
Department of Education – Teachers’ Pension

Annual Scheme Statements

For the year ended 31 March 2022

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Department of Education – Teachers’ Pension Annual Scheme Statements

For the year ended 31st March 2022

Laid before the Northern Ireland Assembly under Section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001 by the Department of Finance on 07 February 2024



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Abbreviations and terms used

ARAC	Audit and Risk Assurance Committee
AVCs	Additional Voluntary Contributions
CARE	Career Average Revalued Earnings
CFERs	Consolidated Fund Extra Receipts
CPI	Consumer Prices Index
DE	Department of Education
DENI	Department of Education Northern Ireland
DfE	Department for the Economy
DoF	Department of Finance
EA	Education Authority
EEA	European Economic Area
ETI	Education and Training Inspectorate
EU	European Union
FReM	Financial Reporting Manual
FRT	Financial Reporting Team
FSAVCs	Free-Standing Additional Voluntary Contributions
GAD	Government Actuary's Department
GMP	Guaranteed Minimum Pensions
HMRC	HM Revenue and Customs
IA	Internal Audit
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MPMNI	Managing Public Money Northern Ireland
NDPB	Non-Departmental Public Body
NFI	National Fraud Initiative
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NITPS	Northern Ireland Teachers' Pension Scheme
ONS	Office of National Statistics
PES	Public Expenditure System
PSPS	Public Service Pension Scheme
PUCM	Projected Unit Credit Method
RMF	Risk Management Framework
SOAS	Statement of Outturn against Assembly Supply
SOCNE	Statement of Comprehensive Net Expenditure
TEO	The Executive Office
TPPT	Teachers' Pay and Pensions Team
	Terms
The Department	The Department of Education

ACCOUNTABILITY REPORT

REPORT OF THE MANAGERS For the year ended 31 March 2022

Statutory basis for the Scheme

The Northern Ireland Teachers' Pension Scheme ("NITPS" or the "Scheme") operates under the Teachers' Superannuation Regulations (Northern Ireland) 1998 (as amended) and the Teachers' Pension Scheme Regulations (Northern Ireland) 2014 (as amended).

Eligibility to join the Scheme

Persons in the employments specified in Schedule 1 of the Teachers' Pension Scheme Regulations (Northern Ireland) 2014 are eligible to join the Scheme.

Further information about the Scheme is available on the internet at www.education-ni.gov.uk.

Main features of the Scheme

The NITPS is an unfunded, defined benefit scheme to which teachers and their employers contribute. Benefits are index-linked and there is provision for payments to dependants.

Corporate Governance and Management of the Scheme

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

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

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

To manage the annual requirements for actuarial valuations and information for the preparation of the Annual Scheme Statements, the NITPS Steering Group meets during the year and attends monthly GAD meetings.

The Steering Group consists of staff from across the Department, including the Financial Reporting Team (FRT), and the Teachers' Pay and Pensions Team (TPPT). To enable the Accounting Officer to maintain a sound system of internal control, the Accounting Officer is informed by the work of the internal auditors and reports from senior managers on the effectiveness of internal controls; and by comments made by the external auditors in their management letter and other reports. More detail is provided in the Governance Statement.

The Public Service Pensions Act (NI) 2014 (“the 2014 Act”) requires each public service pension scheme (including the NITPS) to have a Pension Board to assist the Scheme Manager in securing the effective and efficient administration of the pension scheme and a Scheme Advisory Board for considering major changes to scheme rules.

Pension Board

Primary and secondary legislation does not prescribe the constitution of the Pension Board beyond the requirement that employer representatives and member representatives are equal in number. The Pension Board is comprised of 12 members and includes:

- An independent chairperson (recruited following the principles of the Public Appointments Process);
- A pensions official from the public sector pensions arena;
- Four pension scheme member representatives;
- Four employer representatives; and
- Two Departmental officials at Directorate level drawn from the pension’s policy area of business and from the finance area of business.

Scheme Advisory Board

The Scheme Advisory Board is chaired by a Departmental official and the other members are nominated by a defined list of organisations representing members and employers. Attendance at meetings is limited to two attendees per organisation.

The NITPS Advisory Board is the established forum for consultation on matters relating to the Scheme. The Board comprises representatives of the recognised teacher unions, the University and College Union and employers from both the school and further education sectors.

Employers

The NITPS is for persons in the employments specified in Schedule 2 of the Teachers’ Superannuation Regulations (Northern Ireland) 1998 and Schedule 1 of the Teachers’ Pension Scheme Regulations (Northern Ireland) 2014. A full list of employers currently within the Scheme can be obtained from the [Scheme Administrator](#).

Arrangements governing determination of contribution rates and benefits

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

Key developments in-year

Changes in Contributions

Salary bandings for contribution rates for employees were increased by 0.5% from 1 April 2021. Contribution rates for employees were in accordance with the table below. Employers’ contributions were 25.1% of pensionable pay.

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Lower Salary*	Higher Salary*	Contribution Rate in 2021-22
-	£28,309.99	7.4%
£28,310	£38,108.99	8.6%
£38,109	£45,185.99	9.6%
£45,186	£59,885.99	10.2%
£59,886	£81,661.99	11.3%
£81,662	>£81,662	11.7%

* contributions are based on a member’s annual salary rate (actual earnings)

Changes in benefits

Pensions increased by 0.5% with effect from 12 April 2021 (6 April 2020: 1.7%).

Note

Public service pensions, which began before 12 April 2021, will be increased by 0.50% with effect from 12 April 2021. Pensions, which began on or after 12 April 2021, will be increased on a reduced pro rata basis.

Membership statistics

Details of changes in membership of the NITPS are as follows:

A. Active members ¹	
Active members at 1 April 2021	26,786
Opening adjustment ²	68
Actual Number at 1 April 2021	26,854
Add:	
New entrants in the year	1,280
Further employment	17
Transfer in	12
Total Joiners	1,309
Less:	
Age, infirmity and premature retirements	(505)
Early retirements (actuarially reduced)	-
Phased retirements	(51)
Death in service	(6)
Refunds/opt out	(237)
Transfers out	(1)
Net withdrawals from active to deferred status	(120)
Leavers with Benefits Pending	(13)
Others	(4)
Total Leavers	(937)
Active members at 31 March 2022	27,226

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Notes

1. An active member is defined as an individual who is in pensionable service and where the employer has not provided a withdrawal indicator.
2. An opening balance adjustment is required in respect of active and deferred members due to the late receipt of service history information from employers which changes the classification of the member. This occurs where information is received between the date the previous Statements were prepared and the date that the current Statements have been prepared.

B. Deferred members¹

Deferred members at 1 April 2021	16,450
Opening adjustment ²	(52)
Actual Number at 1 April 2021	16,398

Add:

Net withdrawals from active to deferred status	120
Opted out from active service	-
Other entrants to deferred service status	1
Total Joiners	121

Less:

Awards out of service	(48)
Transfers out	(1)
Ill Health	(1)
Others	(2)
Opt Outs	-
Total Leavers	(52)

Deferred members at 31 March 2022	16,467
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Notes

1. A deferred member is defined as a member who has previously been in pensionable service, or who was in pensionable service but their employer has provided a withdrawal indicator.
2. An opening balance adjustment is required in respect of active and deferred members due to the late receipt of service history information from employers which changes the classification of the members.

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C. Pensions in payment	Members	Dependants	Total
Pensions in payment at 1 April 2021	22,197	2,418	24,615
Opening adjustment	52	-	52
Actual Number at 1 April 2021	22,249	2,418	24,667
Add:			
Members retiring in the year			
Age/ Premature pensions ¹			505
Ill health pensions ¹			-
Pension credit member retirement			-
Dependant pensions			144
Phased retirement			51
Total members retiring in the year and dependants			700
Less:			
Deaths in period			(468)
Dependant deaths			(114)
Other ²			(2)
			(584)
Pensions in payment at 31 March 2022	22,335	2,448	24,783

Notes

1. These members have corresponding retirements in the active and deferred member reconciliations.
2. Other cessations include cases where we have suspended payment of pension as a result of uncertainty around continued entitlement to the pension.

D. Compensation payments	
Members in receipt of compensation at 1 April 2021	7,571
Add: New members in receipt of compensation	50
Less: Deaths/other leavers	(306)
Members in receipt of compensation at 31 March 2022	7,315

Transfers

In this reporting period the Scheme has accounted for a further £40k (£750k Total) relating to the group transfer in of 13 members from the NI Civil Service Pension Scheme (8 May 2017). The payment has yet to be effected.

Financial position at 31 March 2022

The Scheme liability at 31 March 2022 was £22.1bn compared to £20.0bn at the end of the previous year. The change of £2.1bn is primarily due to the change in the financial assumptions. An analysis of movements in the Scheme liability is shown at note 14.4 to the Scheme

Statements. The current service cost charge of £828m, is an increase of £137m compared to the charge of £691m in 2020-21. This is mainly due to the decrease in the discount rate net of CPI inflation between 31 March 2020 and 31 March 2021. The interest rate cost charge of £252m, is a decrease of £72m compared to the charge of £324m in 2020-21. This is due to the reduction in the nominal discount rate between 31 March 2020 and 31 March 2021. The Actuarial loss of £1.56bn is driven by an increase in the value of the liabilities due to changes in the financial assumptions, being the increase in the assumed rate of pension increases and the increase in the nominal discount rate. Further details are provided in the Report of the Actuary.

The Scheme expended £10.7m more resources than was authorised by the Assembly. The excess is attributable to the increase in the Current Service Charge compared to the estimate. The Scheme will seek Assembly approval by way of an Excess Vote in a future Budget Bill. There was also an Accruing Resource (income) excess of £3.7m which will be surrendered to the Consolidated Fund.

Issues for 2021-22

McCloud

In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful. In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination. In July 2019, the Westminster Government confirmed that, as transitional protection was offered to members of all the main public service pension schemes, the government intends to address the difference in treatment across all schemes. The reformed public service schemes in Northern Ireland, including the NITPS, incorporate similar age-based transitional protections.

The Department of Finance (DoF) ran a consultation from 19 August 2020 to 18 November 2020 consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015. The DoF issued its consultation response on 25 February 2021. It proposes to proceed with the deferred choice underpin. This approach means that all eligible members will receive a choice at the point of retirement as to whether or not to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period.

All public servants, including members of the NITPS, who continue in service from 1 April 2022 onwards will do so as members of their respective reformed scheme. These proposals have

been developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented. Any subsequent changes to the NITPS will be subject to further scheme level consultation.

The Government laid primary legislation (the Public Service Pensions and Judicial Offices Bill) before parliament in December 2021 to implement changes in public service pension schemes to remedy the discrimination identified by McCloud, which received Royal Assent on 10 March 2022. Under the legislation all members under each of the main public sector pension schemes will be moved into the 2015 schemes on 1 April 2022 irrespective of age.

To remove the discriminatory effect of transitional protection eligible members will be offered a choice over the set of benefits (legacy scheme or 2015 scheme) they wish to receive for any pensionable service during the period 1 April 2015 to 31 March 2022.

The current service cost for 2021-22 includes allowance for McCloud.

Actuarial valuations

DoF made finalised Directions in the form of the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2021. On the basis of the DoF Directions, GAD produced a finalised 2016 revaluation results report for the NITPS. The results for NITPS confirm that the cost cap of the scheme is 0.1% above the employer cost cap, the result lies within the $\pm 2\%$ corridor specified by Department of Finance Directions, with no changes to benefits or member contributions required. The 2020 valuation process for NITPS is ongoing.

COVID-19

The Actuary has considered the potential implications of the impact of the COVID-19 pandemic on the actuarial calculations. The current population mortality projections make a short term allowance for the impact of the COVID-19 pandemic. Further details are provided in the Report of the Actuary.

Details of significant actuarial assumptions adopted in calculating the pension liability for inclusion in the financial statements as at 31 March 2022 are included in note 14, together with sensitivity of the pension liability to changes in the significant actuarial assumptions in note 14.3.

Events after the reporting period

There were no events that require amendment to these financial statements after the reporting period.

Information for members

Additional Voluntary Contributions

The Department’s NITPS has no arrangements to offer Free-Standing Additional Voluntary Contributions (FSAVCs) or stakeholder pensions. However, the Scheme provides for employees to make Additional Voluntary Contributions (AVCs) to increase their pension entitlements or to increase life assurance cover. Employees may arrange to have agreed sums deducted from their salaries, for onward payment to the approved provider, namely Prudential plc. No contributions to these AVCs are made by the Scheme or teachers’ employers. Members participating in this arrangement receive an annual statement from the approved provider as at 31 March confirming the amounts held on their account and any movements in the year. All transactions and related assets and liabilities connected with the AVC scheme are private arrangements between Prudential and the employees, therefore they do not form part of the NITPS Statements.

Final AVC figures supplied by Prudential for 2021-22 were as follows:

Prudential Teachers’ AVC Facility (Northern Ireland)	2021-22	2020-21
	£000	£000
Movements in the year		
Balance at 1 April	42,213	41,822
New investments	3,830	2,980
Sales of investments to provide pension benefits	(4,870)	(2,605)
Change in market value of investments	20	16
Balance at 31 March	41,193	42,213
Contributions received to provide life cover	11	30
Benefits paid on death	-	88

Scheme Managers, Advisers and Employers are listed below:

Accounting Officer

Dr Mark Browne
Permanent Secretary
Department of Education
Rathgael House
43 Balloo Road
Rathgill
BANGOR
BT19 7PR

Scheme Manager and Premature Retirement Compensation Scheme Manager

Mark Bailey
Department of Education
Rathgael House
43 Balloo Road
Rathgill
BANGOR
BT19 7PR

Scheme Administrator and Premature Retirement Compensation Scheme Administrator

Brian Quinn
Department of Education
Teachers' Pay & Pensions Team
Waterside House
75 Duke Street
Gobnascale
LONDONDERRY
BT47 6FP

Pension Scheme Actuary

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

Bankers

Danske Bank
Donegall Square West
BELFAST
BT1 6JS

Legal Advisers

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

Auditor

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Disclosure of information to Auditor

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

Contact for enquiries

Any enquiries about the NITPS or the Teachers' Premature Retirement Compensation Scheme should be sent to the Scheme Administrator at the address above.

REPORT OF THE ACTUARY

Introduction

1. This statement has been prepared by the Government Actuary’s Department (GAD) at the request of the Department of Education Northern Ireland (DENI). It provides a summary of GAD’s assessment of the Scheme liability in respect of the Northern Ireland Teachers’ Pension Scheme (NITPS) as at 31 March 2022, and the movement in the Scheme liability over the year 2021-22, prepared in accordance with the requirements of Chapter 12 of the 2021-22 version of the Financial Reporting Manual.
2. The NITPS is a defined benefit scheme providing pension and lump sum benefits on retirement, death and resignation. The Scheme is wholly unfunded. I am not aware of any informal practices operated within the Scheme which lead to a constructive obligation.
3. The assessment has been carried out by calculating the liability as at 31 March 2019 based on the data provided as at 31 March 2019 and rolling forward that liability to 31 March 2022.

Membership data

4. Tables A to C summarise the principal membership data as at 31 March 2019 used to prepare this statement.

Table A – Active Members

31 March 2019 Membership data		
	Number	Total pensionable pay* (£ million pa)
Males	5,902	211.9
Females	19,124	654.9
Total	25,026	866.8

* Pensionable Pay is the full-time equivalent figure. Note that full-time equivalent pay is only provided for final salary section members.

Table B – Deferred members

	Number	Total deferred pension* (£ million pa)
Males	4,375	6.4
Females	9,867	16.2
Total	14,242	22.6

* Pension amounts include the pension increase granted in April 2019.

Table C – Pensions in Payment

	Number	Total annual pension* (£ million pa)
Males	7,412	146.2
Females	14,419	222.5
Spouses & dependants	2,283	14.5
Total	24,114	383.2

* Pension amounts include the pension increase granted in April 2019.

Methodology

- The present value of the liabilities as at 31 March 2022 has been determined using the Projected Unit Credit Method (PUCM), with allowance for expected future pay increases in respect of active members, and the demographic and financial assumptions applying as at 31 March 2022. The current service cost (expressed as a percentage of pensionable pay) in respect of accruing costs in the year ended 31 March 2022 was determined using the PUCM and the demographic and financial assumptions applicable at the start of the year, that is, those adopted as at 31 March 2021 in the 2020-21 Accounting Statements.
- This statement takes into account the benefits normally provided under the Scheme, including age retirement benefits, ill-health retirement benefits and benefits applicable following the death of the member. It does not include the cost of injury benefits (in excess of ill-health benefits). It does not include premature retirement and redundancy benefits in respect of current active members, although the assessment of liabilities includes pensions already in payment in respect of such cases.

Principal financial assumptions

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

Table D – Principal financial assumptions

Assumption	31 March 2022	31 March 2021
Rate of return (discount rate)	1.55%	1.25%
Rate of pension increases in payment and deferred pensions (assuming CPI inflation)	2.90%	2.22%
Rate of General Pay Increases	4.15%	3.72%
Rate of short-term general pay increase	n/a	n/a
Real discount rate in excess of:		
Pension increases (CPI)	(1.30)%	(0.95)%
Long Term Pay Increases	(2.50)%	(2.38)%
Expected return on assets:	n/a	n/a

8. The assumptions for the discount rate and pension increases are specified by HM Treasury in the PES (2021) 10, dated 13 December 2021, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.
9. The long-term salary assumptions is set by DENI, having taken actuarial advice, and is intended to be an average over the future careers of scheme members, with a recognition that increases in any particular year may be lower or higher than the assumption. The assumption allows for a reduction in our view of the long-term salary increases as well as lower short-term forecasts from the Office for Budget Responsibility.
10. The assessment of the liabilities allows for the known pension increases up to and including April 2022.

Demographic assumptions

11. Table E summarises the mortality assumptions adopted to prepare this statement, which were derived from the specific experience of the Scheme membership, and other relevant sources. The table refers to the standard mortality tables prepared by the Continuous Mortality Investigation (part of the Actuarial Profession) known as the ‘S3 tables’, with the percentage adjustments to those tables derived with reference to scheme experience.

Table E – Post Retirement Mortality Assumptions

	Standard Table and Adjustments
Males	
Retirements in Normal Health	93% of S3NMA
Current Ill – Health Pensioners	86% of S3IMA
Future Ill – Health Pensioners	86% of S3IMA
Dependants	87% of S3DMA
Females	
Retirements in Normal Health	93% of S3NFA
Current Ill – Health Pensioners	102% of S3IFA
Future Ill- Health Pensioners	102% of S3IFA
Dependants	90% of S3DFA

12. The assumptions in Table E above, and the other demographic assumptions such as commutation and family statistics, are in line with those recommended for the 31 March 2020 valuation. Note that the accounts as at 31 March 2021 were based on the assumptions adopted for the 2016 valuation.

13. Mortality improvements are assumed to be in line with the 2020-based projections for the United Kingdom published by the ONS in December 2022. This is a different assumption to that used for the 2020-21 Accounts.
14. Our advice on the selection of assumptions can be found in our draft assumptions and methodology report dated 7 August 2023.

Liabilities

15. Table F summarises the assessed value as at 31 March 2022 of benefits accrued under the Scheme prior to this date based on the data, methodology and assumptions described in paragraphs 4 to 14. The corresponding figures for the previous year are shown for comparison. The liabilities at 31 March 2021 and 2022 both include an allowance for the higher cost of benefits accruing under McCloud.

Table F – Statement of Financial Position

£ million

	31 March 2022	31 March 2021
Total market value of assets	nil	nil
Value of liabilities	22,146	19,951
Surplus/(Deficit)	(22,146)	(19,951)
of which recoverable by employers	n/a	n/a

Accruing costs

16. The cost of benefits accrued in the year ended 31 March 2022 (the Current Service Cost) is assessed as 79.5% of pensionable pay.
17. For the avoidance of doubt, the actual rate of contributions payable by employers and employees is not the same as the current service cost assessed for the Accounting Statements. Members contributed between 7.4% and 11.7% of pensionable pay, depending on the level of their pay. The actual employer contribution rate was determined as part of a funding valuation using different assumptions. Table G shows the employer and employee contributions during the year 2021-22 as a percentage of pensionable pay and compares the total contributions with the current service cost assessed for the 2021-22 Accounts.

Table G – Contribution rate

	Percentage of pensionable pay	
	1 April 2021 to 31 March 2022	1 April 2020 to 31 March 2021
Employer Contributions	25.1%	25.1%
Employee Contributions (average)	9.5%*	9.4%
Total Contributions	34.6%	34.5%
Current Service Cost (expressed as a % of pay)	79.5%	68.9%

**Employee contributions are payable at rates between 7.4% and 11.7% of pensionable pay, depending upon members’ salaries. The member contribution rate tier structure is updated annually to reflect changes in the Consumer Price Index and reviewed more generally as part of the quadrennial actuarial valuation. The target yield (weighted average employee contribution rate) is 9.6% of actual pensionable pay. The figures above show actual contribution yields, based on the amounts received during each period.*

18. The key difference between the assumptions used for funding valuations and the Accounting Statements is the discount rate, although price inflation and salary increases are also determined differently and the assumption for future improvements in life expectancy has been updated. The discount rate for the Accounting Statements is set each year by HM Treasury to reflect the requirements of the accounting standard IAS 19.
19. The pensionable payroll for the financial year 2021-22 was £1,042m (derived from contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2021-22 (at 79.5% of pay) is assessed to be £828m.
20. Past service costs arise when an employer undertakes to provide a different level of benefits than previously promised. I am not aware of any events that have led to a material past service cost over 2021-22.
21. I am not aware of any events that have led to a material settlement of curtailment gain or loss over 2021-22.

Sensitivity analysis

22. The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty I have been asked to indicate the approximate effects on the actuarial liability as at 31 March 2022 of changes to the significant actuarial assumptions.

23. The most significant financial assumptions are the discount rate, general earnings increases and pension increases (currently based on the Consumer Prices Index [CPI]). A key demographic assumption is pensioner mortality.

24. Table H shows the indicative effects on the total liability as at 31 March 2022 of changes to these assumptions (rounded to the nearest 0.5%).

Table H: Sensitivity to significant assumptions

Change in assumption		Approximate effect on total liability	
Financial assumptions			
(i)	discount rate* +0.5% a year	- 11.0%	- £2,400 m
(ii)	(long –term) earnings increases* +0.5% a year	+ 2.0%	+ £400 m
(iii)	pension increases* +0.5% a year	+ 10.0%	+ £2,200 m
Demographic assumptions			
(iv)	additional one year increase to life expectancy at retirement*	+ 4.0%	+ £900 m

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

The discount rate sensitivity shown implies a scheme duration of c. 24 years at March 2022.

COVID-19 implications

25. As with the 2020-21 Accounts, the 2021-22 Accounts are being produced when the UK continues to deal with the impact of the COVID-19 pandemic. I have considered the potential implications of how this pandemic could impact on the actuarial calculations required for the Scheme Statements.
26. The current population mortality projections make a short-term allowance for the impact of the COVID-19 pandemic. When deriving the ONS 2020-based mortality improvement projections, a panel of mortality experts gave their views on the impact of the COVID-19 pandemic on mortality rates in the short-term. Based on this, short-term adjustments were made to the 2019 to 2024 period to allow for estimated deaths in 2021 and an average of the experts’ views on estimated improvements by age group over this period. Long-term rates of future mortality improvement are not projected to change as a result of COVID-19. A death rate from COVID-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain in future accounting periods. I expect that the long-term impact of the COVID-19 pandemic on life expectancy will continue to evolve as experience and evidence emerges into the future.

Greg Donaldson FIA
Actuary
Government Actuary’s Department
7 August 2023

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (NI) 2001, the DoF has directed the NITPS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

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

In preparing the Financial Statements, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- ◆ observe the Accounts Direction issued by the DoF including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ◆ make judgements and estimates on a reasonable basis;
- ◆ state whether applicable accounting standards, as set out in the FReM have been followed, and disclose and explain any material departures in the Scheme Statements;
- ◆ prepare the Scheme Statements on a going concern basis

- ◆ Confirm that the Scheme Statement as a whole is fair, balanced and understandable and takes personal responsibility for the Scheme Statement and the judgements required for determining that it is fair, balanced and understandable.

The DoF has appointed the Permanent Secretary of the Department as Accounting Officer for the NITPS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the pension scheme, are set out in Managing Public Money Northern Ireland (MPMNI) which is published by the DoF.

GOVERNANCE STATEMENT

1. Introduction

1.1 This Governance Statement is a key feature of the NITPS Annual Statements. It provides details of how I, as Accounting Officer, have ensured effective management and control of resources during the 2021-22 year and of the action taken to ensure effective risk management and a high standard of corporate governance.

1.2 The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year, which includes the Teachers’ Pension Scheme and an opinion on the Department’s governance, risk management and internal control system. There were no limited opinions awarded during 2021-22; ‘Limited’ opinion remained in two assignments; namely follow-up review of the 2018/19 Additional Educational Needs Team (AENT) and follow-up of the 2018/19 Minor Works.

There was one Department specific audit within the NICS Cyber Risk Internal Audit Plan for 2021/22, namely a review of the teachers pensions IT system. This review has been completed and a Satisfactory opinion awarded. We have not been notified of any significant issues relating to the Department being highlighted within other NICS Cyber Risk audits that were completed

1.3 There were no NICS wide system thematic reviews carried out during 2021/22.

2. Governance Framework

2.1 The Department operates under the direction and control of the Minister of Education who is Head of the Department. A Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. Following the NI Assembly election in May 2022, an Executive was not formed and the incumbent Minister of Education remained in post in a caretaker capacity until 27 October 2022. As a result of the ongoing political impasse, the Department has been without a Minister since 28 October 2022.

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

2.3 I have delegated the role of Scheme Manager to the Director of Education Workforce Development, while the day to day administration of the Scheme is carried out by Teacher’s Pay and Pension’s Team.

The Departmental Board

- 2.4 The Department is managed by a Departmental Board which, within the strategic framework set by the Minister, supports me in the discharge of my role.
- 2.5 The Departmental Board is chaired by me and comprises three Deputy Secretaries; the Chief Inspector of the Education and Training Inspectorate (ETI); the Finance Director; the Departmental Strategic Human Resources Business Partner; and two independent non-executive Directors (there was one independent board member since January 2020; a recruitment competition taken forward by the Department concluded with the appointment of a second non-executive Director in May 2022).
- 2.6 The role of the independent Board members is to provide an independent and external perspective on the work of the Departmental Board; to bring some specific expertise to its discussions; and to provide a constructive challenge across the Departmental Board's business. Other Departmental Directors have been invited to attend meetings where agenda items relevant to their business areas required their attendance to inform discussion. The Departmental Board's work is guided by a Corporate Governance Framework which is reviewed regularly.
- 2.7 Further details on the Departmental Board can be found in the main Governance Statement published in the Department's 2021-22 Annual Report and Accounts. This includes a list of members along with individual attendance records, details of the Board's role and categories of routine business.

Board Sub-Committees

- 2.8 During 2021-22 the Departmental Board was supported by the Audit and Risk Assurance Committee (ARAC).

Audit and Risk Assurance Committee

- 2.9 The ARAC is an independent advisory Committee with no executive functions. Its role is to support me as Accounting Officer and to support the Departmental Board in discharging our respective responsibilities for issues of risk, control, governance and associated assurance with the support of a professionally qualified Internal Audit (IA) service.
- 2.10 The ARAC normally comprises four independent members. Two members are serving senior civil servants and two are Department of Education independent non-executive Board members. There was one non-executive Board member from January 2020 until May 2022. As of now there is a full complement of Board members being two non-executive members together with two independent members.
- 2.11 During 2021-22 ARAC meetings were also attended by: a number of the Department's staff, including myself as Permanent Secretary; the Deputy Secretary with responsibility for Resources and Reform, the Finance Director, the Director of Corporate Services and Governance, the Head of Internal Audit, and representatives from the Department's external auditors, the Northern Ireland Audit Office (NIAO).

- 2.12 Throughout the year the Committee considered the findings from Internal and External Audit activity including updates on whistleblowing and fraud cases, along with the outcomes of key governance processes such as risk management, Governance and Accountability Review meetings and the bi-annual Non Departmental Public Body (NDPB) governance statements. In addition, the Committee invited various risk owners (Directors) to attend and provide assurance on their areas of responsibility.

ARAC Attendance 2021-22

- 2.13 See below details of ARAC members’ attendance during the year:

Name	Meetings Attended	Out of a possible
Joan McEwan Chairperson	3	3
Judith Andrews	2	3
Gavin Patrick	3	3
Mandy Kilpatrick	2	2

It should be noted that due to circumstances beyond the Department’s control, two ARAC meetings (June and September 2021) were unable to take place, however all papers and updates were issued to the Committee and cleared via correspondence.

Further details on the ARAC can be found in the main Governance Statement published in the Department’s 2021-22 Annual Report and Accounts.

Pension Board/Scheme Advisory Board

- 2.14 The NITPS Pension Board and Scheme Advisory Board were established under the Teachers’ Pension Scheme Regulations (Northern Ireland) 2014. The Pension Board has responsibility for assisting the Scheme Manager to secure compliance with the Regulations and other legislation relating to the governance and administration of the Scheme, along with the provision of advice to the Department about the scope and direction of the administration as delivered by its service providers and Department of Education officials.
- 2.15 The Pension Board also provides assurance to me as Accounting Officer, scheme members and employers about the effective financial management of the NITPS, including contribution collection, financial forecasting, debt management and production of Scheme Statements. The Board consists of the Chair, appointed by the Minister of Education, four scheme member representatives, four employer representatives, a pension specialist from within the wider Public Sector, and two Department of Education officials. Following a competition taken forward by the

Department, Lindsay Todd OBE was appointed as Chair of the Pension Board in April 2021.

The Board membership, as at 31 March 2022, is as follows:

‘Northern Ireland Teachers Pensions Board Members’	
Role	Name
Scheme Manager	Mark Bailey
Chair	Lindsay Todd OBE
Public Service Pension Scheme (PSPS) Member	Peter Philip
Departmental Member	Gary Fair
Employer Rep	Angela Armstrong
Employer Rep	Gail Flavell
Employer Rep	Robbie McGreevy
Employer Rep	Joanne McKenna
Member Rep	Mike Beard
Member Rep	Raymond Beggs
Member Rep	Justin McCamphill
Member Rep	Nuala O’Donnell

- 2.16 The Scheme Advisory Board is responsible for providing advice to the Scheme Manager, at the Department’s request, on the desirability of changes to the Scheme and on matters of policy. The Board also facilitates discussion between the Department, teacher unions and employer representatives on policy development and policy implementation for the NITPS. The Board is chaired by a Departmental official. The following organisations have representation on the Board;

Department of Education
 Department for the Economy
 National Education Union
 National Association of Head Teachers
 National Association of Schoolmasters, Union of Women Teachers
 Irish National Teachers’ Organisation
 Ulster Teachers’ Union
 University and Colleges Union
 Education Authority
 Council for Catholic Maintained Schools
 Colleges Northern Ireland
 Northern Ireland Council for Integrated Education
 Comhairle na Gaelscolaíochta
 Governing Bodies Association

- 2.17 The Department maintains registers of any notified conflicts of interest for members of the Pension Board and Scheme Advisory Board.

3 Department of Education / NI Teachers’ Pension Scheme Governance Bodies Performance

- 3.1 I consider that the Departmental Board, NITPS Pension Board and Scheme Advisory Board, operated effectively during 2021-22, meeting regularly and considering relevant issues at the appropriate time.

Review of Departmental Board Effectiveness

- 3.2 An evaluation of the Department of Education (DE) Board effectiveness is carried out each year. Although the evaluation process has been impacted during the period of the COVID-19 pandemic, I consider that the Departmental Board operated effectively during the period 2021-22, meeting regularly and considering relevant issues at the appropriate time.
- 3.3 The annual evaluation of DE Board effectiveness for 2021-22 has been delayed due to other pressures. The Forward Work Programme for the Board for 2022-23 was signed off in November 2022.

4 Corporate Governance

- 4.1 As noted in the Department’s Governance Statement, the Department has in place a Corporate Governance Framework which aligns with the Corporate Governance in Central Government Departments: Code of Practice NI 2013. Subsidiary Governance Statements were prepared and signed by all Directors and have been used to prepare the Department’s Governance Statement.

5 Quality of data used by the Board

- 5.1 The Departmental Board relies on four main sources of data to inform its deliberations. These are:
- Statistical information (for example, data related to enrolments, attainment, attendance, workforce);
 - Financial information (including monitoring reports on capital and resource expenditure);
 - Human Resources information, mainly data on attendance management; and
 - Inspection evidence, mainly data used to compile the Chief Inspector’s report and the annual report to the Departmental Board.

- 5.2 The Department’s Annual Report and Accounts sets out the steps taken by the Board to satisfy itself as to the quality of data provided.

6 Ministerial Directions

- 6.1 Arrangements exist to respond to a situation where an Accounting Officer believes that he/she is being asked by a Minister to take a course of action that could potentially result in irregular expenditure; impropriety; or poor value for money. In such circumstances, the Accounting Officer may seek a formal Ministerial Direction to proceed. There have been no Ministerial Directions to date in relation to the NITPS.

7. Risk Assessment

- 7.1 The Departmental Board has responsibility for ensuring that an effective risk management process is in place and is regularly reviewed. In discharging this responsibility, it is supported by the ARAC and the Department’s Internal Audit team. The Chair of ARAC is an independent Board member on the Departmental Board and is privy to discussions in relation to Departmental risk at Departmental Board meetings. This arrangement, in conjunction with written and oral updates provided at each meeting, ensures that the ARAC is kept fully informed of the Department’s risk profile to enable it to undertake its responsibilities effectively.
- 7.2 The Department’s Risk Management Framework (RMF) sets out the Department’s approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. The RMF is updated annually to reflect organisational changes and other routine amendments, such as those relating to the management and information risk. The RMF was updated in April 2021 to reflect working from home arrangements and other routine amendments and again in April 2022, particularly to strengthen the rules for risk registers at all levels in the Department. The RMF requires that any Directorate residual risk that is assessed as “Orange” or “Red” must be reported to the Departmental Board, with the Minister also being informed of any “Red” risks. Contingency plans should also be developed and tested, where required.

Budget Authority

- 7.3 The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments’ access to cash and use of resources for the early months of the 2021-22 financial year. The Budget (No. 2) Act (Northern Ireland) 2021 which received Royal Assent on 4 August 2021 authorised the cash and resource balance to complete for the remainder of the 2021-22 financial year based on the Executive’s 2021-22 Final Budget.
- 7.4 The Assembly passed the Budget Act (NI) 2022 in March 2022 which authorised the cash and use of resources for all departments for 2021-22 year, based on the Executive’s

final expenditure plans for the year. The Budget Act (NI) 2022 also included a Vote on Account which authorised departments’ access to cash and use of resources for the early months of the 2022-23 financial year. Subsequently, in the absence of Executive Ministers, the 2022-23 Resource Budget for Education was set out in the Secretary of State for Northern Ireland’s written Ministerial Statement on 24 November 2022. The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023 which authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year. Following his confirmation of the opening resource budget for 2023-24, set in out in his written Ministerial Statement on 27 April 2023, the Secretary of State will bring a further Budget Bill for 2023-24 to Parliament in due course.

- 7.5 As a result of the Northern Ireland Budget Act 2023 receiving Royal Assent on 8 February 2023 the arrangements put in place by the Department of Finance Permanent Secretary in respect of cash and resource limits under Section 7 of the Government Resources and Accounts Act (NI) 2001 and Section 59 of the Northern Ireland Act were superseded.

COVID-19

- 7.6 The Department put in place arrangements to work closely with all of its education partners on a range of complex issues arising from the COVID-19 pandemic. The Department developed its own COVID-19 strategy and plan built around the following strategic priorities in support of the Executive’s COVID-19 response:
- To ensure the continuity of learning for children and young people;
 - To support vulnerable children and children of key/critical workers; and
 - To ensure families do not experience hardship as a result of schools closing.
- Further details can be found in the main Governance Statement published in the Department’s Annual Report and Accounts.

Teacher’s Pension System Project

- 7.7 DE has a statutory obligation to manage the NITPS. On a day-to-day basis DE administers the scheme through the TPPT. Following a delay due to COVID-19 the new Teachers’ Pension Computer System for Waterside House successfully went live on 12 November 2020. This ensured that the Department continued to administer the NITPS seamlessly and without interruption in accordance with relevant occupational, public service pension and scheme legislation requirements, including those of the NITPS Scheme Manager, NITPS Pension Board and The Pensions Regulator. In addition, prior to the COVID-19 pandemic, TPPT completed the task of converting all hard copy teachers’ files into a digital format. This allowed the Department to continue to administer the NITPS while staff were working from home.
- 7.8 Work is almost completed on the final phase of the project. An online portal was successfully introduced in early 2023 for pensioners and active members. An employer portal is currently being piloted with a full launch expected early in 2024.

Scheme administration

- 7.9 The Department acknowledges the staffing resource challenges within TPPT and the importance of maintaining appropriate resourcing levels to ensure a high standard of service delivery. The Department has given an assurance that it will continue to support the NITPS Pension Board and TPPT.

Scheme Valuation

- 7.10 DoF made finalised Directions in the form of the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2021. On the basis of the DoF Directions, GAD produced a finalised 2016 revaluation results report for the NITPS. The results for NITPS confirm that the cost cap of the scheme is 0.1% above the employer cost cap, the result lies within the $\pm 2\%$ corridor specified by Department of Finance Directions, with no changes to benefits or member contributions required. The 2020 valuation process for NITPS is ongoing.

Overpayments

- 7.11 There were no notable overpayments identified during the year. Recovery of previously discovered overpayments is ongoing.

Accuracy of membership data

- 7.12 The Department remains focused on the accuracy of membership data and is continuing to work with their IT systems provider to deliver more accurate and reliable reports. The Department recognises the importance of the accuracy of the membership data produced from the pension system and continues to strive to improve the quality of this information.

Data security lapses

- 7.13 There were no reportable data breaches relating to the Scheme in 2021-22.

Fraud Prevention and Whistleblowing

- 7.14 The Department's fraud and whistleblowing arrangements, the scope of which includes the Scheme, were reviewed as part of the Internal Audit (IA) Plan and it was concluded that they are fully compliant with current best practice.
- 7.15 Fraud monitoring and reporting arrangements have been effectively maintained throughout the year. There are two suspected fraud cases ongoing within the Department during 2022-23.
- 7.16 The Department participates in the biennial National Fraud Initiative, which compares public sector databases to identify mismatches between information held. This allows the Department to compare teachers' pension payroll against other payrolls. Where mismatches are found, each case is investigated to ascertain if overpayments or possible fraud have taken place.

8 Excess Vote

- 8.1 The Scheme expended £10.7m more resources than was authorised by the Assembly. The excess is attributable to the increase in the Current Service Charge compared to the estimate. The Scheme will seek Assembly approval by way of an Excess Vote in a future Budget Bill. There was also an Accruing Resource (income) excess of £3.7m which will be surrendered to the Consolidated Fund.
- 8.2 The alignment of the budgeting and estimates process in typical years is dependent upon intricate interactions between a number of stakeholders within and external to the Department. However, delays to the implementation of the new Teacher’s Pension System as a result of Covid-19 and as a result the absence of actual in-year outturn figures, introduced additional complexity and uncertainty in determining the 2021-22 Spring Supplementary Estimates. Combined with a significantly higher than anticipated actuarial valuation of the current service cost, which only became available after the 2021-22 Estimate cycle, resulted in the Department exceeding the Estimate.
- 8.3 The Department is continuing to make progress to address the backlogs caused by the delays to the system implementation and to bring the NITPS annual statements back in line with statutory reporting requirements.

9. Conclusion

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



Signed:

Date: 24 January 2024

Accounting Officer

STATEMENT OF OUTTURN AGAINST ASSEMBLY SUPPLY

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires NITPS to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will normally receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following: A reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOAS to the financial statements (note 1); a reconciliation of net resource outturn to net cash requirement (note 2); an analysis of income payable to the Consolidated Fund (note 3), a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (note 4).

Summary tables – mirror Part II and III of the Estimates

Summary table 2021-22, all figures presented in £000

								2021-22 £'000	2020-21 £'000
		Outturn			Estimate			Outturn	
Type Of Spend	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Total Outturn Compared with Estimate: Saving/ (excess)	Total
Annually Managed Expenditure		1,080,673	(357,313)	723,360	1,070,000	(357,313)	712,687	(10,673)	673,371
Non-Budget		-	(2,030)	(2,030)	-	(2,054)	(2,054)	(24)	(2,065)
Total Resources	SOA S1	1,080,673	(359,343)	721,330	1,070,000	(359,367)	710,633	(10,697)	671,306

Net Cash requirement 2021-22, all figures presented in £000

					2021-22 £'000	2020-21 £'000
Item	Note	Outturn	Estimate	Outturn Compared with Estimate: Saving/ (excess)	Prior Year Outturn Total	
Net cash requirement	SOAS2	81,437	101,347	19,910	87,835	

Summary of income payable to the Consolidated Fund

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

Forecast 2021-22 £'000				Outturn 2021-22 £'000	
	Note	Income	Receipts	Income	Receipts
Total amount payable to the consolidated fund	SOAS3	-	-	3,681	<i>3,681</i>

The notes on pages 30 to 32 form part of the SOAS.

Request for Resources – Excess (£10.7) m

The Scheme expended £10.7m more resources than was authorised by the Assembly. The excess is attributable to the increase in the Current Service Charge compared to the estimate. The Scheme will seek Assembly approval by way of an Excess Vote in a future Budget Bill. There was also an Accruing Resource (income) excess of £3.7m which will be surrendered to the Consolidated Fund.

In the main the increased Current Service Charge compared to 2020-21 has been driven by the decrease in the discount rate net of CPI inflation between 31 March 2020 and 31 March 2021.

Net Cash Requirement – Saving £19.9 m

The saving was mainly due to lower than anticipated payment of pensions, lump sums payments and a smaller than anticipated change in working capital due to the timing of receipts and payments.

Notes to the Statement of Outturn against Assembly Supply, 2021-22 (£000s)

SOAS note 1. Reconciliation of outturn to net operating expenditure

		2021-22 £'000			2020-21 £'000
Item	Note	Outturn	Supply Estimate	Outturn Compared With Estimate: saving/(excess)	Outturn
Net Resource Outturn	SOAS1	721,330	710,633*	(10,697)	671,306
Non-supply income (CFERs)	SOAS3	(3,681)	-	3,681	(4,184)
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SOCNE	717,649	710,633	(7,016)	667,122

* The total resource outturn in the SOAS note 1 is the same as net operating expenditure in the Statement of Comprehensive Net Expenditure, there are no reconciling items.

As noted in the introduction to the SOAS above, Outturn and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

SOAS note 2. Reconciliation of net resource outturn to net cash requirement

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation

Item	Note	Outturn	Estimate	Net Total Outturn Compared with Estimate: saving/(excess)
Resource Outturn	SOAS1	721,330	710,633	(10,697)
Accruals to cash adjustments:				
Adjustments to remove non-cash items				
New provisions and changes to previous provisions		(1,080,673)	(1,070,000)	10,673
Changes in working capital other than cash		1,834	5,000	3,166
Use of provisions		442,627	455,714	13,087
Excess Cash Receipts surrenderable to the Consolidated Fund		(3,681)	-	3,681
Net cash requirement		81,437	101,347	19,910

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

SOAS note 3. Analysis of income payable to the Consolidated Fund

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund

In addition to income retained by the Scheme, the following income is payable to the Consolidated Fund (cash receipts being shown in italics)

Item	Note	Forecast 2021-22 £'000		Outturn 2021-22 £'000	
		Income	Receipts	Income	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		-	-	3,681	<i>3,681</i>
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		-	-	3,681	<i>3,681</i>

SOAS note 4. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

Item	2021-22 £'000	2020-21 £'000
Operating income	(363,024)	(350,251)
Income authorised to be accruing resources	359,343	346,067
Operating income payable to Consolidated Fund	3,681	4,184

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

Losses and Special payments

Losses statement:

During the years 2021-22 and 2020-21 total losses were less than £250,000; and in accordance with Annex 4.10 to MPMNI, no further disclosure is required.

Special payments:

During the years 2021-22 and 2020-21 there were no special payments.

Other payments:

During the years 2021-22 and 2020-21 there were no other significant payments.



Signed:
Accounting Officer

Date: 24 January 2024

**DEPARTMENT OF EDUCATION
NORTHERN IRELAND TEACHERS’ PENSION SCHEME**

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Education: Northern Ireland Teachers’ Pension Scheme (“the Scheme”) for the year ended 31 March 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise the Combined Statement of Comprehensive Net Expenditure, Combined Statement of Financial Position, Combined Statement of Changes in Taxpayers’ Equity, Combined Statement of Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual (FRoM).

I have also audited the information in the Statement of Outturn against Assembly Supply, and the related notes and the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the scheme’s affairs as at 31 March 2022 and of its combined net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the breach of Assembly control total as described in the basis for qualified opinion section, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2022; and
- except for the net expenditure of £10,697,000 in excess of the £710,633,000 authorised by the assembly, the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinion on financial statements

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the

auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Scheme in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Basis for qualified opinion

In 2021-22 the Scheme expended more resources than the Assembly had authorised resulting in an excess vote. Net resource outturn of £721,330,000 was £10,697,000 in excess of the £710,633,000 limit authorised by the Assembly. The excess is primarily attributable to a significant increase in the Current Service Charge as compared to the estimate.

Delays to the full implementation of the new Teachers' Pension System Financials module resulted in delays to the production of actual outturn figures for the year ended 31 March 2022 which only became available for actuarial review in August 2022 and therefore actuarial calculations were not available for the Spring Supplementary Estimate before it was finalised.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Scheme's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and our audit certificate and report. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in our report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- except for the possible effects of the matters described in the basis for qualified opinion section of my report, the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In light of the knowledge and understanding of the Scheme and its environment obtained in the course of the audit. I have not identified material misstatements in the Accountability Report.

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

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report is prepared in accordance with the applicable financial reporting framework
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Scheme will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on the Scheme's compliance with laws and regulations;
- making enquiries of management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing

financial statement disclosures to underlying supporting documentation and approvals as appropriate;

- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations are included in my report attached to the financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

5 February 2024

FINANCIAL STATEMENTS

COMBINED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2022

**Principal Arrangements
Teachers’ Pension Scheme**

	Note	2021-22 £’000	2020-21 £’000
Income:			
Contributions receivable	3	(362,539)	(348,747)
Transfers in	4	(485)	(1,504)
Other pension income	5	-	-
		<u>(363,024)</u>	<u>(350,251)</u>
Expenditure:			
Service cost	6	828,000	691,000
Pension financing costs	7	252,000	324,000
Enhancements	8	188	869
Transfers in – additional liability	9	485	1,504
Other pension cost	10	-	-
		<u>1,080,673</u>	<u>1,017,373</u>
Net expenditure		<u>717,649</u>	<u>667,122</u>
 Other comprehensive net expenditure			
	Note	2021-22 £000	2020-21 £000
Pension re-measurements:			
Actuarial loss/(gain)	14.7	<u>1,556,954</u>	<u>1,524,008</u>
Total comprehensive net expenditure/(income) for the year		<u>2,274,603</u>	<u>2,191,130</u>

The notes on pages 42 to 59 form part of these Scheme Statements.

**COMBINED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022**

**Principal Arrangements
Teachers’ Pension Scheme**

	Note	2021-22 £’000	2020-21 £’000
Current assets:			
Receivables	11	7,389	7,671
Cash and cash equivalents	12	3,585	2,022
Total current assets		<u>10,974</u>	<u>9,693</u>
Current liabilities:			
Payables (within 12 months)	13	(8,913)	(9,466)
Net current assets, excluding pension liability		<u>2,061</u>	<u>227</u>
Pension liability	14.4	(22,146,000)	(19,951,000)
Net liabilities, including pension liability		<u>(22,143,939)</u>	<u>(19,950,773)</u>
Taxpayers’ equity:			
General fund		(22,143,939)	(19,950,773)
		<u>(22,143,939)</u>	<u>(19,950,773)</u>



Signed:

Date: 24 January 2024

Accounting Officer

The notes on pages 42 to 59 form part of these Scheme Statements.

**COMBINED STATEMENT OF CHANGES IN TAXPAYERS’ EQUITY
for the year ended 31 March 2022**

	Note	General Fund	
		2021-22 £'000	2020-21 £'000
Balance at 1 April		(19,950,773)	(17,843,294)
Net Assembly Funding – drawn down		83,000	83,500
Net Assembly Funding – deemed (prior year)		2,022	2,173
Supply payable adjustment – current year	11	97	2,163
Excess accruing resources payable to CF	13	(3,682)	(4,185)
Comprehensive net expenditure for the year		(717,649)	(667,122)
Actuarial (loss)/gain	14.7	<u>(1,556,954)</u>	<u>(1,524,008)</u>
Net change in taxpayers’ equity		<u>(2,193,166)</u>	<u>(2,107,479)</u>
Balance at 31 March		<u>(22,143,939)</u>	<u>(19,950,773)</u>

The notes on pages 42 to 59 form part of these Scheme Statements.

**COMBINED STATEMENT OF CASH FLOWS
for the year ended 31 March 2022**

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net expenditure for the year		(717,649)	(667,122)
Adjustments for non-cash transactions:			
Decrease / (Increase) / in receivables	11	283	(2,894)
<i>Less movement in receivables relating to items not passing through the Combined Statement of Comprehensive Net Expenditure</i>		(2,066)	2,163
(Decrease) / increase in payables	13	(554)	2,218
<i>Less movement in payables relating to items not passing through the Combined Statement of Comprehensive Net Expenditure</i>		503	(2,008)
Increase in pension provision	14.4	1,080,000	1,015,000
Increase in pension provision – enhancements and transfers in	14.4	673	2,373
Use of provisions – pension liability	14.5	(441,026)	(432,014)
Use of provisions – death in service	14.5	(1,520)	(1,168)
Use of provisions – refunds and transfers	14.6	(81)	(199)
Net cash outflow from operating activities		(81,437)	(83,651)
Cash flows from financing activities			
From the Consolidated Fund (supply): current year		83,000	83,500
Net Financing		83,000	83,500
Net Increase / (Decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		1,563	(151)
Receipts due to the Consolidated Fund which are outside the scope of the Scheme’s activities		-	-
Payments of amounts due to the Consolidated Fund		-	-
Net Increase / (Decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund		1,563	(151)
Cash and cash equivalents at the beginning of the period	12	2,022	2,173
Cash and cash equivalents at the end of the period	12	3,585	2,022

The notes on pages 42 to 59 form part of these Scheme Statements.

NOTES TO THE SCHEME STATEMENTS

Basis of preparation of the Scheme Statements

1. The financial statements of the Northern Ireland Teachers’ Pension Scheme (“NITPS” or “The Scheme”) have been prepared in accordance with the relevant provisions of the 2021-22 Government Financial Reporting Manual (FReM) issued by DoF. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector. IAS 19 Employee Benefits and IAS 26 Accounting and Reporting by Retirement Benefit Plans are of particular relevance to these statements. These financial statements show the unfunded pension liability and movements in that liability during the year.

In addition to the primary statements prepared under IFRS, the FReM also requires the Scheme to prepare an additional statement – a Statement of Outturn against Assembly Supply. This statement, and the supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

The NITPS is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the Department of Education (the Department) on behalf of the members.

Contributions to the Scheme by employers and employees are set at rates determined by the Scheme’s Actuary and approved by the Department. The contributions partially fund payments made by the Scheme, the balance of funding being provided by the Northern Ireland Assembly through the annual Supply Estimates process. The administrative expenses associated with the operation of the Scheme are borne by the Department and reported in the Departments financial statements.

The financial statements of the Scheme show the financial position of the NITPS and the Teachers’ Premature Retirement Compensation Scheme at the year end and the income and expenditure during the year. The combined Statement of Financial Position shows the unfunded net liabilities of the Scheme; the combined Statement of Comprehensive Net Expenditure shows, amongst other things, factors contributing to the change in the net liability analysed between the pension cost, enhancements and transfers in, and the interest of the Pension liability. Further information about the actuarial position of the Scheme is dealt with in the Report of the Actuary, and the Scheme financial statements should be read in conjunction with that Report.

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

Statement of accounting policies

2. The accounting policies contained in the FReM follow IFRS to the extent they are meaningful and appropriate in the public sector context.

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

Going Concern Basis

- i. The Statement of Financial Position as at 31 March 2022 shows net liabilities of £22.1bn most of which represents pension liabilities falling due after one year. Schemes are supplied financed and draw their funding from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years. Contributions partially fund payments made by the Scheme the balance of funding being provided by the NI Assembly through the annual Supply Estimates process (as referenced in Note 2.i). There is no reason to believe that the future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Scheme's financial statements for 2021-22.

Accounting convention

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

Pension contributions receivable

- iii. Employers' normal contributions are accounted for on an accruals basis. 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. Employee's contributions and amounts received in respect of the purchase of added years of service are accounted for on an accruals basis. Neither AVCs nor payments to providers of Stakeholder Pensions (see the Report of the Managers), are brought into account in these statements.

Transfers in and out

- iv. Transfers in and out in respect of individuals are accounted for on a cash basis. However, where the Scheme has formally accepted or transferred a liability in respect of a group transfer, such transfers are accounted for on an accruals basis. Transfers in are simultaneously recognised as income and expenditure so that the increase in the Scheme liability is accounted for at the same time as the income is received.

Other income

- v. 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.

Current service cost

- vi. The current service cost is the increase in the present value of the Pension Scheme liability arising from current members' service in the year. The cost is based on the discount rate applicable at 1 April 2021, based on the financial and demographic assumptions applying as at 31 March 2021. For this calculation pension increases are assumed to be in line with Consumer Price Index (CPI) for benefits accrued and are recognised in the Combined Statement of Comprehensive Net Expenditure.

Past service cost

- vii. Past service costs are changes in the present value of the Pension Scheme liability related to employee service in prior periods arising in the current period as a result of the introduction of, change to, or improvement to, retirement benefits. Past service costs are recognised in the Combined Statement of Comprehensive Net Expenditure in the year in which the change in benefits vests.

Pension financing cost

- viii. The pension financing cost is the increase during the period in the present value of the Pension Scheme liability because the benefits are one period closer to settlement, and is recognised in the Combined Statement of Comprehensive Net Expenditure. The interest cost is based on the discount rate applicable at 1 April 2021, being -0.95% per cent real rate (i.e. 1.25% per cent including CPI inflation). These discount rates are determined by HM Treasury and circularised in a PES paper.

Other expenditure

- ix. Other expenditure is accounted for on an accruals basis except for the costs of administering the NITPS and the Teachers Premature Retirement Scheme which are borne by the Department.

Pension Scheme liability

- x. Provision is made for liabilities to pay pensions and other benefits in the future. The Pension Scheme liability is measured on an actuarial basis using the Projected Unit Credit Method (PUCM) and is discounted at the rate applicable at the close of 31 March 2022, being -0.95% per cent real rate (i.e. 1.25% per cent including CPI inflation).

Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years in accordance with the requirements of FReM. In the intervening years

the actuary reviews the most recent actuarial valuation at the reporting date and updates it to reflect current conditions. The pension liability included in these financial statements has been calculated using membership data as at 31 March 2019 and demographic assumptions in line with those recommended for the 2020 funding valuation. Membership data has subsequently been rolled forward using cashflows as a proxy for membership movements through to 31 March 2022. These assumptions represent significant judgements on behalf of the Scheme. Whilst this approach is reasonable and provides an appropriate basis for IAS 19 valuation purposes in line with FReM requirements, it introduces some degree of uncertainty. It should therefore be recognised the results for the IAS 19 valuation at 31 March 2022 included in these financial statements may differ from those that would emerge following an actuarial valuation based on full actual membership data at 31 March 2022.

Pension benefits payable

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

Pension payments to those retiring at their normal retirement age

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

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

- xiii. 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).

Lump sums payable on death in service

- xiv. 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.

Actuarial gains and losses

- xv. Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the Statement of Financial Position date are recognised in the Combined Statement of Comprehensive Net Expenditure.

Premature Retirement Compensation

- xvi. The cost of compensation for early retirement because of redundancy or in the interests of the efficient discharge of the employer’s function can be broken down into two elements, being the cost of enhancement (added years) and the cost of the early payment of unreduced pension. From 1 April 2008, employers became liable for the cost of enhancement in the form of a lump sum paid to the Scheme to meet the liabilities that have yet to be discharged. During 2008-09 and 2009-10, the Scheme continued to meet the cost of early payment of unreduced pension. The cost of the future liability in setting up and revising the provision

is recorded as expenditure in the Combined Statement of Comprehensive Net Expenditure, with the offsetting income reflecting the reimbursements receivable from the employers. The Department made regulations, which came into operation on 30 April 2010, which have the effect of transferring the full cost of premature retirement compensation (i.e. both enhancement and early payment of pension) to employers.

Cash and cash equivalents

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

Currency and rounding

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

Accounting standards, interpretations and amendments to published standards adopted during the year ended 31 March 2022

- xix. The Scheme has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2021-22 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of the Scheme.

Accounting standards, interpretations and amendments to published standards not yet effective

- xx. The Scheme has reviewed the additional or revised accounting standards and new (or amendments to) interpretations that are due to come into effect in future years and concludes that these are not expected to have a significant impact on the Scheme going forward.

3. Contributions receivable

	2021-22	2020-21
	£000	£000
Employers’ contributions	(261,571)	(251,981)
Employees’ contributions - normal	(98,751)	(93,832)
Employees’ contributions - purchase of added years	(187)	(869)
Premature retirement compensation receipts from DfE	(2,030)	(2,065)
	<u>(362,539)</u>	<u>(348,747)</u>

£375 million contributions are expected to be payable to the Scheme in 2022-23

4. Transfers in (see also Note 9)

	2021-22	2020-21
	£000	£000
Individual transfers in from other schemes	<u>(485)</u>	<u>(1,504)</u>

5. Other pension income (see also Note 10)

	2021-22	2020-21
	£000	£000
Capitalised cost of enhancements to pensions payable	<u>-</u>	<u>-</u>

6. Service cost (see also Note 14.4)

	2021-22	2020-21
	£000	£000
Current service cost	828,000	691,000
Past service cost	-	-
	<u>828,000</u>	<u>691,000</u>

7. Pension financing cost (see also Note 14.4)

	2021-22 £000	2020-21 £000
Net interest on defined benefit liability	252,000	324,000

8. Enhancements (see also Note 14.4)

	2021-22 £000	2020-21 £000
Purchase of added years and added pension		
Employees:	188	869
	<u>188</u>	<u>869</u>

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

	2021-22 £000	2020-21 £000
Group Transfers In from Other Schemes	40	710
Individual transfers in from other schemes	445	794
	<u>485</u>	<u>1,504</u>

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

10. Other pension cost (see also Note 5)

	2021-22 £000	2020-21 £000
Capitalised cost of enhancement to pensions payable	-	-

11. Receivables - contributions due in respect of pensions

11.1 Analysis by type

	2021-22	2020-21
	£000	£000
Amounts falling due within one year:		
Pension contributions due from employers	4,471	3,267
Employees’ normal contributions	2,472	1,903
Overpaid pensions	333	263
Provision for bad debt	(150)	(94)
Receivable from DfE	166	169
Amounts due from the Consolidated Fund in respect of supply	97	2,163
Total amounts falling due within one year	7,389	7,671

Included within these figures is £nil (2020-21: £nil) that will be due to the Consolidated Fund once the debts are collected.

12. Cash and cash equivalents

	Note	2021-22	2020-21
		£000	£000
Balance at 1 April		2,022	2,173
Net change in cash balances		1,563	(151)
Balance at 31 March		3,585	2,022

The following balances at 31 March were held at:

Commercial banks and cash in hand	3,585	2,022
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13. Payables - in respect of pensions

13.1 Analysis by type

	2021-22	2020-21
	£000	£000
Amounts falling due within one year:		
Pensions	(301)	(754)
HMRC and voluntary contributions	(4,626)	(4,449)
Interdepartmental balances owed in respect of refund of overpaid contributions	(44)	(49)
Other payables	(260)	(31)
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
Received	(3,682)	(4,185)
Total amounts falling due within one year	(8,913)	(9,468)

14. Pension Scheme liability

14.1 Assumptions underpinning pension scheme liability

The Department’s NITPS is an unfunded defined benefit scheme. The GAD carried out an assessment of the Scheme liabilities as at 31 March 2022. The Report of the Actuary on pages 11 to 17 sets out the scope, methodology and results of the work the Actuary has carried out.

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

- Scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- Benefit structure, including details of any discretionary benefits and any proposals to amend the Scheme;
- Income and expenditure, including details of expected bulk transfers into or out of the Scheme; and
- Following consultation with the Actuary, the key assumptions that should be used to value the Scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The key assumptions used by the Actuary were:

Financial assumptions	At 31 March 2022	At 31 March 2021	At 31 March 2020	At 31 March 2019	At 31 March 2018
Rate of increase in salaries	4.15%	3.72%	4.10%	4.10%	3.95%
Rate of increase in pensions in payment and deferred pensions	2.90%	2.22%	2.35%	2.60%	2.45%
Nominal discount rate	1.55%	1.25%	1.80%	2.90%	2.55%
Rate of CPI inflation*	2.90%	2.22%	2.35%	2.60%	2.45%
Discount rate net of CPI	(1.30)%	(0.95)%	(0.50)%	0.29%	0.10%

*The inflation assumptions shown are based on CPI.

Life expectancies at age 60		At 31 March 2022	At 31 March 2021	At 31 March 2020	At 31 March 2019	At 31 March 2018
Current retirements:	Females (years)	29.9	29.8	29.7	30.6	30.5
	Males (years)	27.7	27.8	27.7	28.6	28.5
*Retirements in 20 ‘years’ time:	Females (years)	31.5	31.4	31.3	32.4	32.3
	Males (years)	29.4	29.4	29.3	30.5	30.4

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

Life expectancies at age 65		At 31 March 2022	At 31 March 2021	At 31 March 2020	At 31 March 2019	At 31 March 2018
Current retirements:	Females (years)	24.9	24.8	24.8	25.6	25.5
	Males (years)	22.8	22.9	22.8	23.6	23.5
*Retirements in 20 ‘years’ time:	Females (years)	26.4	26.3	26.2	27.3	27.2
	Males (years)	24.5	24.5	24.4	25.5	25.4

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

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

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

In accordance with IAS 19 the Scheme Manager is required to undertake a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses, are included in the sensitivity analysis of the pension liability below in section 14.3.

14.2 Analysis of pension liability

Analysis of provision for pension liability	At 31 March 2022 £ billion	At 31 March 2021 £ billion	At 31 March 2020 £ billion	At 31 March 2019 £ billion	At 31 March 2018 £ billion
Pensions in payment	7.70	7.56	6.84	6.35	6.68
Deferred members	0.97	0.87	0.80	0.68	0.71
Active members	13.48	11.52	10.20	7.69	7.77
Total	22.15	19.95	17.84	14.72	15.16

Pension scheme liabilities accrue over employees’ periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the Scheme liability, the Actuary must estimate the impact of several inherently uncertain variables into the future. The variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will

occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

The value of the liability on the Statement of Financial Position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increases in salaries, the value of the pension liability will increase or decrease. The Scheme Manager accepts that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in note 14.7. The disclosure of “experience” gains or losses for the year in note 14.8 shows the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

14.3 Sensitivity analysis

A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period is included below.

The most significant financial assumptions are the discount rate, general earnings increases and pension increases (currently based on CPI). A key demographic assumption is pensioner mortality.

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

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

The following table shows the indicative effects on the total liability as at 31 March 2022 of changes to these assumptions (mostly rounded to the nearest 0.5%). The sensitivities show the change in each assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Sensitivity to significant assumptions

Change in assumption	Approximate effect on total liability
Financial assumptions:	
(i) Discount rate* +0.5% a year	-11.0% -£2,400 m
(ii)(long term) earnings increases* +0.5% a year	+2.0% +£400 m
(iii) pension increases* +0.5% a year	+10.0% +£2,200 m
Demographic assumptions:	
(iv) additional one year increase to life expectancy at retirement*	+4.0% +£900 m

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

14.4 Analysis of movements in the Pension Scheme liability

	Note	2021-22 £000	2020-21 £000
Scheme liability at 1 April		(19,951,000)	(17,843,000)
Current service cost	6	(828,000)	(691,000)
Past Service Cost	6	-	-
Pension financing cost	7	(252,000)	(324,000)
		<u>(1,080,000)</u>	<u>(1,015,000)</u>
Enhancements	8	(188)	(869)
Pension transfers in	9	(485)	(1,504)
Other pension cost	10	-	-
		<u>(673)</u>	<u>(2,373)</u>
Benefits payable	14.5	442,546	433,182
Pension payments to and on account of leavers	14.6	81	199
		<u>442,627</u>	<u>433,381</u>
Actuarial (Loss)/Gain	14.7	<u>(1,556,954)</u>	<u>(1,524,008)</u>
Scheme liability at 31 March		<u>(22,146,000)</u>	<u>(19,951,000)</u>

During the year ended 31 March 2022, employers’ and employees’ contributions represented an average of 34.6% of pensionable pay.

14.5 Analysis of benefits paid

	2021-22 £000	2020-21 £000
Pensions or annuities to retired employees and dependents (net of recoveries or overpayments)	399,287	395,196
Commutations and lump sum benefits on retirement	41,739	36,818
Lump sum benefits on death in service	1,520	1,168
Total benefits paid	<u>442,546</u>	<u>433,182</u>

14.6 Analysis of payments to and on account of leavers

	2021-22 £000	2020-21 £000
Refunds to members leaving service	64	37
Individual transfers to other schemes	17	162
Total payments to and on account of leavers	81	199

14.7 Analysis of actuarial (loss)/gain

	2021-22 £000	2020-21 £000
Experience gains /(losses) arising on scheme liabilities	83,046	125,992
Changes in mortality assumptions	(65,000)	-
Changes in demographic assumptions	19,000	-
Changes in financial assumptions	(1,594,000)	(1,650,000)
Total actuarial (loss) /gain	(1,556,954)	(1,524,008)

The actuarial loss is a result of an experience gain and an adverse change in financial assumptions.

14.8 History of experience gains / (losses)

	2021-22	2020-21	2019-20	2018-19	2017-18
Experience gains / (losses) on Scheme liabilities:					
Amount (£'000)	83,046	125,992	34,538	184,298	(70,618)
Percentage of the present value of the Scheme liabilities	0.4%	0.6%	0.2%	(1.3)%	(0.5)%
Total amount recognised in the Statement of Changes in Taxpayers’ Equity:					
Amount (£'000)	(1,556,954)	(1,524,008)	(2,568,462)	947,298	80,382
Percentage of the present value of the Scheme liabilities	(7.0)%	(7.6)%	(14.4)%	6.4%	0.5%

15. Financial instruments

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

16. Contingent liabilities disclosed under IAS 37

In the unlikely event of a default by Prudential plc, the Department’s approved provider of an AVCs scheme, the Department will guarantee pension payments due from that scheme. This guarantee does not apply to members who make payments to institutions offering FSAVCs Schemes.

Legal Cases

McCloud

In December 2018, the Court of Appeal ruled that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful. In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination. In July 2019, the Westminster Government confirmed that, as transitional protection was offered to members of all main public service pension schemes, the government intends to address the difference in treatment across all schemes.

The reformed public service schemes in Northern Ireland, including the Schemes, incorporate similar age-based transitional protections. The Department of Finance ran a consultation from 19 August 2020 to 18 November 2020 consulting on proposals to (i) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and (ii) remedy the effect of any discrimination scheme members may have incurred since April 2015. The Department of Finance issued its consultation response on 25 February 2021 which outlined the intention to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period. All public servants who continue in service from 1 April 2022 onwards do so as members of their respective reformed scheme.

These proposals have been developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented.

Legislation to close the legacy 1995 and 2008 Sections of the Schemes to future accrual and to move all active members in to the 2015 Pension Scheme from 1 April 2022 is now in place.

Work is progressing on the legislative steps required to implement the remedy moving forward with the Department of Finance consultation on the retrospective part of the McCloud Remedy closing on 2 June 2023.

Past service costs were included in the 2018-19 and 2019-20 accounts and subsequently the 2020-21 and 2021-22 service costs to make allowance for the higher expected cost of accrual under McCloud.

17. Related party transactions

The NITPS and the Teachers’ Premature Retirement Scheme falls within the ambit of the Department. The department is regarded as a related party with which the Scheme has had various material transactions during the year. In addition, the Scheme has had material transactions with other government departments, and other central government bodies whose employees are members of the Schemes. None of the Managers of the Schemes, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

18. Events after the reporting period

There were no events that require amendment to these financial statements after the reporting period.

General View

The 2020-21 NITPS statements noted the political changes in the UK Government, the continuing suspension of the Northern Ireland Assembly, and the war in Ukraine, as notable post balance sheet events.

Whilst ongoing, these events have not directly affected the disclosures in the NITPS financial statements but may impact future year’s statements.

Further details can be found in the 2020-21 accounts.

Since the balance sheet date, the impact of Covid on the population has continued to emerge. The scheme liabilities disclosed in these accounts include an allowance for the direct impact of Covid-19 during the pandemic, and its ongoing impact, on the rates of mortality.

Since the balance sheet date, the factors described above, and others, have led to high inflation being experienced in the UK. Inflation is now below its peak but remains notably higher than the Bank of England’s target. The Bank has increased interest rates in an attempt to bring inflation back to target. Higher inflation and interest rates are likely to have an impact on payments made by, and the actuarial liabilities disclosed in respect of, the NITPS in future years.

However, there is significant uncertainty of how the impact of inflation may develop over time. We continue to monitor expected direct and indirect impacts on an ongoing basis, and reassess the assumptions adopted for future sets of accounting disclosures as required.

Specific impact on scheme liabilities

The value of the liabilities shown are inherently uncertain, and are sensitive to even a small change in the assumptions made. There has been increased volatility in financial markets since the end of the reporting period, which means that the value of the liabilities at the end of the financial period may differ significantly if the assumptions were set based on known experience since then and updated market conditions at a different point in time.

The assumption that has the biggest impact on the amount of the reported liability is the discount rate, net of price inflation. As set out in the FReM, and as required by IAS 19, the nominal discount rate is based on yields on high quality corporate bonds. There are a range of factors which affect the yield on corporate bonds, which ultimately affects the supply and demand of these assets. Many of these factors are interrelated and include (but are not limited to):

- Inflation
- Interest Rates
- Political stability (both nationally, UK-wide and internationally); and
- The effects to unexpected events such as the Covid-19 pandemic and the ongoing war in Ukraine

Since the end of the reporting period, there has been an increase in the yield on high quality corporate bonds, which would be expected to increase the nominal discount rate. All else being equal, an increase in the discount rate, net of inflation, leads to a decrease in the value of the liabilities.

Higher than expected inflation experience, and an increase in the market expectations for future inflation, have an offsetting effect against the impact of the rise in corporate bond yields since the end of the reporting period. For example, scheme benefits linked to CPI inflation were increased in April 2023 based on the measurement of CPI to September 2022 (10.1%), which is significantly higher than the assumption of 2.90% at the end of the reporting period. Market expectations for future inflation have also increased since the end of the reporting period. In isolation, higher than expected inflation experience and increased expectations for future inflation increase the value of the liabilities.

Whilst both corporate bond yields and market expectations of future of inflation have increased since the end of the reporting period, it is a change in the difference between these two measures which would have the biggest effect on the value of the liabilities disclosed in respect of the NITPS in future years.

19. Date of authorisation for issue

The Accounting Officer authorised the issue of the Scheme Statements on **5 February 2024**.

**DEPARTMENT OF EDUCATION
NORTHERN IRELAND TEACHERS’ PENSION SCHEME
RESOURCE ACCOUNTS 2021-22**

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

There are two issues that I would like to draw attention to on the Northern Ireland Teachers’ Pension Scheme: Resource Accounts 2021-22.

A. EXCESS VOTE

Purpose of the Report

1. In 2021-22, the Northern Ireland Teachers’ Pension Scheme (the Scheme) expended more resource than the Northern Ireland Assembly (the Assembly) had authorised. By so doing, the Scheme breached the Assembly’s control over its expenditure and incurred what is termed an ‘excess’, for which further Assembly approval is required. I have qualified my regularity opinion on the Scheme’s 2021-22 resource accounts in this regard.
2. The purpose of this report is to explain the reasons for this qualification and to provide information on the extent and nature of the breach to inform the Assembly’s further consideration.

My responsibilities with regard to the breach of regularity

3. As part of my audit of the Scheme’s financial statements, I am required to satisfy myself that, in all material respects, the expenditure and income shown in the resource accounts have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them; that is, they are ‘regular’. In doing so, I have had regard to the Supply limits set on expenditure by the Assembly.

Background to the Excess

4. The Assembly authorises and sets limits on expenditure on two bases – ‘resources’ and ‘cash’. Such amounts are set out in the Supply Estimates for which approval and authority is given in the annual Budget Acts (Northern Ireland).
5. In the case of the Scheme resource accounts, there is one Request for Resource (RfR), the purpose of which is to provide for the payment of pensions, lump sums and premature

retirement compensation to persons covered by the Scheme. The total expenditure on any RfR must not exceed the amount granted by the Assembly.

Limits

6. The resource limit for the Scheme was set out in the Northern Ireland Main Supply Estimates for 2021-22, as amended by the Northern Ireland Spring Supplementary Estimates. The limit on the RfR was set at £710,633,000 for 2021-22. This limit was authorised in the Budget Act (Northern Ireland) 2022. The breach reported below is against this limit.

Breach of Resource limit

7. The Scheme expended £10,697,000 more resources than was authorised by the Assembly. Gross expenditure exceeded limits by £10,673,000 and non-budget Accruing Resources (ARs) were £24,000 lower than the estimate. The excess is largely attributable to the increase in the Current Service Charge (a notional charge to the pension scheme derived by the actuary) compared to the estimate. It is proposed to ask the Assembly to authorise a further grant of supply from the Consolidated Fund by way of an Excess Vote. There was also an ARs (income) excess of £3,681,000 which is required to be surrendered to the Consolidated Fund unless the Assembly authorises it to be retained.
8. A statement of excesses will be brought to the Assembly to seek authority for the excess expenditure to be funded by new supply and for authority to retain the excess income to net off against the excess vote. The Department of Education (the Department) has told me that authority will be sought from the Assembly for the £10,697,000 excess Gross Expenditure and for the £3,681,000 to be retained and treated as ARs. The net excess of £7,016,000 would be the amount funded by new supply.
9. The Department has told me that the Scheme resource requirement is demand led and is categorised as Annually Managed Expenditure (AME) which, by its nature, is difficult to predict. The Department has confirmed that the excess income represents member's pension contributions and therefore approval will be sought to retain them as they belong to the members of the pension scheme and form part of the scheme liability.

Action to be taken by the Department to help prevent a recurrence

10. The Department told me that the alignment of the budgeting and estimates process in typical years is dependent upon intricate interactions between a number of internal and external stakeholders. Delays to the implementation of the new Teacher's Pension System, as a result of Covid-19, and as a result the absence of actual in-year outturn figures, introduced additional complexity and uncertainty in determining the 2021-22 Spring

Supplementary Estimates. Combined with a significantly higher than anticipated actuarial valuation of the current service cost, which only became available after the 2021-22 Estimate cycle, this resulted in the Department exceeding the Estimate. The Department advised me it is continuing to make progress to address the backlogs caused by the delays to the system implementation and to bring the Scheme's annual statements back in line with statutory reporting requirements. The Department further advised it will continue to work closely with key stakeholders, including the Actuary, to identify any opportunities to further enhance forecasting the NITPS Estimate and to strengthen monitoring arrangements.

Summary and conclusions

11. In forming my opinion on the Scheme 2021-2022 financial statements, I am required to confirm 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. On the basis of my findings above, I concluded that net resource outturn of £721,330,000 was in excess of the £710,633,000 authorised by the Assembly resulting in an excess of £10,697,000, and that it was therefore irregular. My regularity audit opinion has been qualified in this respect.

B. DELAYS TO THE PRODUCTION OF ANNUAL REPORT AND ACCOUNTS

1. The Department has also experienced significant delays in producing its Annual Report and Accounts for the Scheme for the 2021-22 financial year. These delays are primarily due to issues around the implementation of the new Teacher's Pension System and associated financial systems, which resulted in the delay of the 2020-21 accounts. These difficulties have also delayed the 2022-23 accounts, which have not yet been produced and it is likely that it will impact the timely production of the 2023-24 accounts.
2. The Department told me in June 2023 that the critical system issues have now been resolved, and that progress was being made in addressing backlogs in producing the 2021-22 and 2022-23 accounts. I was advised that it would take several months to recover lost time and bring the accounts up to date. However, I remain concerned that continued delays in production of these accounts could increase the risk of further excess votes and delays in seeking the required Assembly approval.

Conclusion

3. The production of timely accounts for the Assembly is an absolutely fundamental part of ensuring transparency and accountability in how public money is being spent, and so it is vital that the Department continues to put considerable effort into resolving these matters. I am concerned that the cause of the delays has been due to the implementation of a new

system which should and could have been prevented. My Office will continue to monitor the progress made by the Department to ensure that accounts are completed in line with the relevant legislation.



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