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# Teachers' Pension Scheme (England & Wales)

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## Introduction

1. This Estimate provides for the payments of pensions and lump sum benefits to persons covered by the Teachers' Pension Scheme (TPS). The rules of the scheme are contained in the teachers' pensions regulations 1997 (as amended). The scheme is an unfunded, contributory, public service occupational pension scheme and applies mainly to teachers employed in schools in England and Wales and their dependants. Provision is made for the refund of contributions to early leavers, and for the payment of and receipt of transfer payments in respect of teachers moving out of and into employment covered by the scheme. The Estimate also includes the increase payable in accordance with the Annual Review orders made under Section 59 of the Social Security Pensions Act 1975 and Section 109 of the Pensions Schemes Act 1993.
2. The Estimate also provides for premature retirement compensation payments made on behalf of employers and for the recovery of costs of those payments from employers.
3. Part of the TPS income consists of actual receipts, e.g. contributions from employers and employees, transfer of payments from other superannuation schemes etc. These are appropriated in aid of this Estimate to meet expenditure on benefits, although in practice there is no correlation between receipts and expenditure.
4. Benefits and contributions are carried to a statutory account and valued quinquennially by the Government Actuary. Any deficiencies revealed in valuations will fall to be met by supplementary contributions, shared between employers and employees over a period of 15 years.

# Teachers' Pension Scheme (England & Wales)

## Part I

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<b>Request for Resources 1: Teachers' pensions</b>	<b>10,346,361,000</b>
<b>Total net resource requirement</b>	<b>10,346,361,000</b>
<b>Net cash requirement</b>	<b>2,200,492,000</b>

Amounts required in the year ending 31 March 2010 for expenditure by the Teachers' Pension Scheme (England & Wales) on:

### RfR 1: Teachers' pensions

Superannuation allowances and gratuities, and other related expenditure, in respect of teachers and the widows, widowers, children and dependants of deceased teachers, and for premature retirement compensation payments made to members of the Teachers' Pension Scheme and on behalf of their employers; and associated non-cash items.

The **Teachers' Pension Scheme (England & Wales)** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>10,346,361,000</b>	<b>5,012,003,000</b>	<b>5,334,358,000</b>
<b>Total net resource requirement</b>	<b>10,346,361,000</b>	<b>5,012,003,000</b>	<b>5,334,358,000</b>
<b>Net cash requirement</b>	<b>2,200,492,000</b>	<b>795,685,000</b>	<b>1,404,807,000</b>

**Part II: Subhead detail**

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn		
Resources						Capital	Non-operating	Net Total	Net Total
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources
1	2	3	4	5	6	7	8	9	10
<b>RfR 1: Teachers' pensions</b>									
-	-	15,201,385	15,201,385	4,855,024	10,346,361	-	-	11,137,785	10,697,745
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
A Pension and associated payments									
-	-	15,201,385	15,201,385	4,855,024	10,346,361	-	-	11,137,785	10,697,745
<b>Total for Estimate:</b>									
-	-	15,201,385	15,201,385	4,855,024	10,346,361	-	-	11,137,785	10,697,745

## Part II: Resource to cash reconciliation

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement</b>	<b>10,346,361</b>	<b>11,137,785</b>	<b>10,697,745</b>
<b>Voted capital items</b>			
Capital	-	-	-
Less Non-operating A-in-A	-	-	-
<b>Total net voted capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-	-	-
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-15,195,391	-15,832,062	-15,213,865
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	13,193	15,686	71,203
Increase (-) / Decrease (+) in creditors	-21,223	7,948	-24,558
Use of provisions	7,057,552	6,485,921	5,954,261
<b>Total accruals to cash adjustments</b>	<b>-8,145,869</b>	<b>-9,322,507</b>	<b>-9,212,959</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>2,200,492</b>	<b>1,815,278</b>	<b>1,484,786</b>

### Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	<b>£'000</b>					
	<b>2009-10</b>		<b>2008-09</b>		<b>2007-08</b>	
	<b>Income</b>	<b><i>Receipts</i></b>	<b>Income</b>	<b><i>Receipts</i></b>	<b>Income</b>	<b><i>Receipts</i></b>
Operating income not classified as A in A	131	<i>131</i>	169	<i>169</i>	99	<i>59,199</i>
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	<b>131</b>	<b><i>131</i></b>	<b>169</b>	<b><i>169</i></b>	<b>99</b>	<b><i>59,199</i></b>

## Forecast Combined Revenue Account

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Programme Costs</b>			
RfR 1	10,346,361	11,137,785	10,697,745
<i>of which:</i>			
Income			
Contributions received	4,786,108	4,621,214	4,452,114
Transfers in	67,131	77,030	66,910
Other income receivable	1,785	2,042	2,139
Total Income	4,855,024	4,700,286	4,521,163
Expenditure			
Increase in liability	5,216,734	6,224,426	6,852,565
Interest on scheme liability	9,978,657	9,607,636	8,361,300
Other expenditure	5,994	6,009	5,043
Total Expenditure	15,201,385	15,838,071	15,218,908
Non-voted	-131	-169	-99
<b>Total Net Programme costs</b>	<b>10,346,230</b>	<b>11,137,616</b>	<b>10,697,646</b>
<b>Total Net Operating Cost</b>	<b>10,346,230</b>	<b>11,137,616</b>	<b>10,697,646</b>
<i>of which:</i>			
Net Resource Requirement	10,346,361	11,137,785	10,697,745
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-131	-169	-99
Reduction in planned spend unable to be included in Estimate	-	-	-
<b>Resource Budget</b>	<b>10,346,230</b>	<b>11,137,616</b>	<b>10,697,646</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>10,346,361</b>	<b>11,137,785</b>	<b>10,697,745</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-131	-169	-99
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>10,346,230</b>	<b>11,137,616</b>	<b>10,697,646</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-	-	-
<b>Resource Budget (Budget)</b>	<b>10,346,230</b>	<b>11,137,616</b>	<b>10,697,646</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	-	-	-
Annually Managed Expenditure (AME)	10,346,230	11,137,616	10,697,646

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Voted Capital (Estimates)</b>	-	-	-
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Capital Budget (Budget)</b>	-	-	-
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	-	-	-
Annually Managed Expenditure (AME)	-	-	-

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## Notes to the Main Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following Accounting Officer appointments have been made for the Request for Resources within this Estimate:

**Request for Resources 1:** Mr David Bell, Permanent Head of the Department

Mr David Bell Permanent Head of the Department, has personal responsibility for the proper presentation of the resource accounts and their transmission to the Comptroller and Auditor General. Mr David Bell Permanent Head of the Department is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities particular regard is given to:

- Observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the *Financial Reporting Manual* (FRM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are set out in chapter 3 of *Managing Public Money* issued by the Treasury.

## Notes to the Main Estimate *(continued)*

### Analysis of operating appropriations in aid (A in A)

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>RfR 1: Teachers' pensions</b>			
<b>Programme</b>	<b>4,855,024</b>	<b>4,700,286</b>	<b>4,521,163</b>
<i>of which:</i>			
Pension scheme related income	4,855,024	4,700,286	4,521,163
<b>Total RfR 1</b>	<b>4,855,024†</b>	<b>4,700,286</b>	<b>4,521,163</b>
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: receipts from employers and employees superannuation contributions; transfer values received; deductions from returns of contributions towards payment in lieu of graduated national insurance contributions equivalent premiums; recovery of contributions equivalent premiums from the state pension scheme; amounts received from employers of teachers' scheme members in reimbursement of the cost of premature retirement compensation payments on their behalf by Capita.</i>			
<b>Total Operating A in A</b>	<b>4,855,024</b>	<b>4,700,286</b>	<b>4,521,163</b>

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**Notes to the Main Estimate (*continued*)**
**Analysis of Consolidated Fund extra receipts**

£'000

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	2009-10 Provision		2008-09 Provision		2007-08 Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Over recovery of appropriations in aid Δ	131	<i>131</i>	169	<i>169</i>	99	<i>59,199</i>
<b>Total</b>	<b>131</b>	<b><i>131</i></b>	<b>169</b>	<b><i>169</i></b>	<b>99</b>	<b><i>59,199</i></b>

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## Notes to the Main Estimate (*continued*)

### Comparison of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2009-10 of £10,346,361,000 is 7.1 per cent lower than the final net provision for 2008-09 of £11,137,785,000 and 5.2 per cent lower than the forecast outturn for 2008-09 of £10,913,639,000.

### Cash which may be retained to offset expenditure

	<b>£'000</b>		
	<b>2009-10 Provision</b>	<b>2008-09 Provision</b>	<b>2007-08 Outturn</b>
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been, or will be, appropriated in aid.	4,855,024	4,700,286	4,521,163

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**Notes to the Main Estimate (*continued*)****Contingent liabilities**

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**Nature of Liability****£'000**

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As at 31 March 2008, the following liabilities fell to be met from the Estimate:

A very remote contingent liability to make Additional Voluntary Contributions related to pensions. Unquantifiable  
This would be in the unlikely event of default by the private insurance company.