
Teachers' Pension Scheme (England & Wales)

Introduction

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

Teachers' Pension Scheme (England & Wales)

Part I

	£
Request for Resources 1: Teachers' pensions	10,516,919,000
Total net resource requirement	10,516,919,000
Net cash requirement	1,583,646,000

Amounts required in the year ending 31 March 2008 for expenditure by the Teachers' Pension Scheme (England & Wales) on:

RfR 1: Teachers' pensions

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

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

	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	10,516,919,000	3,800,930,000	6,715,989,000
Total net resource requirement	10,516,919,000	3,800,930,000	6,715,989,000
Net cash requirement	1,583,646,000	580,284,000	1,003,362,000

Part II: Subhead detail

£'000

2007-08 Provision						2006-07 Provision	2005-06 Outturn		
Resources						Capital	Non- operating	Net Total	Net Total
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources
1	2	3	4	5	6	7	8	9	10
RfR 1: Teachers' pensions									
-	-	15,081,491	15,081,491	4,564,572	10,516,919	-	-	8,576,576	8,047,601
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A Pension and associated payments									
-	-	15,081,491	15,081,491	4,564,572	10,516,919	-	-	8,576,576	8,037,101
Non-Budget									
<i>Pension and associated payments</i>									
-	-	-	-	-	-	-	-	-	10,500
Total for Estimate:									
-	-	15,081,491	15,081,491	4,564,572	10,516,919	-	-	8,576,576	8,047,601

Part II: Resource to cash reconciliation

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement	10,516,919	8,576,576	8,047,601
Voted capital items			
Capital	-	-	-
Less Non-operating A-in-A	-	-	-
Total net voted capital	-	-	-
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-	-	-
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-15,075,070	-12,740,487	-12,043,665
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	51,487	18,868	-18,300
Increase (-) / Decrease (+) in creditors	-26,223	-13,360	-36,912
Use of provisions	6,116,533	5,420,304	5,102,967
Total accruals to cash adjustments	-8,933,273	-7,314,675	-6,995,910
Excess cash to be CFERd	-	27,618	-
Net Cash Requirement	1,583,646	1,289,519	1,051,691

Part III: Extra receipts payable to the Consolidated Fund

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

	£'000					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	144	<i>165</i>	139	<i>159</i>	134	<i>153</i>
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	<i>27,618</i>	-	-
Total	144	165	139	27,777	134	153

Forecast Combined Revenue Account

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Programme Costs			
RfR 1	10,516,775	8,576,437	8,047,467
<i>of which:</i>			
Income			
Contributions received	4,486,012	4,094,175	3,907,970
Transfers in	76,690	74,626	91,745
Other income receivable	2,014	2,010	2,593
Total Income	4,564,716	4,170,811	4,002,308
Expenditure			
Increase in liability	6,882,623	5,069,617	4,984,171
Interest on scheme liability	8,192,447	7,670,870	7,059,494
Other expenditure	6,421	6,761	6,110
Total Expenditure	15,081,491	12,747,248	12,049,775
Total Net Programme costs	10,516,775	8,576,437	8,047,467
Total Net Operating Cost	10,516,775	8,576,437	8,047,467
<i>of which:</i>			
Net Resource Requirement	10,516,919	8,576,576	8,047,601
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-144	-139	-134
Resource Budget	10,516,775	8,576,437	8,036,967

Notes to the Main Estimate (*continued*)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement (Estimates)	10,516,919	8,576,576	8,047,601
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-144	-139	-134
Other adjustments	-	-	-
Net Operating Cost (Accounts)	10,516,775	8,576,437	8,047,467
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-	-	-10,500
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-	-	-
Resource Budget (Budget)	10,516,775	8,576,437	8,036,967
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	-	-	-
Annually Managed Expenditure (AME)	10,516,775	8,576,437	8,036,967

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Voted Capital (Estimates)	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Other adjustments	-	-	-
Capital Budget (Budget)	-	-	-
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	-	-	-
Annually Managed Expenditure (AME)	-	-	-

Notes to the Main Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointment for the Request for Resources within this Estimate.

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

Mr David Bell Permanent Head of the Department as the Accounting Officer of the Teachers' Pension Scheme (England & Wales) has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Teachers' Pension Scheme (England & Wales).

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims and objectives and should regularly review the effectiveness of that system.

Notes to the Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
RfR 1: Teachers' pensions			
Programme	4,564,572	4,170,672	4,002,174
<i>of which:</i>			
Pension scheme related income	4,564,716	4,170,811	4,002,308
CFERs	-144	-139	-134
Total RfR 1	4,564,572†	4,170,672	4,002,174
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: receipts from employers and employees superannuation contributions; transfer values received; deductions from returns of contributions towards payment in lieu of graduated national insurance contributions equivalent premiums; recovery of contributions equivalent premiums from the state pension scheme; amounts received from employers of teachers' scheme members in reimbursement of the cost of premature retirement compensation payments on their behalf by Capita.</i>			
Total Operating A in A	4,564,572	4,170,672	4,002,174

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Over recovery of appropriations in aid Δ	144	165	139	159	134	153
Excess cash surrendered \bullet	-	-	-	27,618	-	-
Total	144	165	139	27,777	134	153

Notes to the Main Estimate (*continued*)

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

The total net resource sought for 2007-08 of £10,516,919,000 is 22.6 per cent higher than the final net provision for 2006-07 of £8,576,576,000 and 21.3 per cent higher than the forecast outturn for 2006-07 of £8,668,642,000.

Cash which may be retained to offset expenditure

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been, or will be, appropriated in aid.	4,564,572	4,170,672	4,002,174

