DEPARTMENT OF EDUCATION

FINAL EQUALITY IMPACT ASSESSMENT OF THE PROPOSALS FOR THE REFORM OF THE NI TEACHERS’ PENSION SCHEME 2015

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EQUALITY IMPACT ASSESSMENT OF THE PROPOSALS FOR THE REFORM OF THE NI TEACHERS’ PENSION SCHEME 2015

Executive Summary

This document presents the findings of an Equality Impact Assessment (EQIA) on the proposals for the reform of the NI Teachers’ Pension Scheme (NITPS) 2015.

Purpose of Equality Impact Assessment

The primary function of the draft EQIA was to determine the extent of any differential impact of changes proposed to the NITPS on Section 75 categories, and groups within those categories, and to determine whether that impact is adverse\(^1\), i.e. whether the policy change negatively affects people within one or more of the equality groups.

Section 75 of the Northern Ireland Act 1998 requires the Department, in carrying out its functions, to have due regard to the need to promote equality of opportunity between:

- people with different religious beliefs;
- people from different racial groups;
- people of different ages;
- people with different marital status;
- people with different sexual orientations;
- men and women generally;
- people with or without a disability;
- people with or without dependents; and
- people with different political opinions.

In addition, but without prejudice to the duty above, the Department shall in carrying out its functions have regard to the desirability of promoting good

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\(^1\) ECNI Practical Guidance on Equality Impact Assessments.
relations between people with different religious beliefs, political opinions or racial groups.

Due to the number of proposed changes to the NITPS and the potential impact these may have on members of the scheme, the Department was of the view that a full Equality Impact Assessment should be conducted on the proposed changes.

It should be noted that when a considerable number of proposed changes are being implemented at the same time, as is the case here, it is difficult to say with certainty what exact proposed change has caused a particular outcome. The draft EQIA provided our best assessment of how the proposed changes would impact on each section 75 group, but it is not possible to totally isolate each proposed change.

The EQIA consultation ran from 8 September 2014 to 31 October 2014.

Respondees to the Consultation on proposed changes to the NITPS considered that they would impact adversely on some Section 75 groups.

The Department has considered the responses but concluded that the proposed changes will overall have positive impacts because they include provisions to ensure that the revised NITPS is fit for purpose and the scheme is affordable for members. In addition, benefits already accrued are protected and additional protection is provided for those closest to retirement who have less scope to change their retirement arrangements.

The Department acknowledges the gaps in the data and will consider how better quality data can be collected in future to inform monitoring and analysis of the effect of the policy.
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1. INTRODUCTION AND BACKGROUND

Introduction

The NI Teachers’ Pension Scheme (NITPS) is a contributory scheme administered by the Department of Education (hereafter referred to as the Department). The scheme is currently a defined benefit ‘final salary’ scheme. Members are teachers and lecturers who are either in full-time or part-time positions.

The pension landscape for public service pensions has changed dramatically over the past decade which has been replicated within the NITPS. There has been an increase in the normal pension age to 65 for new entrants from 2007, and there have been annual increases in member contribution rates from the period April 2012/2013 to 2014/2015.

The Department recognises that a good pension is an important part of the overall reward package for teachers.

The scheme is one of the most important and valuable benefits available to teachers and is designed around members’ service and salary.

In the private sector, employees who are in defined contribution (money purchase) pension schemes are not guaranteed an income in retirement. The amount of pension awarded can be affected by share prices and stock market fluctuations, whereas NITPS benefits are guaranteed.

The NITPS provides members with a regular income in retirement but can also provide a lump sum automatically if the member joined before 1 January 2007 or an optional lump sum if the member joined after this date. It also gives financial protection to a member’s family or other dependents in the event of their death as well as enhanced benefits for early retirement on ill-health grounds or redundancy.
At 31 March 2014 the NITPS had:

- 25,520 active members;
- 14,308 deferred members;
- 19,601 pensions in payment; and
- 1,838 dependents’ pensions in payment.

During 2013-2014 annual expenditure on pension benefits payable amounted to £357 million and contributions receivable amounted to £198 million.

The Office for National Statistics latest population forecast figures (published 6 November 2013) show a 3% rise in the numbers reaching State Pension Age in Britain and the north of Ireland from 12.3 million in 2012 (equating to 19% of the population) to 16.1 million in 2037 (i.e. 22%). In comparison the north of Ireland figures show a 5% rise from 0.31 million in 2012 (equating to 17% of the population) to 0.44 million in 2037 (i.e. 22%). These long-term population projections show that older people make up a large and growing proportion of the population.

This rising longevity brings a range of challenges not least the long-term fiscal sustainability of public service pension schemes. The Department recognises that people are living longer, and drawing their pensions for longer. Following the Public Service Pension Act (NI) 2014 the NITPS requires reform to maintain its sustainability.

The Department consulted on the reforms to the NITPS from 19 June 2014 to 30 September 2014 and the proposed changes to member contributions from 5 August 2014 to 30 September 2014. The Department’s responses to these consultations have been published and can be accessed via the following link:

Consultations - NI Teachers’ Pension Reform 2015

Changes to the current scheme are to be implemented from 1 April 2015. Any delay in implementing reforms of NITPS will lead to a penalty of around £5 million per month which will be taken from the Department’s budget.
The purpose of this EQIA is to determine whether there is likely to be any differential impact arising from the proposals on Section 75 groups or any opportunity for promoting good relations between people of different religious belief, political opinion or racial groups. Where differential impacts are identified the EQIA also assesses whether that impact is adverse and considers mitigating factors.

**Background**

The cost of paying public service pensions has increased by a third in the last 10 years. The increasing burden on taxpayers and concerns about the fairness and sustainability of such pensions are among the reasons why the Coalition Government set up the Independent Public Service Pensions Commission (IPSPC), chaired by Lord Hutton of Furness, to undertake an independent review of public service pensions and to make recommendations about how pensions can be made sustainable and affordable, whilst at the same time, remaining fair to the workforce and the taxpayer.

The Coalition Government accepted the IPSPC recommendations in its announcement for the reform of public sector pensions at the Budget 2011.

On 8 March 2012 the Executive agreed to:

- Commit to the policy for a new career average revalued earning (CARE) scheme model with pension age linked to State pension Age to be adopted for general use in the public service schemes; and

- Adopt this approach consistently for each of the difference public sector pension schemes in line with their equivalent scheme in Great Britain and not to adopt different approaches in NI.
The Public Service Pensions Act (NI) received Royal Assent on 11 March 2014. The core provisions for public sector pension schemes (including NITPS) going forward are contained in the Act. The Executive considered and decided against utilising a legislative consent motion that could allow provisions for the reform of NI public service pension schemes to be accounted for in the Westminster Bill.

The cost of any delay in implementing reforms to the NI Teachers’ Pension Scheme (NITPS) by 1 April 2015 is estimated at £60 million a year and will be taken from the Department’s budget.

This revised policy will require staff in final salary pensions to be moved to new career average schemes at the earliest opportunity for future service from April 2015. Benefits already accrued are protected and additional protection is provided for those closest to retirement who have less scope to change their retirement arrangements.

What are the aims, objectives and purpose of the proposal?

The Department recognises that people, and specifically teachers, are living longer; drawing their pension from the NITPS for longer than the current scheme was designed for and therefore proposes that change should be made to the NITPS to ensure:

- there is a fairer balance between what employees pay and the cost to employers and tax payers;
- the scheme is sustainable for current and future members; and
- the cost of providing pensions is affordable, not just now but in decades to come.

The Departments objectives are specified in terms of the following hierarchy:

- Outcomes: The eventual benefit(s) to society.
- Outputs: Intermediate steps on the way to achieving an outcome – the results of activities that can be clearly stated or measured.
- Target: Can be used to help progress in terms of producing outputs, delivering outcomes and meeting objectives.

**Objective:** To implement a reformed NITPS, which complies with the overarching provisions within the Public Service Pensions Act (NI) 2014, by 1 April 2015.

**Outcomes:** To have a reformed NITPS that is sustainable for employers and taxpayers and has equality of outcomes for all current and future members.
**Outputs:** To ensure all primary and secondary legislation for the reformed NI Teachers’ Pension Scheme is in place by 1 April 2015.

**Targets:** To implement the reformed NITPS with effect from 1 April 2015.

**Proposed Changes to the NI Teachers’ Pension Scheme**

From 1 April 2015 the Department proposes that the NITPS will be a career average scheme with provision for final salary arrangements for contributions accrued prior to 1 April 2015, and that Normal Pension Age (NPA) will be equal to State Pension Age (SPA).

The NITPS has the following types of membership:

- Active;
- Deferred;
- Out of Service (continuous break of more than 5 years);
- Dependents; or
- Pensioner.

Not all members of the NITPS will move into the career average scheme.

A level of protection will apply to those members who are within 10 to 13.5 years of their NPA on 1 April 2012 as follows:

- **Protected member** - members who, as of 1 April 2012 have 10 years or less to their existing NPA will see no change to the age at which they can retire, or any decrease in the amount of pension they receive and will remain in the final salary scheme provided they do not have a continuous break in service of more than five years; and

- **Tapered member** - members who, as of 1 April 2012 have more than 10 but fewer than 13.5 years from their existing NPA will remain in the final salary scheme for an additional period of time with linear tapering so that for every month of age that they are beyond 10 years of their NPA, they lose 2 months of protection. If the member has a break of
more than 5 years and return to the scheme they will rejoin the career average scheme. See Annex 2, which details the protection offered to tapered members.

**Transitional members** of the NITPS are defined as members who have benefits in both the final salary and the reformed scheme, and service accrued in the final salary scheme will be maintained. This includes:

- Any scheme members with final salary benefits who move to the career average arrangements on, or after, 1 April 2015;

- Scheme members with tapered protection who then move to the career average scheme between 1 June 2015 and 1 February 2022 after the period of protection; and

- Scheme members who had protection but have lost the protection as a result of a break of more than five years.

If a new member joins the NITPS on or after 1 April 2015 they will automatically enter the career average scheme.

If a member joins the NITPS from another public service scheme the protection period would be reviewed to determine if the member joins the final salary or career average scheme.

A pension member or a member who is out of service (continuous break of more than five years) will only be impacted by the reforms if they return to pensionable service.

To take account of increased longevity and to maintain sustainability of the NITPS scheme, the key proposed changes are detailed in the NI ‘Proposed Final Agreement’ and include:
a. a pension design based on career average earnings instead of final salary;

b. an accrual rate of $\frac{1}{57}$th of pensionable earnings each year;

c. Normal Pension Age (NPA) equal to State Pension Age (SPA), which applies both to active members and deferred members (new scheme service only). If a member’s SPA rises, then NPA will do so too for all post-2015 service;

d. Revaluation of active members’ benefits in line with consumer prices index (CPI) +1.6%;

e. pension in payment to increase in line with Prices Index (currently CPI);

f. benefits earned in deferment to increase in line with CPI;

g. average member contributions of 9.6% with some protection for the lowest paid (subject to the detailed arrangements for determining future contribution structure);

h. optional lump sum commutation at a rate of 12:1, in accordance with HMRC limits and regulations;

i. spouses/partner pension in accordance with current provisions;

j. lump-sum on death in service of 3 times full time equivalent (FTE) salary, this replicates the benefits available in the current scheme;

k. ill-health benefits the same as those in the current open scheme;
I. actuarially fair early/late retirement factors on a cost neutral basis except for those with a NPA above age 65, who will have early retirement factors of 3% per year for a maximum of 3 years in respect of the period from age 65 to their NPA;

m. an employer cost cap to provide back stop protection to the taxpayer against unforeseen costs and risks;

n. the public sector transfer club will continue, and consideration will be given to the best method of operation in the reformed schemes;

o. phased retirement arrangements which reflect those in the current scheme, with the additional option of a third drawdown of benefits after a member’s 60th birthday;

p. abatement will not apply to service in the reformed NITPS. Abatement rules for the current scheme will be amended to specify that pension earnings from the new scheme will not be abated;

q. members who leave the scheme and return within 5 years will have their accrued service in the current (NPA 60/65) scheme linked to their final salary at retirement;

r. flexibilities to allow members to elect to pay a higher contribution rate in return for a higher accrual rate for a particular year, at full member cost, within existing limits on additional pension; and

s. members who in the new scheme have a normal pension age higher than 65 will have an option in the new scheme to pay additional contributors to reduce or, in some cases, remove any early retirement reduction that would apply, if they retire before their normal pension age. Only reductions that would apply in
respect of years after age 65 can be bought out and the maximum reduction that can be bought out is for 3 years (that would apply to a member with a Normal Pension Age of 68 or higher).

Stakeholder Involvement

The following stakeholders have been consulted regarding the reform design proposals of the NI Teachers' Pension Scheme:

- Trade Unions of Professional Organisations
- Teaching Staff
- Principals, Vice-Principles and Teachers in Grant-aided Schools
- Board of Governors of Grant-aided Schools
- Council for Catholic Maintained Schools
- Comhairle na Gaeilscolaiochta
- NI Council for Integrated Education
- Associated Governing Bodies of Grammar Schools
- Department of Finance and Personnel
- Government Actuary's Department
- Minister of Education
- Members of Legislative Assembly (MLA)
- Members of Parliament (MP)
- Members of the European Parliament (MEP)
- Capita (IT Supplier for NITPS)
- Department of Employment & Learning
- Department of Education Committee
- Department of Education Finance Branch
- Employers (Schools / Nurseries and Education and Library Boards)
Beneficiaries of the reformed NI Teachers’ Pension Scheme

The Department has estimated that the following will benefit from the reformed NI Teachers’ Pension Scheme:

- Taxpayers;
- Members of the scheme;
- Spouses/partners and dependents of deceased members of the scheme; and
- Pension Credit (Pension Sharing on Divorce) members of the scheme.

Departmental Policies

The pension landscape for public service pensions has changed dramatically over the past decade which has been replicated within the NITPS. There has been an increase in the normal pension age to 65 for new entrants from 2007, and annual increases in member contribution rates from April 2012/2013 to 2014/2015. The Coalition Government also changed how public service and private pensions in payment would be annually up-rated, and instead of using the Retail Prices Index from April 2012 the Consumer Prices Index is used. In developing the reformed NITPS the Department has been in discussion with the Department for Education (England and Wales) and has reviewed the following Acts and regulations to ensure the scheme is ‘fit for purpose’:

- The Public Service Pensions Act (NI) 2014
- The Teachers’ Pension Scheme Regulations 2014;
- Teachers’ Superannuation Regulations (NI) 1998
- The Pensions (NI) Order 1995;
- The Pensions Act (NI) 2008;
- The Pensions Scheme (NI) Act 1993;
- The Teachers’ Superannuation (Additional Voluntary Contributions) Regulations (NI) 1996.
Departmental Responsibility

A fundamental responsibility for the Department is to secure an optimum share of available resources for delivery of education services in line with departmental priorities, and to ensure that resources are used and accounted for in a manner which demonstrates effective and efficient use of public funds, and has regard for equality considerations.
3. CONSIDERATION OF AVAILABLE DATA AND RESEARCH

The changes being proposed for the reform of the NITPS were consulted upon in two separate consultation exercises, Consultation – Proposal for implementation of the reformed NI Teachers’ Pension Scheme 2015 and Consultation on proposed changes to contributions for members of the NITPS 2015. The Department’s responses to these can be found on the Department’s website.

The following data has been considered as part of this EQIA exercise:

- NITPS membership data provided by Teachers Pensions (March 2012);
- Teacher Workforce Statistics in Grant-Aided Schools in NI 2013/2014 by NISRA (Department of Education Statistics and Research Team);
- General Teaching Council for NI – Digest of Statistics 2013;
- Office for National Statistics – Pension Trends 2012 Chapter 3 (16 February 2012); and
- NIRSA Census 2011 – north of Ireland.

In addition comparative and benchmarking data from the Department of Education (England and Wales) – Reform of the Teachers’ Pension Scheme Equality impact assessment (September 2012) and the screening exercise on the Public Services Pension Act (NI) 2014 completed by DFP was considered as part of this EQIA exercise.

The Department has however used all available data when considering if there is a significant adverse impact on any of the Section 75 equality groups resulting from this proposal.

The EQIA focused on the main provisions of scheme design. The level of analysis is proportionate to the availability of data and to the Department’s considered view about the relative risk of impact of the Section 75 groups.
a. **A pension design based on career average earnings instead of final salary**

Having considered a number of possible scheme designs, the Independent Public Service Pensions Commission recommended a scheme that provides a pension based on average earnings over the whole of a member's pensionable service – a career average revalued earnings (CARE) scheme. The pension is adjusted each year in order to maintain its value.

A CARE scheme is a defined benefit arrangement and teachers will still have access to a scheme that offers a guaranteed income for retirement that is protected from inflation.

The structure of a CARE scheme is such that it is likely to benefit those with lower pay and slower salary growth than the current final salary arrangements.

A CARE scheme provides a fairer approach to the accrual of pension over the whole of an individual's teaching career and the final benefits paid will ensure that all members are treated equally.

The move to career average does not adversely impact on “high flyers” who earn higher salaries at a younger age. They will accrue pension relevant to the salary earned at a given point in their career. Career average avoids the circumstance of two individuals with similar career/working patterns receiving disproportionately different pensions, where one has a change in grade near the end of their career and has paid minimal additional contributions into the scheme.

The IPSPS's analysis found that men have stronger salary progression than women and are likely to be affected by a move to career average. Women will benefit to a greater degree through the fairer CARE scheme design in respect of their share of the pension benefits paid out.
Figure 1: NITPS Membership March 2012 – Average Salary Bands – Proportion by Gender and Working Pattern
The introduction of a career average scheme design is more beneficial to those with slower career average progression.

The Department notes that the proportion of teachers working part-time has been gradually increasing with 14.6% of all teachers working part-time in 2013/14, compared to 12.3% in 2009/10.

b. Accrual rate

An accrual rate of $1/57^{th}$ of pensionable earnings each year.

c. Normal Pension Age (NPA) Equal to State Pension Age (SPA)

NPA equal to SPA, which applies both to active members and deferred members (new scheme service only).

Any increase in the retirement age has an impact on all affected scheme members and their corresponding NPA will do so for all post-2015 service. These changes apply equally to men and women in the reformed scheme.

To note, the Pensions Act 2014 and aspects that apply to SPA:
- accelerates the increase in SPA to 67 – the SPA will gradually rise form 66 to 67 between 2026 and 2028.
- a framework for future changes to SPA – the framework provides for regular reviews of SPA based around the principle that people should spend a given proportion of their lives receiving a state pension.

It is not yet known how the changes of SPA to 68 will be phased in.

The Coalition Government changed the law to introduce a new State Pension from 6 April 2016 by way of the Pensions Act 2014. The changes to State Pension are not yet law in the north of Ireland. Before State Pension reforms apply in NI, the NI Assembly needs to change the law on pensions and it is proposed that the NI Pensions Bill will be introduced to the NI Assembly during the autumn of 2014.

d. Revaluation (in-service)

Revaluation of active members’ benefits in line with consumer prices index (CPI) +1.6%.

This was considered the fairest balance for the majority of the membership.

To note, the Department for Education (England and Wales) undertook extensive modelling to assess the impact of various combinations of accrual rate and indexation. The projected pension payable figures were calculated using career path and salary profiles and looked at projected pension payments at retirement for teachers who would have entered teaching at age 22, and who would be aged either 22, 30 or 45 in 2015.

The modelling informed a final decision on the scheme design for accrual rate and revaluation factor, with a revaluation factor of CPI + 1.6% and an accrual rate of 1/57 as the fairest balance for the majority of the membership.

e. Pension Increase – Pension in Payment

Pensions in payment are to increase in line with Prices Index (currently CPI).
f. **Pension Increased – Deferred Awards**

Benefits earned in deferment to increase in line with CPI.

The Coalition Government announced the change to the Indexation of public service pensions as part of wider announcement on the indexation of state benefits in June 2010. Indexation by CPI is already part of current pension provisions and this represents no change from the current arrangements.

g. **Average Member Contribution**

The Department conducted a consultation on average member contributions which closed on 30 September 2014. The conclusion was that there would be 6 tiers instead of 8 and member contributions would be determined with reference to a member’s actual salary, not their full-time equivalent (FTE). Tiers would be up-rated annually by CPI. The Department will review the tiering structure within the next two valuation cycles.

Opt-out figures from the NITPS are presented to unions and employers at the monthly Teachers’ Superannuation Consultative Committee (TSCC) meetings. From May 2014, following the impact of auto-enrolment provisions, the majority of opt-outs has been due to individuals already in receipt of a pension who have subsequently been auto-enrolled.
Table 1: Opt-Outs from the NITPS by gender

<table>
<thead>
<tr>
<th>Month</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-13</td>
<td>4</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Oct-13</td>
<td>7</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Nov-13</td>
<td>5</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Dec-13</td>
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<td>9</td>
<td>14</td>
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<td>Jan-14</td>
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<tr>
<td>Jun-14</td>
<td>9</td>
<td>13</td>
<td>27</td>
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<td><strong>TOTALS</strong></td>
<td><strong>77</strong></td>
<td><strong>153</strong></td>
<td><strong>230</strong></td>
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</table>

The Department recognises that the lowest paid, including female part-time teachers, are potentially most at risk of opting out of the scheme as result of the reforms and this is why the tiering design includes protection for the lowest paid.

Table 2 details the number of members currently in the NITPS as at March 31 2014 and how many would be better or worse off as result of proposed changes to contribution design of career average and six tier bands. Note that the total number of members is 25,643 rather than 25,684 in full validation data as 41 members salary is shown as zero and this contingent has been excluded.
Table 2: Overall summary showing the winners and losers of the proposed contribution design changes

<table>
<thead>
<tr>
<th></th>
<th>Total number of members*</th>
<th>Number better off</th>
<th>Number worse off</th>
<th>Average win (£)</th>
<th>Average loss (£)</th>
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<tbody>
<tr>
<td><strong>Male</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FT</td>
<td>5,783</td>
<td>1,923</td>
<td>3,840</td>
<td>277</td>
<td>84</td>
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<td>PT</td>
<td>707</td>
<td>365</td>
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<td>Total</td>
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<td>2,288</td>
<td>4,182</td>
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<tr>
<td><strong>Female</strong></td>
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<tr>
<td>FT</td>
<td>14,523</td>
<td>4,632</td>
<td>9,891</td>
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<td>PT</td>
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<td>Total</td>
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<td><strong>Male and Female</strong></td>
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<td>FT</td>
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<td>Total</td>
<td>25,642</td>
<td>10,465</td>
<td>15,178</td>
<td>293</td>
<td>87</td>
</tr>
</tbody>
</table>

h. **Commutation of pension to a lump sum**

Optional lump sum commutation at a rate of 12:1, in accordance with HMRC limits and regulations.

Commutation is an existing feature of the NITPS, and under the reformed scheme there is no change to the commutation rate of 12:1 which applies with no regard to a person’s age when benefits are drawn. Commutation of pension to a lump sum is a voluntary action on the part of the individual scheme member/pension credit member.

i. **Spouse/Partner Pension**

There is no change to spouses/partner pension within the proposals and will remain as those in the current open scheme.

j. **Death in service – lump sum**

Lump-sum on death in service of 3 times full time equivalent (FTE) salary, this proposal replicates the arrangement in the current open scheme.
k. Ill-health benefits

There is no change in ill-health benefits from the current scheme. Ill-health retirement benefits are available to all members of the scheme (subject to a qualification period).

I. Early/Late retirement factors

Actuarially fair early/late retirement factors on a cost neutral basis except for those with a NPA above age 65, who will have early retirement factors of 3% per year for a maximum of 3 years in respect of the period from age 65 to their NPA instead of 5%.

The change to link NPA to SPA will have an impact on membership at the time the scheme reforms are implemented. The significance of the impact does, however, vary between those with a NPA of 60 and a NPA of 65. A proportion of the membership with a NPA of 60 will experience a seven or eight year increase in their NPA. Whereas the maximum impact on a proportion of the NPA 65 members could be a three year increase to their NPA due to the reforms introduced in 2007 which increased the NPA to 65 for new entrants to the scheme.

However the Department has looked at the impacts of increasing the NPA to SPA and have developed ‘Transition Protection’ as part of the reformed scheme this is covered later in this EQIA.

The Office for National Statistics estimates that life expectancy for men is less than for women. See Figure 3. Over the current decade 2011 to 2021, life expectancy at SPA will decline for women as their SPA rises. However between 2021 and 2051, life expectancy at SPA is expected to rise gradually for both sexes but at a slower rate than before due to increases to SPA in the previous Pension Acts.
m. An employer cost cap

An employer cost cap to provide back stop protection to the taxpayer against unforeseen costs and risks.

n. Public Transfer Club

The public sector transfer club will continue, and consideration will be given to the best method of operation in the reformed schemes.

o. Phased Retirement

Phased retirement provides for a managed transition from work to retirement by enabling the scheme member to continue in work in a reduced capacity (by moving to part-time working or by relinquishing some responsibilities), but would want to supplement their income by drawing down some of their pension benefits. Phased retirement arrangements which reflect those in the current scheme remain, with the additional option of a third drawdown of benefits after a member’s 60th birthday.
p. **Abatement**

Abatement will not apply to service in the reformed NITPS. Abatement principles for the current scheme will remain unchanged and an amendment to the current regulations will specify that pension payable from the career average arrangements is not subject to abatement.

q. **Members who leave the scheme**

Members who leave the scheme and return within 5 years will have their CARE benefits increased by CPI + 1.6% during the break in service. Members who leave the scheme for longer than 5 years and return will have their benefits increased by CPI only during the break.

The Department recognises that protection of a deferred pension is a retention incentive to encourage teachers to remain in the profession whilst allowing for a break (or breaks) in service.

Given that there are more women than men in the workforce it follows that there would be a greater proportion of women returners, so any provision linked to service breaks will have a greater impact on women.

r. **Additional Contribution to purchase a higher accrual rate**

Flexibilities to allow members to elect to pay a higher contribution rate in return for a higher accrual rate for a particular year, at full member cost, within existing limits on additional pension.

s. **Additional Contribution to Reduce/Remove Early Retirement Reduction**

Members who in the reformed scheme have a normal pension age higher than 65 will have an option to pay additional contributions to reduce or, in some cases, remove any early retirement reduction that would apply, if they retire before their normal pension age. Only reductions that would apply in
respect of years after age 65 can be bought out and the maximum reduction that can be bought out is for 3 years (that would apply to a member with a Normal Pension Age of 68 or higher).
4. ASSESSMENT OF IMPACTS

In accordance with the guidelines, the Department is required to assess whether there is a differential or adverse impact on the Section 75 groups. In making this assessment the Department is aware that the duty goes beyond the necessity not to discriminate (either directly or indirectly) in respect of the groups.

An assessment of the impacts of the draft proposed changes on each of the Section 75 categories is set out in the following paragraphs. It should be noted that when a considerable number of proposed changes are being implemented at the same time, as is the case here, it is difficult to say with certainty what exact proposed change has caused a particular outcome. The assessments contained in this EQIA provide our best assessment of how each proposed change has impacted on each section 75 group, but it is not possible to segregate the impacts of each proposed change totally.

The proposed changes should have a positive impact on dependent status groups (nominated beneficiaries within the NITPS).

It may appear as a result of the proposed changes to the NITPS there are differential impacts on the basis of:

- Age
  - not all members of the NITPS will move to the career average scheme (based on the members age on 1 April 2012 and the number of years to NPA);
  - NPA will increase in line with SPA;
- Men and women generally
  - women will be impacted to a greater degree due to the makeup of the teaching workforce.
In addition all changes will be monitored to observe the actual outcomes when agreed changes have been implemented and actions may be taken in future years that may alter these outcomes.

**Men and Women Generally**

This policy will affect both men and women but due to the balance of the workforce it will have a greater impact on women.

The makeup of the teaching workforce was 76.5% female (14,950) and 23.5% (4,601) male in the 2013/14 academic year in grant-aided schools in the north of Ireland as detailed in Figure 4. Table 3 from GTCNI Digest of Statistics 2013 shows the number of teachers by school management type and gender.

**Figure 4: Teacher headcount by gender, 2009/10 -2013/14**
These workforce percentages for male and females are not reflected in the population as a whole; the 2011 Census indicates a male population of 887,323 and a female population of 923,540.

In respect of transgender men and women, a United Kingdom wide study for the Gender Identity Research and Education Society (GIRES) suggests that the prevalence rate for the north of Ireland is 8/100,000 (16 and over). This equates to 115 people using the data from the 2011 Census (population 16 and over - 1,432,501).

http://www.gires.org.uk/assets/Medpro-Assets/GenderVarianceUK-report.pdf

The Department does not believe that the reformed NITPS would have an adverse impact on the workforce because of their gender.

Age

In reviewing the proposals the Department considers there is an age element in the application of this policy. Table 4 from GTCNI Digest of Statistics 2013 shows the number of teachers by school management type and age.
Table 4: Number of teachers by school management type and age

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Catholic Maintained</th>
<th>Controlled</th>
<th>Grant Maintained</th>
<th>Other Maintained</th>
<th>Voluntary Grammar</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 and under</td>
<td>43</td>
<td>4</td>
<td>85</td>
<td>9</td>
<td>35</td>
<td>186</td>
</tr>
<tr>
<td>25 to 29</td>
<td>542</td>
<td>37</td>
<td>849</td>
<td>88</td>
<td>47</td>
<td>1,894</td>
</tr>
<tr>
<td>30 to 34</td>
<td>1,060</td>
<td>93</td>
<td>1,046</td>
<td>164</td>
<td>70</td>
<td>3,342</td>
</tr>
<tr>
<td>35 to 39</td>
<td>1,096</td>
<td>60</td>
<td>1,362</td>
<td>227</td>
<td>32</td>
<td>3,346</td>
</tr>
<tr>
<td>40 to 44</td>
<td>1,210</td>
<td>63</td>
<td>1,292</td>
<td>172</td>
<td>32</td>
<td>3,309</td>
</tr>
<tr>
<td>45 to 49</td>
<td>953</td>
<td>43</td>
<td>982</td>
<td>132</td>
<td>13</td>
<td>2,562</td>
</tr>
<tr>
<td>50 to 54</td>
<td>765</td>
<td>40</td>
<td>857</td>
<td>81</td>
<td>18</td>
<td>2,226</td>
</tr>
<tr>
<td>55 to 59</td>
<td>744</td>
<td>36</td>
<td>918</td>
<td>54</td>
<td>8</td>
<td>2,065</td>
</tr>
<tr>
<td>60 to 64</td>
<td>142</td>
<td>6</td>
<td>210</td>
<td>9</td>
<td>5</td>
<td>428</td>
</tr>
<tr>
<td>65 and Over</td>
<td>13</td>
<td>6</td>
<td>16</td>
<td>6</td>
<td>35</td>
<td>19,393</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>6,568</strong></td>
<td><strong>382</strong></td>
<td><strong>8,017</strong></td>
<td><strong>946</strong></td>
<td><strong>3,245</strong></td>
<td><strong>19,393</strong></td>
</tr>
</tbody>
</table>

Figure 5 shows the distribution of teachers’ ages. The median age in 2013/14 is 41 years. The greatest percentage of members fall within the 30-34 to 40-44 age bands.

**Figure 5:** Proportions of teachers by age band, 2011/12 – 2013/14

The Department recognises that not all members of the NITPS will move into the career average scheme. A level of protection will apply to those members who are within 10 to 13.5 years of their NPA on 1 April 2012.

Members who, as of 1 April 2012, have 10 years or less to their existing NPA are known as ‘Protected Members’ and will see no change to the age at which
they can retire, or any decrease in the amount of pension they receive and will remain in the final salary scheme provided they do not have a continuous break in service of more than five years.

Members who, as of 1 April 2012, have more than 10 but fewer than 13.5 years from their existing NPA are known as ‘Tapered Members’ and will remain in the final salary scheme for an additional period of time with linear tapering so that for every month of age that they are beyond 10 years of their NPA, they lose 2 months of protection. If the member has a break of more than 5 years and return to the scheme they will rejoin the career average scheme.

Transitional members of the NITPS are defined as members who have benefits in both the final salary and the reformed scheme, and service accrued in the final salary scheme will be maintained. This includes:

- Any scheme members with final salary benefits who move to the career average arrangements on, or after, 1 April 2015;

- Scheme members with tapered protection who then move to the career average scheme between 1 June 2015 and 1 February 2022 after the period of protection; and

- Scheme members who had protection but have lost the protection as a result of a break of more than five years.

**Religion**

This information is not available for the teaching population as Article 71 of the Fair Employment and Treatment (NI) Order 1998 makes schools exempt from the requirement to monitor the community background of their teaching staff during the recruitment process.

Religious belief is not a consideration in the application of this policy.
Table 5: NISRA 2011 Census – Religious Distribution in the north of Ireland

<table>
<thead>
<tr>
<th>Religious Group</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic</td>
<td>738,033</td>
</tr>
<tr>
<td>Presbyterian Church In Ireland</td>
<td>345,101</td>
</tr>
<tr>
<td>Church Of Ireland</td>
<td>248,821</td>
</tr>
<tr>
<td>Methodist Church In Ireland</td>
<td>54,253</td>
</tr>
<tr>
<td>Other Christian (including Christian related)</td>
<td>104,380</td>
</tr>
<tr>
<td>Other Religions</td>
<td>14,859</td>
</tr>
<tr>
<td>No Religion</td>
<td>183,164</td>
</tr>
<tr>
<td>Not stated</td>
<td>122,252</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,810,863</strong></td>
</tr>
</tbody>
</table>

**Political Opinion**

Religious belief is taken as a broad proxy for political opinion.

This information is not available for the teaching population as Article 71 of the Fair Employment and Treatment (NI) Order 1998 makes schools exempt from the requirement to monitor the political opinion of their teaching staff during the recruitment process.

Political opinion is not a consideration in the application of this policy.

**Racial groups**

Information has not been collected on the racial ethnic origin of employees. Since 2001 the racial ethnic origin of job applications has been monitored in line with statutory monitoring requirements. This information, which is incomplete, would indicate that less than 1% belongs to minority ethnic groups.

The Department has not been able to identify any single source of information on the workforce in relation to this measure. However there is no indication
that the reformed policy will disproportionately impact on the basis of racial group.

The Department has concluded that Race is not a consideration in the application of this policy.

**Table 6: NISRA 2011 Census – Racial Distribution in the north of Ireland**

<table>
<thead>
<tr>
<th>North of Ireland</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>1,778,449</td>
</tr>
<tr>
<td>Chinese</td>
<td>6,303</td>
</tr>
<tr>
<td>Irish Traveller</td>
<td>1,301</td>
</tr>
<tr>
<td>Indian</td>
<td>6,198</td>
</tr>
<tr>
<td>Pakistani</td>
<td>1,091</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>540</td>
</tr>
<tr>
<td>Other Asian</td>
<td>4,998</td>
</tr>
<tr>
<td>Black Caribbean</td>
<td>372</td>
</tr>
<tr>
<td>Black African</td>
<td>2,345</td>
</tr>
<tr>
<td>Black Other</td>
<td>899</td>
</tr>
<tr>
<td>Mixed Ethnic Group</td>
<td>6,014</td>
</tr>
<tr>
<td>Other Ethnic Group</td>
<td>2,353</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,810,863</strong></td>
</tr>
</tbody>
</table>

To note a person’s racial group is not a criterion for appointment.

**Marital Status**

At present this type of information is typically collected by employing authorities during recruitment activity in line with statutory monitoring requirements. However it reflects marital status at the time of appointment which may change during the period of employment. This information is not usually collated and the Department has not been able to identify any single source of information on the workforce in relation to this measure.
However, there is no indication that this policy will disproportionately impact on the basis of martial status.

Martial Status is not a consideration in the application of this policy.

**Dependent Status**

This information is not collected by employing authorities from employees in relation to their responsibilities as a ‘carer’.

The north of Ireland Census data recorded that one-third (34%) of households in the north of Ireland contained dependent children.

This policy applies to all persons who have caring responsibilities. The type of dependents the Department is aware of is nominated beneficiaries within the NITPS.

The level or type of pension benefit or lump sum varies, subject to a number of factors, such as whether the member is still contributing to the scheme and whether there are any dependents. In line with the current scheme, there is no qualification period for death grants and scheme members will not be required to complete two years qualifying service for dependents to be eligible for benefits.

As in the current scheme eligible beneficiaries include:

- Widows;
- Widowers;
- Civil partners;
- Nominated partners;
- Dependent children; and
- Dependent unmarried close family relative.

The Department considers the proposed enhancements, combined with other benefits such as death grants, will continue to provide a level of assistance to
dependents of scheme members who die near retirement to help them cope financially. The proposals which are included in the Consultation are detailed in the following points:

(i) Dependents’ pension where the scheme member dies after leaving the service

To maintain surviving adults pension at their current level, it is proposed within the Consultation ‘Proposal for implementation of the reformed NI Teachers’ Pension Scheme in 2015’ it will be calculated as 37.5% of the member’s accrued pension.

It is proposed that a similar approach be adopted for children’s pensions:

- where there is an eligible child, or more than one eligible child and a surviving adult, the child’s pension will be determined by multiplying the scheme member’s benefits by 37.5% and dividing by 2 or by the number of eligible children if there are more that 2; or
- if there is no surviving adult each child’s pension will be determined by multiplying the scheme member’s benefits by 50% and dividing by 2 or by the number of eligible children if there are more that 2.

(ii) Enhancement for dependents’ pension where a scheme members dies whilst an active member of the scheme

Where an active member dies, there is provision for dependents’ pensions to be enhanced in recognition of the fact that the early death of the active member is likely to cause financial hardship for the dependents’.

It is proposed within the Consultation to bring the method of calculating enhancements in line with ill-health enhancements within NITPS. The Department proposes, where a scheme member dies whilst in service, the pension that has been built up will be enhanced by an amount based on half of the extra pension that they would have built up if employment had
continued to their NPA. The salary used for the calculation will be the full-time
equivalent at the time the member dies and this is the case for full-time or
part-time members. Where the member is in multiple employments the full-
time equivalent salary will be determined by taking appropriate account of the
full-time salary for each job.

The reformed scheme will result in higher enhancements for the dependents
of scheme members who die at younger ages, but will generally reduce the
enhancements, compared to current arrangements, for those who die nearer
their NPA.

(iii) Death Grants

The NITPS provides for different levels of death grant to be paid, depending
on whether the scheme member is active, deferred or a pensioner. The
salary used to calculate the death grant in respect of an active member will be
the full-time equivalent pensionable earnings at the time of the member’s
death not the career average. The salary used for the calculation will be the
full-time equivalent at the time the member dies and this is the case for full-
time or part-time members. Where the member is in multiple employments
the full-time equivalent salary will be determined by taking appropriate
account of the full-time salary for each job.

The death grants will be calculated by reference to the member’s status at the
time of death, these are set out in Table 7 in the next page.
Table 7: Death grants in the NITPS

<table>
<thead>
<tr>
<th>Scheme members status at time of death</th>
<th>Death Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>active</td>
<td>3 x final salary</td>
</tr>
<tr>
<td>deferred</td>
<td>2.25 x scheme members’ accrued pension</td>
</tr>
<tr>
<td>pensioner</td>
<td>5 years worth of pension less amount paid to the scheme member to date – where member dies within 5 years of drawing their pension</td>
</tr>
</tbody>
</table>

(iv) Maintenance of other death grants and dependents’ benefit provisions

The short-term pension arrangements, whereby for a fixed period after a scheme members’ death, dependents receive pensions based on either the members’ salary (for active members) or benefits (for pensioners) will continue as they are currently.

In reviewing these proposals for dependents the Department considers there is an age element but it has concluded that it is better to target the benefits to need in the way proposed. This also aligns the provision for calculating survivors' pensions closely with those for calculating ill-health pensions for members unable to undertake any regular employment.

Disability

At present this type of information is typically collected by employing authorities during recruitment activity in line with statutory monitoring requirements. A single system has not been used by employing authorities to monitor employees/job applicants on grounds of disability therefore workforce data is incomplete and unreliable.
The Department has not been able to identify any single source of information on the workforce in relation to this measure. However, there is no indication that this policy will disproportionately impact on the basis of disability as disability is not a consideration in the application of this policy.

The north of Ireland 2011 Census data referenced in Table 8 below, shows that over one in five of the usually resident population have a health problem which limited their day to day activities.

Table 8: NISRA 2011 Census – Health and ability to conduct day-to-day activities.

<table>
<thead>
<tr>
<th>North of Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day-to-day activities limited a lot</td>
</tr>
<tr>
<td>Day-to-day activities limited a little</td>
</tr>
<tr>
<td>Day-to-day activities not limited</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Sexual Orientation

This information is not currently collected by employing authorities. However the “ShOut ” Report stated that, “analysis of the 2001 Census indicates that between 2-10% of the population may be lesbian, gay or bisexual”.

The Rainbow Project’s research into Lesbian, Gay or Bisexual (LGB) peoples’ experiences in employment indicates that almost one in four lesbian, gay and bisexual respondents from the public sector conceal their sexual orientation in the workplace.

There is no indication that this policy will disproportionately impact on the basis of sexual orientation as this policy will be applied irrespective of one’s sexual orientation.
**Multiple Identities**

This information is not currently collected by employing authorities.

The Department has considered the potential impact of the scheme reforms on this group and has concluded that the scheme reforms do not discriminate as the reformed scheme provisions apply irrespective of individuals multiple identities, so there is no direct impact on this Section 75 group.
5. CONSIDERATION OF MITIGATION AND ALTERNATIVES

The Department is totally committed to the proper implementation of the duties imposed on public authorities by Section 75 of and Schedule 9 to the NI Act 1998.

The Department’s assessment is that the proposed changes will overall have positive impacts because it includes provisions to:

- ensure that the revised NITPS is fit for purpose;
- ensure that the scheme is supportive of the Department’s policies;
- ensure that members have an understanding of the changes and impacts going forward;
- ensure that members are notified of the upcoming changes;
- determine employee and employer contributions for the scheme; and
- ensure that the scheme is affordable for members.

The Department acknowledges with reform there will undoubtedly be a perception of winners and losers; that unfortunately is avoidable. However doing nothing is no longer an acceptable option as the Public Service Pensions Act (NI) 2014 states that current schemes will close on 31 March 2015 and that no benefits are to be paid under the existing arrangements. The cost of any delay in implementing change for NITPS will be approximately £60 million a year. This will be taken from the Department’s budget and will impact on the level of service the Department provides and means children will not receive the educational opportunities they deserve.

The implementation of the proposed changes will result in some members remaining in the final salary arrangements, with others moving to the new career average arrangements. New members to the scheme on 1 April 2015 will accrue pension relevant to the salary earned at a given point in their career. Member contributions will be fairer as they are based on actual salary
not full time equivalent. Ill-health benefits will remain and eligible beneficiaries (dependents) will be able to avail of assistance to help them cope financially when a scheme member passes away. The proposals will allow the NITPS to be sustainable and equitable going forward.

The Department has consulted on the proposals for implementation of the reformed NI Teachers’ Pension Scheme in 2015, and proposed changes to contributions for members in the NITPS. The Departments responses to these consultations have been published and can be accessed via the Departments website.

The Minister’s decisions take account of the outcome of this EQIA consultation exercise as well as the outcomes from the consultation exercises to the implementation of the reformed NI Teachers’ Pension Scheme in 2015, and proposed changes to contributions for members in the NITPS.

All changes will be monitored to observe the actual outcomes when agreed changes have been implemented and actions may be taken in future years that could alter these outcomes.
6. RURAL/REGIONAL PROOFING

The purpose of the rural/regional proofing is to determine whether or not the policy proposal will have a different impact on rural areas than elsewhere.

Table 9 below details the teacher numbers by Urban, Rural and Education Board. Teacher numbers are based on a reference week in the autumn term for 2013/14 and it was 25-29 November 2013.

Table 9: Teacher numbers by Urban Rural and Board

<table>
<thead>
<tr>
<th></th>
<th>Belfast</th>
<th>Western</th>
<th>North Eastern</th>
<th>South Eastern</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>URBAN</td>
<td>RURAL</td>
<td>URBAN</td>
<td>RURAL</td>
<td></td>
</tr>
<tr>
<td>Number of Schools</td>
<td>165</td>
<td>135</td>
<td>101</td>
<td>125</td>
<td>152</td>
</tr>
<tr>
<td>Teacher Headcount</td>
<td>3961</td>
<td>944</td>
<td>2285</td>
<td>1115</td>
<td>2239</td>
</tr>
<tr>
<td>Teacher FTE</td>
<td>2413.8</td>
<td>885.2</td>
<td>2300.2</td>
<td>1203.8</td>
<td>1327.4</td>
</tr>
</tbody>
</table>

There is no evidence to suggest that the policy reforms of the NITPS will have an adverse impact on rural communities.
7. CONSULTATION

The Department recognises the importance of meaningful consultation and is committed to consulting in an open and inclusive manner. The views of any organisation, group or individual with a particular interest in this area were sought and the Department reflected on any proposals made in a serious and considered manner in relation to their impact on:

(i) the promotion of equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with a disability and persons without; and
- between persons with dependents and persons without.

(ii) the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

The Consultation followed the Equality Commission’s guiding principles to consultation contained in their Practical Guidance on Equality Impact Assessment.

During the consultation period the Department:

- notified the opening of the consultation and the availability of the EQIA consultation document to schools, educational interest groups, religious groups, Section 75 groups, stakeholders and to any members of the public on request;
- placed a copy of the consultation documents on DE’s website;
- offered the consultation documentation available in alternative formats, should it be requested;
• considered consultation meetings on request with individuals or representatives of particular interest groups, taking account of any special requirements they may have; and
• dealt with any queries in a prompt manner.

The consultation was co-ordinated by the Pensions Policy team and closed on 31 October 2014.
8. **DECISION AND PUBLICATION OF REPORT**

Section 75 of the Northern Ireland Act 1998 requires the Department, in carrying out its functions, to have due regard to the need to promote equality of opportunity between Section 75 groups.

The Department has analysed the responses to the consultation and taken the results from the consultations on ‘Proposals for implementation of the reformed NI Teachers’ Pension Scheme 2015’ and ‘Proposed changes to contributions for members of the NITPS 2015’, and the outcomes from the EQIA into account before reaching the final decisions on the proposals.

The Department has concluded that the proposed changes will overall have positive impacts because they include provisions to ensure that the revised NITPS is fit for purpose and the scheme is affordable for members. In addition, benefits already accrued are protected and additional protection is provided for those closest to retirement who have less scope to change their retirement arrangements. The tiering design of the scheme includes protection for the lowest paid - in recognition that the lowest paid, including female part-time teachers, are potentially most at risk of opting out.

The Minister has reviewed the draft proposals in light of the main points raised in the course of consultation, including the conclusions in the final EQIA, and has confirmed that the proposals should be made as published in the draft consultations as these represent a proportionate means of implementing the provisions of the Public Service Pensions Act (NI) 2014. The Department will proceed to make regulations to give legislative effect to the proposed changes.

The responses and outcomes of the EQIA are documented in Appendix 1.

The final EQIA will be published on the Department’s Internet from **xx November 2014** and will be made available in hard copy and alternative formats on request. In addition all consultees who participated in the
consultation process will be advised of the availability of the final EQIA on the internet.
9. MONITORING FOR ADVERSE IMPACT IN THE FUTURE AND PUBLICATION OF THE RESULTS OF SUCH MONITORING

The Department acknowledges the gaps in the data and will consider how better quality data can be collected in future to inform monitoring and analysis of the effect of the policy. If this monitoring and analysis of results over a two-year period shows a greater adverse impact than expected, or if opportunities arise which would allow for greater equality of opportunity to be promoted, the proposals will be reviewed to determine whether better outcomes for the relevant equality groups may be achieved.
Summary of Consultation Responses to the EQIA on the proposals for reform of the NI Teachers’ Pensions Scheme in 2015

Introduction

The consultation sought views on the Department’s assessment of the equality impacts of the proposals for reform of the NI Teachers’ Pensions Scheme (NITPS) in April 2015 and any further information which could be useful in accessing those equality impacts.

This section summarises the key issues from the responses during the consultation process. Each response has been analysed and issues relating to Section 75 groups have been fully considered by the Department.

The Department is grateful for all responses to the consultation and would like to thank every individual and organisation who submitted their views.

A total of 6 responses were received. These were from trade unions, Disability Action and ‘other’, the one response falling into the ‘other category’ was from a NI Department.

<table>
<thead>
<tr>
<th>Type of Respondent</th>
<th>Responses</th>
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<tbody>
<tr>
<td>Union</td>
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<tr>
<td>Disability Action</td>
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<tr>
<td>Other</td>
<td>1</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
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</table>

A number of respondents questioned the necessity or the appropriateness of the reform of public sector pension schemes and specifically the NITPS. They
particularly opposed aligning the normal pension age for teachers with state pension age as it is not appropriate given the physical and mental demands of the teaching profession. Concern was also expressed that the Department has not completed the valuation of the NITPS as at 31 March 2008 which would detail the financial position of the NITPS.

The Department acknowledges that there is substantial opposition to the proposals for reforming the NITPS. However, the Public Service Pensions Act (NI) 2014 closes the existing public service pension schemes, including the NITPS, and sets the parameters within which the public sector pension schemes must operate going forward from April 2015.

The 2012 valuation of the NITPS is currently underway and the Department will present the findings when they are available.

Two unions (NASUWT and NAHT) commented on the arrangement for survivor benefits in their responses. The Department notes the comments; however this issue is outside the scope of the EQIA consultation which was in relation to Pension Reform. The Department will consider this issue through the normal consultation channels.

The majority of respondents were critical that the Department was unable to provide the relevant statistical analysis for the draft EQIA and expressed the view that the Department’s conclusions were unsubstantiated.

The Department acknowledges the views expressed regarding the level of statistical data available, however there proved to be insufficient time for additional relevant data to be collected, analysed and verified. As a consequence the draft EQIA was developed with the information available. The Department would draw attention to the following constraints:

- the very challenging time scales for implementing pension reform;
• the associated costs of delay in implementing pension reform (£60m per year) would be taken from the Department’s budget; and

• the current NITPS will be closed from 31 March 2015 under the provisions of the Public Service Pensions Act (NI) 2014.

Overview of Consultation Responses

<table>
<thead>
<tr>
<th>Q1</th>
<th>Do you consider that any of the proposals impact adversely on any of the Section 75 groups?</th>
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<tr>
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<td>There were 5 responses to this question.</td>
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<td>Yes</td>
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<td>4 (80%)</td>
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Most respondents indicated that the reforms to the NITPS will impact adversely on a number of the Section 75 groups, specifically:

• people from different racial groups;
• People of different ages;
• men and women generally;
• people with or without a disability; and
• people with or without dependents.

One respondent commented that, due to lack of relevant data, the draft EQIA had not substantiated whether or not an adverse impact exists on race, religion, sexual orientation, disability or dependents.
Q2. If the answer to question 1 is “yes”, please tell us:

- Which groups do you think the policy affect? and
- How you think these groups would be adversely affected?

There were 5 responses to this question.

The main equality issues identified during the analysis process and the Department’s position are summarised below:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Departments’ Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential age discrimination associated with transitional protection for those within 10 years of normal pension age at 1 April 2012 and a further 3.5 years protection on a tapered basis.</td>
<td>Transitional protection (full and tapered) is not funded from the cost ceiling set for a reformed NITPS and is an additional concession from Treasury. Entitlement to transitional protection is determined by a member’s proximity to normal pension age on 1 April 2012. The Department acknowledges that it is less favourable for younger scheme members, however transitional protection has been designed to mitigate the impact on older members as they will have had less time to plan financially for their retirement.</td>
</tr>
<tr>
<td>Potential age discrimination associated with increasing Normal Pension Age (NPA) to align with State Pension Age (SPA).</td>
<td>The increased longevity of members, the need to maintain affordability of the scheme, and bearing in mind the cost of public sector pensions born by the taxpayer, these factors have been the driving force behind public sector reforms, including the extension of NPA to SPA. The Public Service Pensions Act (NI) 2014 which was equality screened by the Department of Finance and</td>
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</table>
Personnel (DFP) sets NPA equal to SPA. DFP are required by the Act to review the impact of this policy every 2 years.

Within the boundaries of the Public Service Pensions Act (NI) 2014, the reformed NITPS allows members the flexibility to plan for their retirement.

They have the option to make higher payments of contributions (faster accrual); to purchase additional years’ contributions and buy out the actuarial reduction for a period of up to 3 years, from age 65 to NPA.

In addition members actuarial reduction on early retirement is reduced to 3% (from the current rate of 5%) from age 65.

Members also have the option of phased retirement as well as taking their benefits early and incurring an actuarial reduction in their benefits.

Potential discrimination of people with dependents associated with extending Normal Pension Age (NPA) to align with State Pension Age (SPA).

Within the boundaries of the Public Service Pensions Act (NI) 2014, the reformed NITPS allows members the flexibility to plan for their retirement.

They have the option to make higher payments of contributions (faster accrual); to purchase additional years’ contributions and buy out the actuarial reduction for a period of up to 3 years, from age 65 to NPA.

In addition members actuarial reduction on early retirement is reduced to 3% (from the current rate of 5%) from age 65.
| Potential discrimination of persons with a disability associated with the increase of normal pension age to state pension age and a reduction in benefits due to actuarial reductions. | Members also have the option of partial retirement as well as taking their benefits early and incurring an actuarial reduction in their benefits. 

Teaching staff have the option to work full, time or, with the agreement of the employer, part time or reduced hours. |
|---|---|
| Within the boundaries of the Public Service Pensions Act (NI) 2014, the reformed NITPS allows members the flexibility to plan for their retirement. 

They have the option to make higher payments of contributions (faster accrual); to purchase additional years’ contributions and buy out the actuarial reduction for a period of up to 3 years, from age 65 to NPA. 

In addition members actuarial reduction on early retirement is reduced to 3% (from the current rate of 5%) from age 65. 

Members also have the option of partial retirement as well as taking their benefits early and incurring an actuarial reduction in their benefits. 

Teaching staff have the option to work full, time or, with the agreement of the employer, part time or reduced hours. 

Where disability affects a member’s ability to teach, they can apply for ill-health retirement benefits. | The Department acknowledges that |
| Generally, associated with a lack of protection of service history due to career breaks of more than 5 years and an overall reduction in women’s life expectancy. | women tend to be the main carers of dependents and are more likely to take career breaks to meet these responsibilities. 
The Department consulted on reforms to the NITPS in June 2014 and presented an adjustment to increase the length of gaps in service from 5 to 10 years. 
The cost of this adjustment would have impacted on all members and was rejected by consultees. 
Consequently the Department will not be taking this adjustment forwarded. |
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<tr>
<td>Potential discrimination of men and women generally on the basis of long-term illness or disability resulting from the demands of the profession and the increase in NPA.</td>
<td>The reformed NITPS will continue to have the facility for members to avail of ill-health retirement benefits and the decision to award an ill-health benefit remains firmly with the Department after seeking appropriate medical evidence and advice.</td>
</tr>
</tbody>
</table>
| Potential discrimination of young teachers, women and different racial groups/ethnic minorities, who are disproportionately represented in the lower salary bands, on the grounds of affordability. | The Department has recently completed a consultation on member contributions. 
The conclusion is that the Department will implement a 6-tier ‘actual salary’ structure with the tiers being revalued by the Consumer Prices Index (CPI) on an annual basis. This structure continues to provide protections for the lowest paid. 
The Department collates NITPS opt-out data on a monthly basis which is reported monthly to Teachers’. |
The opt-out figures for NITPS are low and the Department will continue to monitor opt-outs and reasons to see if there is a correlation between affordability of member contributions and salary.

Q3 What alternative action might mitigate or lesson any adverse impact on these groups?

There were 4 responses to this question.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Departments’ Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>All respondents indicated that the Department should introduce robust monitoring systems and compile relevant statistics for section 75 groups.</td>
<td>The Department acknowledges the gaps in the data and will consider how better quality data can be collected in future to inform monitoring and analysis of the effect of the policy.</td>
</tr>
<tr>
<td>The removal of the link between Normal Pension Age (NPA) and State Pension Age (SPA).</td>
<td>The Public Service Pensions Act (NI) 2014 sets NPA equal to SPA. DFP are required by the Act to review the impact of this policy every 2 years.</td>
</tr>
<tr>
<td>All service in the current schemes (NPA 60 and 65) should be honoured, regardless of any number of years’ gap in service.</td>
<td>Any benefits built up in the final salary scheme will be protected and remain in that scheme. The calculation for a deferred pension award if there is a break in service of over 5 years is consistent with how deferred pensions are currently calculated.</td>
</tr>
<tr>
<td>The Department should cover the cost of actuarial reduction for teachers aged between 65 and 68.</td>
<td>The current arrangements for premature retirement allow for employers to meet the cost of releasing pension early.</td>
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<tr>
<td>The Department and the Employing</td>
<td>This issue is about employment</td>
</tr>
</tbody>
</table>

This issue is about employment.
<table>
<thead>
<tr>
<th>Authorities should raise awareness of the legal duties of schools and governors to make reasonable adjustments for those teachers deemed to have disabilities.</th>
<th>generally and not specifically about pension reform. The Department will raise this through the appropriate negotiating channels.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Department should work with assessment teams; Occupational Health and related agencies to provide support to teachers who maybe experiencing the onset of disability.</td>
<td>This issue is about employment generally and not specifically about pension reform. The Department will raise this through the appropriate negotiating channels.</td>
</tr>
<tr>
<td>The Department should provide more information to school leaders and all teaching staff in respect of their rights with regard to reasonable adjustments.</td>
<td>This issue is about employment generally and not specifically about pension reform. The Department will raise this through the appropriate negotiating channels.</td>
</tr>
<tr>
<td>The Department should provide awareness training for their staff regarding obligations contained within Disability Discrimination Order 2006 and the UN Convention on the Rights of Persons with Disabilities.</td>
<td>This issue is about employment generally and not specifically about pension reform. The Department will raise this through the appropriate negotiating channels.</td>
</tr>
<tr>
<td>The Department should incorporate all relevant government strategies with regard to equality in the reform process.</td>
<td>The Department assumes this comment is about the current arrangements for survivor benefits. The Department notes the comment and will consider this issue further through the normal consultation channels.</td>
</tr>
<tr>
<td>The Department should establish a “Working Longer Review” steering group akin to the initiative of Department for Education (DfE) in England and Wales.</td>
<td>The Department in monitoring the impacts of the policy and will further consider the feasibility of this proposal.</td>
</tr>
</tbody>
</table>
Q4 What Changes to the policy might better achieve the promotion of equality of opportunity and good relations?

There were 2 responses to this question.

One respondent recommended:

- the removal of the link between Normal Pension Age (NPA) and State Pension Age (SPA); and
- that all service in the current schemes (NPA 60 and 65) should be honoured, regardless of any number of years’ gap in service.

These issues have been covered in the Department’s responses to question 3.

Q5 Do you know of any additional evidence or information that the Department should have considered when assessing the equality impacts of the proposals? If so, please give details.

There were 5 responses to this question.

A number of respondents did not provide any additional evidence or information that should have been considered when assessing the equality impacts of the proposals.

Concerns were raised that no statistics exist in respect of teachers with a disability and the Department should factor this requirement into their workforce statistical analysis research as a matter of urgency.
Q6 Do you agree or disagree with the overall conclusions in the Equality Impact Assessment?

There were 5 responses to this question.

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Not Sure</th>
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<tr>
<td>0 (0%)</td>
<td>4 (80%)</td>
<td>1 (20%)</td>
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Respondents indicated that:

- the reforms would impact adversely on men and women due to the increase in NPA to SPA,

- a lack of transitional protection would impact younger members adversely;

- the draft EQIA did not offer appropriate mitigation; and

- the reforms would impact adversely on people with disabilities and those experiencing early onset of disability in later life.

In addition concerns were raised regarding the lack statistical information on disability within the teaching profession.

The respondent who was not sure stated that there was insufficient evidence available to draw any conclusions of the impact of pension reforms on Section 75 groups in terms or race, religion, sexual orientation, disability or dependents.

The Department believes that these issues are adequately addressed in the final EQIA where appropriate.
## Tapered Protection for members

<table>
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<tr>
<th>NPA 60 Scheme</th>
<th>Age on 1 April 2012</th>
<th>First day in reform scheme - The “transition” date</th>
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<td>Years</td>
<td>Months</td>
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<td>Years</td>
<td>Months</td>
<td>First day in reform scheme-The “transition” date</td>
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