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**1980 No. 1254 (S. 98)**

**EDUCATION, SCOTLAND**

**The Teachers' (Compensation for Premature Retirement)  
(Scotland) Regulations 1980**

*Made* - - - - - 12th August 1980

*Laid before Parliament* 29th August 1980

*Coming into Operation* 19th September 1980

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In exercise of the powers conferred on me by section 24 of the Superannuation Act 1972(a) and of all other powers enabling me in that behalf, I hereby with the consent of the Minister for the Civil Service make the following regulations:—

## PART I

## GENERAL

*Citation and commencement*

1. These regulations may be cited as the Teachers' (Compensation for Premature Retirement) (Scotland) Regulations 1980 and shall come into operation on 19th September 1980.

*Interpretation*

2.—(1) In these regulations, unless the context otherwise requires, any reference to a regulation or to a Schedule shall be construed as a reference to a regulation contained in, or to a Schedule to, these regulations, as the case may be, any reference to a paragraph shall be construed as a reference to a paragraph in the same regulation or Schedule, as the case may be and any reference to a sub-paragraph shall be construed as a reference to a sub-paragraph contained in the same paragraph.

(2) Any reference to the annual rate of compensation payable to a designated teacher immediately before the date of his death shall, if he died before he had been credited with an additional period of service under regulation 5, include a reference to the annual rate of compensation which would have been payable if he had been so credited before his death.

*Definitions*

3. In these regulations, unless the context otherwise requires—

“annual pension”, “comparable British service”, “disqualifying income”, “local authority”, “pensionable salary”, “previous provisions”, “regular employment”, “retiring allowance” and “salary” have the same respective meanings as in the Superannuation Regulations;

“child”, in relation to a designated teacher, includes an illegitimate child, a child accepted as a member of his family or a child who is a nominated beneficiary, who is wholly or mainly dependent on him and has not attained the age of 17 years or, having attained the age of 17 years, is receiving full-time education or attending a course of not less than two years' full-time training for a trade, profession or calling but does not include a person who is married nor a person who is for the time being in receipt of a disqualifying income; and a person who is incapacitated on the date when by virtue of this definition he would otherwise cease to be a child shall be treated as being a child for so long as that incapacity persists;

“designated teacher” means an eligible teacher who has been credited (whether before or after his death) with an additional period of service under regulation 5;

“eligible teacher” means a teacher who is described in regulation 4;

“employing authority”, in relation to a teacher, means the local authority whose employment of that teacher ceased as described in regulation 4(a);

“enactment” includes any instrument made under an Act;

“former employment” in relation to an eligible teacher or a designated teacher means the employment which ceased as described in regulation 4(a);

“incapacitated”, in relation to any person, means incapacitated during any period in which he is in the opinion of the employing authority incapable by reason of infirmity of mind or body of earning his livelihood and he is not maintained out of moneys provided by Parliament or raised by the rates levied by local authorities;

“instrument” includes an Order in Council, regulation, order, rule, scheme, direction or agreement;

“material date”, in relation to an eligible teacher or a designated teacher, means the date upon which he ceased to hold his former employment;

“new employment”, in relation to a designated teacher, means employment mentioned in regulation 60(1) of the Superannuation Regulations which he enters after the material date;

“nominated beneficiary”, in relation to a deceased designated teacher, means a person nominated by him at the material date under regulation 65 of the Superannuation Regulations but does not include—

- (a) a person whose nomination has become void under paragraph (2) of that regulation; or
- (b) an incapacitated child on his ceasing to be a child;

“occupational pension”, in relation to an eligible teacher, means payments (other than lump sum payments) made in accordance with any contract, scheme or arrangement associated with his employment (whether or not as a teacher) for the payment of superannuation benefits;

“reckonable service”, in relation to a teacher, means the period of service which, in terms of regulation 49(2) of the Superannuation Regulations is reckonable (at the length therein prescribed) for the purpose of calculating any benefit payable to him under those regulations;

“teacher” means a person who on the material date was in reckonable service;

“the Superannuation Regulations” means the Teachers’ Superannuation (Scotland) Regulations 1977 to 1980 (a); and

“widow” means the wife of a deceased designated teacher but does not include a woman who married him after the material date.

#### *Teachers to whom the regulations apply*

4. Subject to the provisions of regulation 5, these regulations shall apply to a teacher who—

- (a) on or after 1st April 1976, ceases to hold his employment with an employing authority by reason of redundancy or in the interests of the efficient exercise of that authority’s functions, and in relation to whom that authority have provided the Secretary of State with a certificate in accordance with regulation 46(2)(c) of the Superannuation Regulations;
- (b) on ceasing to hold that employment—
  - (i) has attained the age of 50 years but has not attained the age of 65 years, and
  - (ii) is entitled in terms of regulation 46 of the Superannuation Regulations to receive a retiring allowance, and
- (c) is not entitled to have his case considered for the payment of compensation, in respect of loss of that employment, under any instrument within the meaning of Part I of Schedule I.

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(a) S.I. 1977/1360; S.I. 1977/1808; S.I. 1978/1507; S.I. 1980/344.

*Discretion to credit an additional period of service*

5. Subject as hereafter in these regulations provided, an employing authority may, in their discretion, within six months after the date upon which these regulations come into effect or the material date, whichever is the later, credit an eligible teacher with an additional period of service not exceeding the shortest of the following periods—

- (a) a period which, when added to his reckonable service and any period in respect of which he has become (or on attaining some greater age will become) entitled to an occupational pension, does not in aggregate exceed 40 years;
- (b) a period equal to the period beginning with the day following the material date and ending with the day immediately preceding the day on which he attains the age of 65 years, less any period of residual entitlement which he has to his credit (as described in Part II of Schedule 1);
- (c) a period equivalent to his reckonable service; or
- (d) a period of 10 years.

## PART II

## COMPENSATION

*Lump sum compensation and annual compensation*

6.—(1) Subject as hereafter in these regulations provided, a designated teacher shall on ceasing to hold his former employment be entitled to receive—

- (a) lump sum compensation equal to the amount by which the lump sum he is entitled to receive under the Superannuation Regulations would be increased in accordance with those regulations if a period, equal to the period with which he is credited under regulation 5, were added to his reckonable service after 30 September 1956; and
- (b) annual compensation at a rate equal to the rate by which the annual pension he is entitled to receive under the Superannuation Regulations would be increased in accordance with those regulations if a period, equal to the period with which he is credited under regulation 5, were added to his reckonable service.

(2) In this regulation reference to entitlement under the Superannuation Regulations means entitlement by virtue of regulation 46(2)(c) of those regulations.

*Allocation of part of annual compensation*

7.—(1) This regulation shall apply to a designated teacher who—

- (a) has, in accordance with regulation 53 of the Superannuation Regulations, by declaration allocated a part of the annual pension to which, on ceasing to hold his former employment, he would otherwise be entitled; and
- (b) not later than one month after receiving, under regulation 16, written notification of the amount of his annual compensation has given notice to his employing authority that he desires this regulation to apply to him.

(2) A designated teacher to whom this regulation applies shall be entitled by declaration to allocate such part of his annual compensation as is described

in paragraph (3), on the like terms and conditions and for the like consideration as if his annual compensation were an annual pension to which he had become entitled by virtue of regulation 46(2)(c) of the Superannuation Regulations.

(3) The part of his annual compensation which a designated teacher is entitled by declaration to allocate in accordance with paragraph (2), is any part which bears a proportion to his annual compensation that is equal to or less than the proportion which the part of the annual pension which he has by declaration allocated bears to the annual pension to which he would otherwise be entitled.

(4) In this regulation, "annual compensation" means the compensation payable to a designated teacher under regulation 6(1)(b), without any adjustment in accordance with Part III of these regulations.

#### *Short-term compensation*

8.—(1) Subject as hereafter in these regulations provided, if on the death of a designated teacher a short-term pension is or but for the transfer of benefits to another pension scheme in terms of regulation 72 of the Superannuation Regulations would have been payable to his widow, adult nominated beneficiary or child under regulation 63(2) of the Superannuation Regulations in relation to his former employment short-term compensation shall be payable to or for the benefit of that person or, as the case may be, those persons in accordance with this regulation.

(2) Short-term compensation shall not be payable to or for the benefit of the child or, as the case may be, the children of a designated teacher during any period in respect of which it is payable to his widow or adult nominated beneficiary.

(3) Where there is more than one child, to or for the benefit of whom short-term compensation is payable in terms of this regulation, short-term compensation shall be payable jointly to or for the benefit of those children.

(4) Short-term compensation shall be payable at an annual rate equal to the rate at which any annual compensation would have been payable to the designated teacher in accordance with these regulations immediately before his death if no account had been taken of any adjustment in accordance with regulations 13(3) or (insofar as concerns a reduction under paragraph 6 of Schedule 3) 15(2).

#### *Widow's or adult nominated beneficiary's long-term compensation*

9.—(1) Subject as hereafter in these regulations provided, if on the death of a designated teacher a long-term pension is or but for the transfer of benefits to another pension scheme in terms of regulation 72 of the Superannuation Regulations would have been payable to his widow or adult nominated beneficiary under regulation 64(1) of and in accordance with Table 1 of Schedule 8 to the Superannuation Regulations in relation to his former employment, long-term compensation shall be payable to that person in accordance with this regulation.

(2) Long-term compensation under this regulation shall be payable at an annual rate equal to one half of any annual compensation which would have been payable to the designated teacher in accordance with these regulations immediately before his death if no account had been taken of any adjustment

in accordance with regulations 7, 12(4), 13(3) or (insofar as concerns a reduction under paragraph 6 of Schedule 3) 15(2) and—

- (a) where the designated teacher, at the time of his death, was in a new employment in which he was not in reckonable service, if no account had been taken of any adjustment in accordance with regulation 14(2), or
- (b) where the designated teacher, at the time of his death, was in a new employment in which he was in reckonable service, if that annual compensation were reduced in the manner described in paragraph 4 of Schedule 3, on the assumption, in any case where he had not at the time of his death attained the age of 60, that the reckonable service referred to in paragraph 5(i)(b)(ii) of that Schedule were the service which he would have been entitled to reckon as reckonable service if at that time he had been a teacher such as is mentioned in regulation 47(1) of the Superannuation Regulations.

*Children's long-term compensation*

10.—(1) Subject as hereafter in these regulations provided, if on the death of a designated teacher a long-term pension is or but for the transfer of benefits to another pension scheme in terms of regulation 72 of the Superannuation Regulations would have been payable to or in respect of his child or as the case may be his children under regulation 64(1) of and in accordance with Table 2 of Schedule 8 to the Superannuation Regulations in relation to his former employment, long-term compensation shall be payable to or in respect of that child or those children in accordance with this regulation.

(2) Long-term compensation under this regulation shall be payable—

- (a) where the designated teacher is survived by a widow or adult nominated beneficiary to whom for the time being compensation is or but for regulation 11(3) would be payable under regulation 9, at an annual rate which, opposite to the number of children in respect of whom it is for the time being payable specified in column (1) of the following table, is specified in column (2) thereof; and
- (b) in any other case, at an annual rate which, opposite to the number of children in respect of whom it is for the time being payable specified as aforesaid, is specified in column (3) of that table:—

TABLE

(1)	(2)	(3)
Number of children	Annual rate of children's long-term compensation where compensation is payable to widow or adult nominated beneficiary	Annual rate of children's long-term compensation where no compensation is payable to widow or adult nominated beneficiary
1 child	One quarter of the designated teacher's annual compensation	One third of the designated teacher's annual compensation
2 or more children	One half of the designated teacher's annual compensation	Two thirds of the designated teacher's annual compensation

(3) For the purposes of paragraph (2) “the designated teacher’s annual compensation” means any annual compensation which would have been payable to the designated teacher in accordance with these regulations immediately before his death, if no account had been taken of any adjustment in accordance with regulations 7, 12(4), 13(3) or (insofar as concerns a reduction under paragraph 6 of Schedule 3) 15(2), and

- (a) where the designated teacher, at the time of his death, was in a new employment in which he was not in reckonable service, if no account had been taken of any adjustment in accordance with regulation 14(2), or
- (b) where the designated teacher, at the time of his death, was in a new employment in which he was in reckonable service, if that annual compensation were reduced in the manner described in paragraph 4 of Schedule 3 on the assumption, in any case where he had not at the time of his death attained the age of 60, that the reckonable service referred to in paragraph 5(i)(b)(ii) of that Schedule were the service which he would have been entitled to reckon as reckonable service if at that time he had been a teacher such as is mentioned in regulation 47(1) of the Superannuation Regulations.

(4) Long-term compensation under this regulation shall be payable to or for the benefit of the child or, as the case may be, jointly to or for the benefit of any children dependent on the designated teacher at the time of his death.

*Payment of compensation under regulations 8, 9 and 10*

11.—(1) Subject as hereinafter provided, short-term compensation payable in terms of regulation 8 shall be payable in respect of the period of three months commencing with the day following the day of the designated teacher’s death.

(2) Subject as hereinafter provided, long-term compensation payable in terms of regulations 9 and 10 shall be payable from the day following the expiration of the period of three months mentioned in paragraph (1).

(3) Short-term or long-term compensation payable to or in respect of any person in terms of regulation 8, 9 or 10 shall cease to be payable upon that person marrying or commencing to live with a man as his wife or with a woman as her husband in respect of any period after such marriage or so commencing; but any such compensation which has ceased to be payable by reason of marriage or living together may, if the employing authority in their discretion so decide, again be payable upon the person again becoming a widow or widower or on the termination of the last marriage or, as the case may be, of the living together.

(4) Short-term or long-term compensation payable to or for the benefit of a child in terms of regulation 8 or 10 shall cease to be payable when he ceases to be a child.

(5) Only one payment of compensation (whether short-term or long-term) shall be payable under these regulations at any one time in respect of the children of any designated teacher; and where apart from this paragraph more than one such payment would be payable the greater of those payments shall be paid.



(6) Subject to the provisions of paragraphs (3), (4) and (5) long-term compensation payable in terms of regulations 9 and 10 shall be payable until the death of the person to or for whose benefit it is payable.

(7) In this regulation payment of compensation means any payment or series of payments of compensation which may be paid to any person in terms of these regulations.

### PART III

#### ADJUSTMENT

##### *Adjustment of compensation to take account of redundancy payments*

12.—(1) This regulation applies to a designated teacher who—

- (a) is credited under regulation 5 with an additional period of service in excess of  $6\frac{2}{3}$  years; and
- (b) has received, or is entitled to receive, a redundancy payment.

(2) The lump sum compensation payable to a designated teacher to whom this regulation applies shall be reduced by an amount determined in accordance with the formula in paragraph (3) and if the amount determined in accordance with the formula in paragraph (3) exceeds the lump sum compensation, the amount of the excess (hereinafter referred to as the “outstanding balance”) shall be dealt with in accordance with paragraph (4).

(3) The formula mentioned in paragraph (2) is—

$$\frac{(3R \times E) - Y}{10}$$

where:—

R is the amount of the redundancy payment referred to in paragraph (1)(b),  
Y is the amount, if any, by which the redundancy payment is reduced in accordance with the provisions of the Redundancy Payments Pensions Regulations 1965(a), and

E is the period of service, expressed in years and fractions of a year, with which the designated teacher is credited under regulation 5 in excess of  $6\frac{2}{3}$  years.

(4) Where there is an outstanding balance, annual compensation shall be reduced by an amount the capital value whereof is equal to the amount of the outstanding balance, such amount to be calculated in accordance with Schedule 2.

(5) In this regulation—

“annual compensation” means the compensation payable to a designated teacher under regulation 6(1)(b), adjusted in accordance with regulation 7;

“lump sum compensation” means the compensation payable to a designated teacher under regulation 6(1)(a);

“redundancy payment” means a redundancy payment within the meaning of the Redundancy Payments Act 1965(a) or the Employment Protection (Consolidation) Act 1978(b) which is payable to a designated teacher in respect of the cessation of his former employment and includes—

- (a) any deduction from any such payment in accordance with the provisions of the Redundancy Payments Pensions Regulations 1965; and
- (b) any amount by which any such payment is increased by his employing authority in pursuance of any contract or arrangement or any enactment, whenever passed or made.

#### *Other payments*

**13.—**(1) This regulation applies to a designated teacher who receives a termination payment on ceasing to hold his former employment.

(2) The lump sum compensation payable to a designated teacher to whom this regulation applies shall be reduced by the amount of the termination payment and, if the termination payment exceeds the lump sum compensation, the amount of the excess (hereinafter referred to as the “excess amount”) shall be dealt with in accordance with paragraph (3).

(3) Where there is an excess amount, the excess amount shall be deducted from the instalments of annual compensation as they accrue, so that no instalment becomes payable to the designated teacher until the aggregate of deductions from instalments equals the excess amount.

(4) In this regulation—

“annual compensation” means the compensation payable to a designated teacher under regulation 6(1)(b), adjusted as may be necessary in accordance with regulations 7, 12(4), 14(2) and (insofar as concerns a reduction under paragraph 4 of Schedule 3) 15(2);

“lump sum compensation” means the compensation payable to a designated teacher under regulation 6(1)(a), adjusted as may be necessary in accordance with regulation 12(2); and

“termination payment” means, in relation to a designated teacher, any payment (other than a redundancy payment or a payment made under regulations, or under provisions having effect as provisions of regulations, made under section 9 of the Superannuation Act 1972) made to him by his employing authority in consequence of the loss of his former employment, under any enactment or under any contract or arrangement with that authority and includes so much of any payment in lieu of notice as exceeds the salary he would have received if he had remained in his former employment for a period of three months after the material date.

#### *New employment*

**14.—**(1) This regulation applies to a designated teacher who enters new employment.

(2) The rate of annual compensation payable to a designated teacher to whom this regulation applies shall, for so long as he holds a new employment, not exceed the amount calculated in accordance with Part I of Schedule 3.

(3) Where, in relation to any designated teacher, two or more awards of annual compensation fall to be reduced in accordance with this regulation, each such award shall be reduced in proportion to its amount.

(4) In this regulation and Part I of Schedule 3, “the rate of annual compensation” means the rate at which compensation is payable to a designated teacher under regulation 6(1)(b), adjusted in accordance with regulations 7, 12(4) and 15(2).

#### *Cessation of new employment*

**15.**—(1) This regulation applies to a designated teacher who has ceased to hold a new employment in which he was in reckonable service.

(2) The annual compensation of a designated teacher to whom this regulation applies shall be reduced in the manner described in Part II of Schedule 3, if the aggregate of—

- (a) his reckonable service on the material date (disregarding the period described in (b), and any period described in (c), below),
- (b) the additional period of service with which he is credited under regulation 5,
- (c) any period of residual entitlement which he has to his credit (as described in Part II of Schedule 1), and
- (d) his reckonable service in relation to his new employment, including any enhancement of that service in accordance with regulation 51 of the Superannuation Regulations,

exceeds his total reckonable service on the assumption that he held his former employment until he had attained the age of 65 years.

(3) For the purposes of paragraph 2(a) and (d), the reckonable service of a designated teacher shall include service which, but for this paragraph, would have ceased to be reckonable service by reason of a transfer value having been paid, as described in regulation 72 of the Superannuation Regulations.

(4) In this regulation and Part II of Schedule 3 (subject as mentioned in paragraph 6 thereof), “annual compensation” means the compensation payable to a designated teacher under regulation 6(1)(b), adjusted in accordance with regulations 7 and 12(4).

## PART IV

### MISCELLANEOUS AND SUPPLEMENTAL

#### *Notification of compensation*

**16.** An employing authority, after—

- (a) crediting a designated teacher with an additional period of service under regulation 5,
- (b) the death of a designated teacher, or
- (c) making any adjustment in accordance with Parts II or III of these regulations,

shall as soon as reasonably practicable give the designated teacher, or such other person or persons to whom compensation is payable in accordance with these regulations, written notification of the compensation payable or of any adjustment and, in each case, of the calculation thereof.

*Supply of information*

17. A person to whom compensation is payable in accordance with these regulations shall—

- (a) furnish all such information as the employing authority may at any time reasonably require and shall verify that information in such manner, including the production of documents in his possession or control, as may be reasonably so required, and
- (b) not later than one month after his entering or ceasing to hold a new employment, give his employing authority written notification of that fact.

*Procedure for payment of compensation*

18.—(1) Compensation (other than lump sum compensation) which is payable to a person under these regulations shall be payable at intervals equivalent to those at which his pension is or would have been payable under the Superannuation Regulations, or at such other intervals as may be agreed between him and the employing authority.

(2) Subject to any statutory provision in that behalf, any compensation payable under these regulations, shall be payable to or in trust for, the person entitled to receive the compensation and shall not be assignable.

(3) Without prejudice to any other right of recovery, any compensation paid in error may be recovered by the employing authority by deduction from any compensation payable under these regulations.

*Paying authority*

19. Compensation payable under these regulations shall be paid by the employing authority.

New St. Andrew's House,  
Edinburgh.  
7th August 1980.

*George Younger*  
One of Her Majesty's Principal  
Secretaries of State.

Consent of the Minister for the Civil Service given under her Official Seal on 12th August 1980.

*T. A. A. Hart*  
Authorised by the Minister for  
the Civil Service.

## SCHEDULE 1

*Regulation 4(c)**Other entitlement*

## PART I

## EXCLUSIVE ENTITLEMENT

1. Regulations made under section 219 of the Local Government (Scotland) Act 1973(a) or any similar instrument.

## PART II

## RESIDUAL ENTITLEMENT

*Regulations 5(b)  
and 15(2)(c)*

2. Where, prior to his ceasing to hold his former or, as the case may be, his new employment, the reckonable service of a designated teacher has been increased by a period or he has been credited with an additional period of service, for the purpose of calculating—

- (a) retirement compensation under regulations made under section 219 of the Local Government (Scotland) Act 1973, or any similar instrument, on account of loss of his employment,
- (b) benefit under regulations made under section 220 of the Local Government (Scotland) Act 1973 or any similar instrument,
- (c) compensation under any scheme made under section 1 of the Superannuation Act 1972, or any similar instrument, on account of his retirement in the public interest, or
- (d) compensation under these regulations or any other regulations made under section 24 of the Superannuation Act 1972 or any similar instrument, on account of his ceasing to hold an employment with an authority by reason of redundancy or in the interests of the efficient exercise of the functions of that authority,

he shall, for the purposes of regulation 5(b) or, as the case may be, regulation 15(2)(c), have to his credit a period of residual entitlement, which shall be calculated in accordance with paragraph 3 or, as the case may be, paragraph 4.

3. For the purposes of regulation 5(b), a designated teacher's period of residual entitlement shall, subject as mentioned in paragraph 5(b), be—

- (a) the aggregate of the period described in paragraph 2 and the period, if any, of his former employment on account of which the compensation or benefit described in paragraph 2 has not been reduced; less
- (b) the period beginning with the day immediately following the first cessation of employment in respect of which his reckonable service was increased or he was credited as described in paragraph 2, and ending on the day on which he ceased to hold his former employment.

4. For the purposes of regulation 15(2)(c), a designated teacher's period of residual entitlement shall, subject as mentioned in paragraph 5(b), be—

- (a) the aggregate of the periods described in paragraph 2 and the period, if any, of his former employment and new employment on account of which the compensation or benefit described in paragraph 2 has not been reduced; less
- (b) the period beginning with the day immediately following the first cessation of employment in respect of which his reckonable service was increased or he was credited as described in paragraph 2, and ending on the day on which he ceased to hold his new employment.

5. In this Schedule—

- (a) a “similar instrument” means any instrument made under any provision to the like effect in any other enactment (whenever enacted), and
- (b) in a case where the period described in paragraph 3(b) exceeds that described in paragraph 3(a), or where the period described in paragraph 4(b) exceeds that described in paragraph 4(a), no account shall be taken of the excess.

## SCHEDULE 2

*Regulation 12(4)*

### *Adjustment on account of redundancy payments*

The amount by which the annual compensation is to be reduced in the circumstances described in regulation 12(4) shall be calculated in accordance with the following table:—

TABLE

Age last birthday	Reduction of annual compensation per £100 of redundancy payment or outstanding balance	
	Male	Female
50	6.26	5.43
51	6.36	5.48
52	6.47	5.55
53	6.61	5.64
54	6.77	5.75
55	6.96	5.87
56	7.17	6.01
57	7.40	6.16
58	7.64	6.32
59	7.89	6.49
60	8.15	6.67
61	8.43	6.87
62	8.73	7.08
63	9.05	7.32
64	9.39	7.58

## SCHEDULE 3

*Adjustment on account of new employment*

## PART I

*Regulation 14(2)*

## REDUCTION OF ANNUAL COMPENSATION DURING NEW EMPLOYMENT

1. The rate of annual compensation payable to a designated teacher shall—
  - (a) whilst he holds new employment, being regular employment, be so reduced or suspended (if necessary) as to ensure that his earnings together with his annual pension and his annual compensation (including any increase under section 2 of the Pensions (Increase) Act 1971(a) or section 59 of the Social Security Pensions Act 1975(b)) shall not exceed his salary of reference;
  - (b) whilst he holds new employment, not being regular employment, be so reduced or suspended (if necessary) for any quarter as to ensure that his earnings during that quarter together with his annual pension and his annual compensation (including any increase under section 2 of the Pensions (Increase) Act 1971 or section 59 of the Social Security Pensions Act 1975) shall not exceed one-quarter of his salary of reference.
  
2. For the purposes of this part of this Schedule—
  - (a) the rate of earnings at the commencement of the period of new employment shall be deemed to remain constant throughout the period of employment, provided that where there is a change of grade, or any other change in the conditions or terms of the employment which in the opinion of the employing authority constitutes a variation in the employment, the rate of earnings shall be taken to be that payable on the commencement of such change; and
  - (b) the salary of reference of a designated teacher shall be the highest salary rate received during the last three years of reckonable or comparable British service, whether continuous or not, before his annual compensation became payable to him, provided that—
    - (i) if during that period the designated teacher has paid superannuation contributions on a previous higher salary under previous provisions and that salary is more favourable, it shall be the salary of reference;
    - (ii) the salary of reference shall be reduced by the amount of any part of the annual pension which the designated teacher has allocated under regulation 53 of the Superannuation Regulations or previous provisions or under any corresponding provisions applicable to teachers in comparable British service and by the amount of any part of the annual compensation which he has allocated under regulation 7;
    - (iii) the salary of reference so reduced by the amount (if any) specified in sub-paragraph (ii) shall be increased by the amount (if any) which would have been due to the designated teacher

(a) 1971 c. 56.

(b) 1975 c. 60.

under section 2 of the Pensions (Increase) Act 1971 or section 59 of the Social Security Pensions Act 1975, if the salary of reference before being so reduced had been an annual pension coming into payment on the day following his last day of reckonable or comparable British service; and

- (c) “annual pension” includes any annual pension that would be payable to a designated teacher but for any transfer of benefits to another pension scheme.

## PART II

### *Regulation 15(2)*

#### REDUCTION OF ANNUAL COMPENSATION ON CESSATION OF NEW EMPLOYMENT

3. The annual compensation of a designated teacher to whom regulation 15 applies shall (with effect from the day on which he becomes entitled under the Superannuation Regulations to receive an annual pension in relation to his new employment) be reduced as described in this part of this Schedule.

4. The annual compensation shall be reduced each year by an amount calculated in accordance with paragraph 5.

5.—(1) An amount calculated in accordance with this paragraph shall be an amount equal to the product of—

- (a) the pensionable salary of his former employment or the pensionable salary of his new employment, whichever is the lesser, multiplied by
- (b) the shortest of the following three periods (expressed in years and fractions of a year)—
  - (i) the additional period of service with which he is credited under regulation 5,
  - (ii) the reckonable service he is entitled to reckon in relation to his new employment, as described in regulation 15(2)(d), and
  - (iii) the period of excess referred to in regulation 15(2), multiplied by
- (c) the relevant fraction.

(2) For the purposes of sub-paragraph (1)—

- (a) in comparing the pensionable salary of a designated teacher's former employment with that of his new employment, the pensionable salary of his new employment shall be the amount of that salary reduced by a fraction thereof where—
  - (i) the numerator of the fraction is equivalent to the aggregate of the amount of increases which would have been awarded under section 2 of the Pensions (Increase) Act 1971 and section 59 of the Social Security Pensions Act 1975 in respect of the period beginning with the day following cessation of the former employment and ending on the day the person becomes entitled to receive payment of an annual pension in respect of the new employment, on an official pension (within the meaning of the Pensions (Increase) Act 1971) of £100 a year which commenced from the first mentioned day, and



- (ii) the denominator of the fraction is equivalent to the aggregate of an official pension of £100 and the amount of the increases so determined; and
- (b) “the relevant fraction” means the fraction which, in accordance with the provisions of regulation 52 or 54(1)(b), as the case may be, of the Superannuation Regulations, is used in determining the amount of—
  - (i) the annual compensation payable to a designated teacher under regulation 6(1)(b), in the case of a calculation for the purposes of paragraph 4, and
  - (ii) the lump sum compensation payable to a designated teacher under regulation 6(1)(a) in the case of a calculation for the purposes of paragraph 6.

6.—(1) In addition to the reduction mentioned in paragraph 4, an amount calculated in accordance with paragraph 5 shall be deducted from instalments of annual compensation as they accrue so that no instalment becomes payable until the aggregate of deductions equals the said amount.

(2) For the purposes of sub-paragraph (1) “annual compensation” means the annual compensation payable to the designated teacher after reduction under paragraph 4.

## EXPLANATORY NOTE

*(This Note is not part of the Regulations)*

1. These Regulations provide for the payment of compensation to teachers, aged 50 or over employed by local authorities, who are prematurely retired by their employing authorities on redundancy or in the interests of the efficiency of their employing authorities' functions. The compensation is in the form of additions to accrued superannuation benefits.

2. Part I of the Regulations contains definitions. It also sets out the teachers to whom the Regulations apply (Regulation 4 and Schedule 1) and the number of years which may be credited at the discretion of employing authorities for compensation purposes (Regulation 5 and Schedule 1).

3. Part II of the Regulations relates to the compensation payable (Regulation 6) and provides for allocation of part of annual compensation on the same basis as that for superannuation benefits (Regulation 7). There is provision for the payment of compensation, on the death of a teacher to whom the Regulations apply, to his widow or adult nominated beneficiary and children (Regulations 8 to 11).

4. Part III and Schedules 2 and 3 provide for adjustment and reduction of compensation in certain circumstances.

5. Part IV contains miscellaneous provisions.