers. They attack other groups as well, but those two groups are being attacked at the moment to whip up a mood of public hysteria against the poor and the vulnerable and against public service workers and their salaries and pensions.

We have spoken to our colleagues from Northern Ireland, and you have not had to endure what many people have to endure in England, such as the bedroom tax, for example, which in reforming welfare benefits costs more than it saves. In England, significant sections of society are being driven to despair by the actions of the Westminster coalition Government. It has a similar impact for you because we have the threat over the penalisation of the block grant. Attacks on the jobs, pay, conditions and pensions of public service workers do not have the same impact as attacks on the poor and the vulnerable, but, although it is lesser in some ways, it has a similar impact on jobs.

The Public Service Pensions Bill is being put through the Northern Ireland Assembly as a different piece of legislation from the Westminster Public Service Pensions Act, which is now in force across England, Wales and Scotland, so you have a beneficial opportunity not to replicate the hostility that the Westminster coalition Government demonstrates towards sizeable sections of its population. There is no concept, as far as the Westminster Government is concerned, of the social good or the common good. It seeks to identify targets and to drive through detrimental policies that attack those targets. You have the opportunity to do better than that for public service workers who have dedicated their lives and careers to serving the people of Northern Ireland. Northern Ireland has a far higher number of public service workers than England, Wales and Scotland. They dedicate their lives to serving the public and they have a particular impact on the vulnerable. They provide services to everybody, but it is the poor and the vulnerable who need those services the most, and it is the poor and the vulnerable who benefit from them.

There is a great deal of talk about equity across Northern Ireland and England, Wales and Scotland, but there should be no equity of misery. The Assembly has an opportunity to deliver a better and fairer deal for public service workers on pension provision, pay and jobs — because it has an impact on jobs — than is being delivered for public service workers in England and Wales and, to a certain extent, Scotland. I will finish there and hand over to Seamus Searson, our Northern Ireland organiser. He will explain the impact that public service pension reform and teachers' pension reform is likely to have on graduate employment and on unemployment in Northern Ireland.

The Chairperson: Seamus, I do not want to cut you off, but we are tight for time.

Mr Seamus Searson (NASUWT): Do not worry; I will keep it short. Good morning, everybody. I will not go through the bits that Dave has gone through; I will just put some information before you on the situation for teachers in Northern Ireland. The figures are based on General Teaching Council for Northern Ireland (GTCNI) figures of the number of teachers who are registered who want to teach in Northern Ireland. There are 27,610 teachers registered with the GTCNI, which you have to be if you want to teach in Northern Ireland. Fewer than 20,000 of them are in work. That is what we face. Of that number, only 500 are still in some form of work over the age of 60, so a very small number of that age group is involved in teaching at the moment. We have had a situation where — and this is hidden among these figures — up to a few years ago, there was still early retirement available for teachers, and some teachers took advantage of that because of the situation at the time. In recent years, a large number of teachers have taken redundancy packages. In the past three or four years, 500 teachers were removed, and, this year, about 250 teachers have taken redundancy packages. The number who wanted redundancy was three times as many as those who got it, which is an important factor, and they were mostly in the age range of 55 to 60. Part of their reason, from my experience when I first came to Northern Ireland, is that many teachers were in their early 50s when they took the early retirement package and intended to go back into teaching and carry on, doing subbing work or whatever else it would have been.

Most teachers who took redundancy packages over the past three or four years say that they have done their time, are burnt out, cannot offer any more and just want to go. They are doing that long before the age of 60.

You are aware of the unemployment rate among newly qualified teachers (NQTs). We need newly qualified teachers. It is not easy to say that we will pull the plug and not train them. We need a constant flow of teachers to provide the service and increasing motivation throughout the system. We had an NQT seminar in the last week of August before schools went back. About 45 people attended the briefing only five of whom had permanent work, some of it maternity cover for a year.

The situation is drastic, and if we force teachers to work until they are 68 as a consequence of the Bill, it will get worse. The number of teachers starting to take a reduction in their pension to get away is also increasing. It was introduced in Northern Ireland in 2007 that teachers could take a reduced pension. The uptake in the first couple of years was low, but people are now looking at that as an

option to get away from teaching. That is the situation that we face, and it will get only worse if these changes are introduced.

The Chairperson: You make pertinent points about the state pension age in clause 10(1)(a), which you propose to remove. The Committee has not focused much on that to date. Will you give us more background on the possible raising of the pension age to 67 or 68? Some figures that we looked at will be of concern to the general public, who may not be aware of the state pension age possibly being tied to whatever Westminster does in passing this legislation. What was the genesis of that?

Mr Wilkinson: As you are probably aware, there is already in legislation an increase in the state pension age over time to 68. The equalisation of the state pension age for men and women, which goes back several years prior to this government, did not result in a levelling downwards and an improvement. It resulted, of course, in the state pension age for women increasing to 65.

Many of us, if you are around my age anyway, will have been informed, possibly by letter, that our state pension age has increased from 65 to 66. The projection is for that to increase to 67 and, in time, to 68. That affects a significant cohort of teachers in their twenties, who have a pension age of 68.

In comments two or three weeks ago, Danny Alexander, the Treasury Minister, said that the Treasury considers that the increase in the state pension age has not gone far enough or fast enough. As a result — it is in the Pensions Bill that is going through Parliament and which applies to the whole of the UK, including Northern Ireland — governments will review the state pension age every five years. Therefore, we can, I am afraid, reasonably expect, depressing though it is, that the current situation of teachers in their twenties looking a state pension age of 68 will be brought forward so that teachers older than that will be looking at that state pension age.

We support our colleagues in the Fire Brigades Union and the other uniformed services unions that a pension age of 60 is unrealistic for reasons to do with the physical demands of the job. Nevertheless, from our perspective we are looking at an equalisation of the state pension age and the normal pension age for teachers, which means that they will not be able to take their teachers' pension without reduction until they reach the state pension age. Therefore we are looking at a significant increase in the number of years that teachers have to work to take their pension. Even when they take it — as you can see from the table in our supplementary evidence, which is taken from the teachers' pension scheme website for England and Wales — those pension benefits are worse than they would have been under the current scheme anyway. That is the significance of it.

Justin will outline some of the issues for ordinary teachers, because, of course, ordinary teachers are more important than people like me who are union officials. Justin will outline the impact of that for serving teachers.

The Chairperson: Just before we bring you in, Justin, is there an acceptance of the 65 normal pension age (NPA)?

Mr Wilkinson: There is, from our perspective, an acceptance of the 65 NPA in the sense that we have a current scheme, post-2007, with a 65 NPA. We still want to be able to have discussions with the Department of Education and employers about how beneficial provision could be brought in to allow teachers to continue to retire at 60, but, in principle, there is an acceptance of the 65 NPA.

Mr McCamphill: I will give a personal perspective of what it is like in schools. I started my career in teaching with the promise of retirement at 60. Although many teachers do not think about a pension when they begin their career, it was something that I was well aware of. I have always looked on my pension as deferred salary. As a maths graduate who had many career options, I chose teaching, not for the salary or even the holidays — *[Laughter.]* — but for what I could offer to young people in helping them to develop their skills and knowledge. However, I am not a fool either. I would not have taken on a job if I could not earn a decent living from it. I chose the job that I wanted and agreed to be paid on the agreed pay scale, along with the terms and conditions, including the pension. However, like many other public servants, I am being given a massive pay cut, not only through increased contributions but through a deterioration in my deferred income from the pension if I chose to retire at the planned retirement age. As I am the sole breadwinner for my family, that pension will have to support both my wife and me in retirement. I hope that my two-year-old daughter realises that when she is twenty-one she will have a massive burden.

Teaching is a stressful job that most of us manage well, and some brave souls have managed it well into their 60s. I have never met one who was not a principal, but I believe that they are out there. My suspicion is that the UK Government, when they proposed the legislation that we are on the verge of agreeing to here, were aware that most teachers would quit long before 68. The consequence will be poverty pensions, particularly for those who feel that they cannot cope with the demands of the job in their mid-50s. I am not suggesting that those teachers are not capable of other work, but they are unlikely to get many other opportunities. Unfortunately, as we get older our health deteriorates, and, although some will muddle through, with frequent hospital appointments and periods of absence due to ill health, the effect on our schools will be disastrous. A school with a large number of ill teachers will find it hard to cope with those pressures. The Minister has taken positive steps to employ young teachers, and my own school is benefiting enormously from that scheme, but if there is no turnover in the workforce, what hope will there be for those young teachers in finding future employment?

I acknowledge that the pension scheme that I belong to is in some ways even better than your own. It is not the case, as many of the public believe, that politicians benefit from an over-generous scheme. However, there are one or two aspects of your scheme that we would like in our own. As MLAs, you get to choose your own trustees. Your scheme has a fixed retirement age of 65, which will not vary with the state retirement age. When, in 2009, your accrual rate changed to one fiftieth to one fortieth, we had a similar drop. It looks good from the outside, but when you look at the changes in the lump-sum benefit and the increase in the years worked, it looks less good.

Finally, if these changes happen, my service, up to whatever age I am in 2015, will be protected, but only if I retire at 60. If I choose to teach beyond 60, I cannot access that part of my pension, and that should be looked at.

Mr D Bradley: I declare an interest as a former teacher, a former member of the NASUWT and a current member of the Northern Ireland teachers' pension scheme. I will not be like Julius Caesar and turn my back on the latter and put my head in the clouds and scorn the base degrees by which I did ascend.

Mr Weir: Dominic, we all know what happened when Julius Caesar turned his back. *[Laughter.]*

Mr D Bradley: Seamus, you said that there are 500 teachers still in service over the age of 60. Most of the people who started with me in 1978 are either retired or are in management positions. How many of those 500 work in classrooms and how many in managerial positions?

Mr Searson: A good number of them will be in management positions and senior management positions, not in the classroom.

Mr D Bradley: When I was on the Education Committee, there were about 5,000-plus qualified teachers who had never been in full-time employment; you are telling me that that has increased to more than 7,000. If this scheme goes ahead, there will be an even bigger annual increase in that.

Mr Searson: It also does not include those who have crossed the water to get work. These are only the ones who are registered in Northern Ireland, so a good number will have gone across the sea.

Mr D Bradley: I find myself in agreement with most of the points that you have made. My experience is that when people who are involved in teaching, especially in the classroom rather than in management, reach age of about 55, they have probably done their best work. To ask them to work on for a further 13 years is absolutely crazy and unacceptable. From the point of view of teachers, this is an area of the Bill that we need to look at again, not only for the delivery of the service but to ensure that young teachers get the opportunity to teach and to be employed as teachers. Thanks very much for your presentation.

Mr McCallister: Thanks for the presentation. You said that you could be worse off than the Fire Service guys. They were talking about 40%, and you were talking about 60%. How did you arrive at that figure?

Mr Wilkinson: This is assuming that a teacher has a normal retirement age of 68 and goes at 55.

Mr McCallister: I do not know whether I have to declare an interest, but my wife is a teacher, not that I will probably benefit much from it.

Mr Wilkinson: This assumes that teachers have a normal retirement age of 68 and go at 55. In current schemes, the early retirement factor from 65 to 68 is 3% a year and then 5% a year from 55 to 65, which gives a 9% actuarial reduction from 68 to 65. Colleagues, the early retirement factors vary for actuarial reduction for teachers. They tend to be revalued every couple of years by the Government Actuary's Department, but they average about 5% reduction for each year that a teacher goes early. Therefore a teacher who takes their pension 13 years early, allowing for the 3% actuarial reduction factors from 65 to 68, will suffer a reduction in their pension of about 60%. It would be higher if there were not lower early retirement factors between 65 and 68.

Mr McCallister: What would be the reason for going earlier? Would it be ill health or stress?

Mr Wilkinson: Yes. At the moment, there is an ill health option, as there is in all public service schemes; there are ill health benefits that teachers can take. If they qualify for that, they will get their pension without actuarial reduction, in relation to what they have paid in, or they could get some form of enhancement. Alongside the Fire Brigades Union, we take the view that there is likely to be an increase in applications for ill health retirement, because of the later pension age. Many of the applications for ill health retirement, particularly those due to teachers breaking down on the job, tend to be from teachers who are getting close to the normal pension age. That in itself would have a cost impact on the scheme. The threshold for ill health benefits is demanding: you have to be permanently unfit to teach. It is often teachers who do not reach the threshold for ill health benefits who apply. They are simply unable to keep pace with the demands and stresses of the job, or they face redundancy. That is the reality. In England and Wales particularly we are seeing a significant attack on jobs. Teachers face redundancy in circumstances in which payments are not enhanced by employers. Therefore, in order to ensure that they have some income during the period of unemployment, they take any pension they can. Those are the circumstances.

Mr McCallister: Payments to their pension are enhanced by employers. Do you mean payments after they retire?

Mr Wilkinson: Seamus, I want to be confident that I am not getting this wrong: is there a facility in Northern Ireland to enhance pension benefits for teachers who are made redundant?

Mr Searson: There is not. The employer does not increase the pension contributions.

Mr Wilkinson: However, they pay a redundancy.

Mr McCallister: They pay a redundancy. It is like that redundancy scheme that we had — pay redundancy, and then your pension —

Mr Searson: Teachers who are made redundant in Northern Ireland just get redundancy pay. That is the end of the story.

Mr McCallister: They can claim their pension after —

Mr Searson: They can claim it at any point after that, yes.

Mr Wilkinson: They can claim their pension at any point over 55, but it would be actuarially reduced. The point about having the later pension age is that the actuarial reduction would be higher. At the moment, it is going to be up to five years' reduction for most teachers, so you are looking at a 25% reduction in the pension. Once public service reform goes through, you will be looking at teachers having to suffer a far higher reduction. It is then that you will be looking at up to 60% reductions. You will also be looking at the circumstance of poverty pensions, which Justin mentioned. I do not want to mislead you on this: there is a facility for employers to enhance pensions in the event of redundancy in England and Wales; in Northern Ireland, that does not occur.

Mr Searson: Legislation is still there, but it is not done, so it does not take place.

Mr McCallister: Those moves on the general age are affecting all of us. The projected retirement age of somebody of my age is 67. That is when I will be able to claim a state pension. Just in case you want to stand for office, I understand that they may change our pension scheme here as well. Thanks, Chairman.

Mr Weir: I think that it is already changed or is in the process of being changing.

Mr Wilkinson: We accept that there is that change, but we ask you to look at it in the round, particularly taking into account the wider economic picture. The level of teacher unemployment in Northern Ireland is scandalous; it is not comparable in the rest of the UK. In Scotland, teachers have a right to a job when they qualify; in England and Wales, there is still far lower unemployment than teacher unemployment. I taught in England for nearly 30 years; I was at one school in Derby for 25 years. A large number of young teachers started at the same time as me in 1987, well over half of whom were Irish. They came to teach in England. That reduced year on year as a result of increased job opportunities here and the improving economy in Ireland. Now, however, graduate teachers have to travel to England to seek work, and that is in an increasingly competitive job market, because jobs over there are going as well. Once you factor in forcing teachers to stay in the classroom for up to eight years longer, which reduces the number of vacancies available, it is a scandalous waste of all that training and enthusiasm that new young teachers bring to the profession. As Justin said, no teacher goes into the job to make money. You would perhaps set yourself up in England as a free school principal or you would try to set up an academy chain if you were going to do that, but most teachers do not do that. They go into it because they genuinely want to have a beneficial impact not just on the education of the young people they teach but on the whole of their lives. They want to create a better society through education and teaching. Much of that is being lost in Northern Ireland because of the scandalously high levels of graduate unemployment, and it will be exacerbated by the reforms. I know that it was not you who have done it, but we are extremely concerned that the wider picture has not been taken into account.

The Chairperson: On the point of the newly qualified teachers, most young teachers I know are either in England or are working in a different post here somewhere; I know very few of them who actually went on to be teachers. As Seamus said, it is an extreme situation. Do have any figures for the amount of public money invested in training that is going to waste as a result of the situation and how that would be affected by a further blockage?

Mr Wilkinson: We could provide that. This is not an argument for cutting the training places available for teachers in Northern Ireland. It is one of the very positive aspects of Northern Ireland society that education and teaching are held in high regard. In England, barely a day goes by without teachers, alongside other public service workers, including nurses and all workers in the health service, being attacked, vilified and blamed for all the ills of society. Our members, particularly when they come to England to work, say that it is just not the same in Northern Ireland, where education is valued and there is still respect for teachers and public service workers. People are acting to deliver services to the public; they are not public service workers because they are some form of scrounger, which is what is presented over and over again in England, particularly, by the current Government. We would not want it to be an argument for cutting training places. You have a superb resource of expertise, and the vacancies should be there to allow Northern Ireland society to profit from it.

The Chairperson: Gentlemen, thank you very much.