SCHEDULE Regulation 8

"PART G

FINANCE

Teachers' superannuation account

G1. The Scottish Ministers shall keep an account, substantially in the form set out in Schedule 12, of all receipts and payments under these Regulations for every financial year.

Receipts, etc., to be credited

G2.—(1) Employees' and employers' contributions during the financial year shall be credited to the account.

(2) Employees' contributions comprise–

(a) all contributions payable under regulations C2(1) and (1A), C3, C4, C5, C7 and C9, and paragraph 24 of Schedule 9;

(b) so much of any additional contributions payable under regulation C8 and C8A as would have been payable under regulation C2(1) if pensionable employment had continued; and

(c) all amounts payable under regulation C13.

(3) Employers' contributions comprise–

(a) the contributions payable under regulations G5, G6 and G7; and

(b) so much of any additional contributions payable under regulations C8 and C8A as would have been payable under regulation G5 if pensionable employment had continued.

(4) There shall also be credited to the account–

(a) subject to paragraph (b), the closing balance in the account for the preceding financial year;

(b) the closing balance in the account for the financial year ending on 31st March 2001 as determined by the Government Actuary by reference to the value of the scheme assets mentioned in regulation G4(9);

(c) all transfer values accepted under regulation F3 and additional transfer values under regulation D5 received during the financial year;

(d) all contributions equivalent premiums refunded, or recovered under section 61 of the 1993 Act, during the financial year;

(e) any interest and other payments under these Regulations received during the financial year; and

(f) the notional investment income for the financial year on the balance in the account.

(5) For the purposes of paragraph (4)(f), the notional investment income for the financial years commencing on or after 1st April 2001 shall be determined by the Government Actuary and derived using a percentage return as specified from time to time by the Government Actuary.

Payments to be debited

G3. There shall be debited to the account all sums paid during the financial year by way of–

(a) benefits under Part E, so far as not attributable to service before 1st June 1922;

(b) payments under paragraph 11 of Schedule 9;

(c) return of contributions (including interest) under regulations C10 and C12;

(d) transfer values under regulation F1 and additional transfer values under regulatiion F2;

(e) contributions equivalent premiums; and

(f) increases payable under the Pensions (Increase) Act 1971.

Actuarial review

G4.—(1) The Government Actuary shall, from time to time, make an actuarial review on the position in relation to the account as at the date determined by the Scottish Ministers ("the review date").

(2) In making a determination for the purposes of paragraph (1) the Scottish Ministers shall secure that–

(a) the next review date is no later than 31st March 2006; and

(b) the review date for each subsequent report is not later than 5 years after the previous review date.

(3) The Government Actuary, with the agreement of the Scottish Ministers, shall specify the funding methodology to be used in making the actuarial review.

(4) Any determination in relation to an actuarial inquiry made by the Scottish Ministers under paragraph (1) before 1st October 2003 shall have effect as if it were a determination in relation to an actuarial review.

(5) The Government Actuary shall make a report ("the report") on the actuarial review to the Scottish Ministers as soon as practicable after the review date and the Scottish Ministers shall lay the report before the Scottish Parliament.

(6) The report shall specify the standard contribution rate (expressed as a percentage) at which contributions should be paid during the period beginning and ending on days (following the date of the report) determined by the Scottish Ministers ("the relevant period").

(7) The report shall state the amount by which, at the review date, the value of the scheme assets exceeded or fell short of that of the scheme liabilities.

(8) Subject to paragraph (9), the scheme assets and the scheme liabilities shall be determined in accordance with the funding methodology specified in paragraph (3).

(9) For the purposes of the actuarial review reporting on the position in relation to the account as at 31st March 2001, the value of the scheme assets shall equal the value of the scheme liabilities.

(10) If the report states that the value of the scheme liabilities exceeded that of the scheme assets, it is to specify a rate at which, during the relevant period, supplementary contributions should be paid by employers of persons in pensionable employment so as to remove the deficiency within the period of 15 years beginning on the first day of the relevant period.

(11) If the report states that the value of the scheme assets exceeded that of the scheme liabilities, it is to specify a rate at which, during the relevant period, the employers of persons in pensionable employment should receive a contribution rebate so as to remove the surplus within the period of 15 years beginning on the first day of the relevant period.

(12) The rate referred to in paragraphs (10) and (11) is to be expressed as a percentage of the contributable salaries from time to time of persons in pensionable employment; the percentage must be a multiple of 0.05.

(13) Any determination made by the Scottish Ministers for the purpose of this regulation shall be made with the consent of the Treasury.

(14) In this regulation "employees' contributions" and "employers' contributions" are to be construed in accordance with regulation G2(2) and (3).

Employers' contributions

G5.—(1) Subject to paragraph (3), the employer of a teacher in pensionable employment shall during every relevant period beginning with the relevant periiod starting on 1st October 2003 pay contributions of the required percentage of the teacher's contributable salary for the time being.

(2) The required percentage is –

$$(A - 6) + (B - C)$$

if the result would be less than zero, zero, where–

A is the percentage specified for the relevant period under regulation G4(6);

B is any percentage specified for the relevant period under regulation G4(10) and (12); and

C is any percentage specified for the relevant period under regulation G4(11) and (12).

(3) No contributions are to be paid in respect of anyone to whom regulation E30(2)(a) has become applicable.

(4) Where a teacher commences employment by virtue of regulation H1A and that teacher either simultaneously or subsequently commences employment at reduced salary by virtue of regulation H1 the employer of that teacher shall pay the contributions payable under paragraphs (1) and (2) and regulation C2 on the amount determined by paragraph (5).

(5) The amount referred to under paragraph (4) shall be the difference between–

(a) the contributable salary which would be payable under regulation H1A if employment at reduced salary by virtue of regulation H1 had not been commenced, and

(b) the contributable salary payable where employment has been commenced under both regulations H1 and H1A.

(6) For the purposes of this regulation–

(a) an education authority is deemed to be the employer of every person employed in or in connection with a school under their management, other than of a person who is in the employment of an employment business; and

(b) "relevant period" is to be construed in accordance with regulation G4(6).

(7) In this regulation "employment business" has the meaning assigned to it by section 13(3) of the Employment Agencies Act 1973(**1**)

Employers' contributions – employees' elections under regulation C1A

G6.—(1) In this regulation "employer A", "employer B" and "employer C" have the same meaning as in regulation C1A(1)(b) and (6)(c).

(**1**) 1973 c. 35.

(2) Where a teacher who falls within regulation C1A(1)(a) has made an election under regulation C1A(1), the teacher's employer may elect that the contribution deficit, or such part of it as is specified in the election, is to be paid by that employer.

(3) Where a teacher who falls within regulation C1A(1)(b) has made an election under regulation C1A(1), either employer A or employer B may elect that the contribution deficit, or such part of it as is specified in the election, is to be paid by employer A or employer B, as the case may be.

(4) Where a teacher who has made an election under regulation C1A(1) ceases to be in pensionable employment in circumstances where–

(a) his election continues to have effect by virtue of regulation C1A(6)(c)(ii);

(b) an election has been made under paragraph (2) or under paragraph (3) by employer B; and

(c) the employer who made the election does not confirm that election under paragraph (7)(a)(ii),

employer C may elect that the contribution deficit, or such part of it as is specified in the election, is to be paid by employer C.

(5) In paragraphs (2) and (3) "the contribution deficit" means contributions of the required percentage of the difference between the teacher's actual contributable salary and his contributable salary at the rate referred to in regulation C1A(4).

(6) An election for the purposes of paragraphs (2), (3) or (4)–

(a) must be made by giving written notice to the Scottish Ministers;

(b) has effect–

(i) in the case of an election under paragraphs (2) or (3), from the date on which the teacher's election under regulation C1A(1) has effect, or from the end of the month in which the election was made, whichever is the later; and

(ii) in the case of an election under paragraph (4), from the date on which the teacher takes up employment with employer C or from the end of the month in which the election was made, whichever is the later;

(c) shall state whether the employer elects to pay the whole of the contribution deficit or a proportion of it and if so what that proportion is; and

(d) is irrevocable.

(7) An election made under paragraph (2), under paragraph (3) by employer B or under paragraph (4) ceases to have effect–

(a) in the case of an election under paragraph (2) or (3), if the teacher ceases to be employed by the employer who made the election unless–

(i) the teacher elects to pay additional contributions under regulation C8A; or

(ii) by virtue of regulation C1A(6)(c)(ii) the teacher's election does not cease to have effect and the employer confirms the election before the date on which the teacher takes up employment with the new employer; and

(b) in the case of an election under paragraph (4), if the teacher ceases to be employed by the employer who made the election unless he elects to pay additional contributions under regulation C8A.

(8) An election made under paragraph (3) by employer A ceases to have effect if the teacher ceases to be in pensionable employment unless he–

(a) elects to pay additional contributions under regulation C8A; or

(b) takes up pensionable employment with another employer within six months of ceasing to be in pensionable employment.

(9) Where, in relation to a teacher who falls within regulation C1A(1)(b)–

(a) there are at any time elections by both employer A and employer B, or, as the case may be, employer A and employer C; and

(b) if both elections were fully effective their combined effect would be that more than the contribution deficit would be paid to the Scottish Ministers,

the election by employer B or, as the case may be, employer C shall have full effect but the election by employer A shall have effect only to the extent of the difference (if any) between the contribution deficit and the amount which is the subject of the election by employer B or employer C.

Employers' contributions – part-time elections

G7.—(1) Where regulation C2A applies, the employer of the teacher in pensionable employment shall–

(a) pay contributions calculated in accordance with regulation G5 G5 referable to the back period; and

(b) unless the Scottish Ministers determine otherwise, pay interest on such contributions which have accrued on each reference date at 7% per annum, compounded with yearly rests from the reference date in question to the date of payment of the contributions, and in this paragraph expressions which are used also in regulation C2A have the same meaning as in that regulation.

(2) Any sum which is due under paragraph (1)(a) shall be paid to the Scottish Ministers on receipt of a written demand (without prejudice to the obligation to pay the sums referred to in paragraph (1)(b)).

Payment by employers to Scottish Ministers

G8.—(1) The employer of a teacher in pensionable employment shall pay to the Scottish Ministers, within 7 days after the end of each month–

(a) all amounts due from the teacher that are deductible from the teacher's teacher's salary under regulation C14(1);

(b) the contributions payable under regulation G5; and

(c) the contributions payable in pursuance of an election under regulation G6,

in respect of the teacher's contributable salary for that month.

(2) Where the former employer (referred to in regulations C1A(1) and G6 as "employer A") of a teacher in pensionable employment has made an election under regulation G6(3), that employer shall pay to the Scottish Ministers within 7 days after the end of each month the contributions payable in pursuance of the election.

(3) Where an employer has elected under regulation C3(2A) to pay additional contributions in respect of a teacher, payment to the Scottish Ministers of the lump sum referred to in paragraph 9(1) of Schedule 4 shall be made within the period referred to in paragraph 9(2) of that Schedule.

(4) Where a teacher receives such an increase in contributable salary as is mentioned in regulation E29(13), the teacher's last employer before he became entitled to payment of retirement benefits ("the former employer") may make an election under paragraph (5).

(5) An election under this paragraph is an election to pay an additional contribution of A minus B minus C where–

A is the actuarial value of the retirement benefits to which the teacher would be entitled calculated by reference to the salary he received;

B is the actuarial value of the retirement benefits to which the teacher would be entitled if he was treated as receiving the increase in his contributable salary referred to in regulation E29(13); and

C is the aggregate of contributions which would be repaid under regulation H4A if no election had been made.

(6) An election under paragraph (5) may be made by giving written notice to the Scottish Ministers no later than six weeks after the date on which the teacher became entitled to payment of retirement benefits.

(7) Where an election is made under paragraph (5) the payment to the Scottish Ministers under the election shall be made within 7 days after the date of the election.

(8) For the purposes of paragraph (1)–

(a) all salaries shall be treated as being payable monthly in arrears; and

(b) any arrears payable by reason of a retrospective increase in contributable salary shall be treated as having become payable in the month in which they were paid.

(9) If the full amount of any payment required under paragraphs (1) or (2) or under an election under paragraph (5) is not paid by the end of the period referred to in the relevant paragraph, interest shall be payable by the employer or former employer, as the case may be, on the amount outstanding at the interest rate specified in paragraph (10) compounded with monthly rests from the day after the end of the relevant period to the date of payment; but the Scottish Ministers may in any particular case waive the payment of interest.

(10) For the purposes of paragraph (9) the interest rate is–

(a) 12% per annum in relation to all amounts and contributions payable in relation to pensionable employment before 1st October 2003; and

(b) 8% per annum in relation to all amounts and contributions payable in relation to pensionable employment on or after 1st October 2003.”