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STATUTORY INSTRUMENTS

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**1994 No. 2388**

**TRANSPORT**

**The Railway Pensions (Substitution) Order 1994**

*Made* - - - - *12th September 1994*

*Laid before Parliament* *12th September 1994*

*Coming into force* - - *13th September 1994*

Whereas the Secretary of State on 8th September 1994 gave a guarantee under paragraph 11 of Schedule 11 to the Railways Act 1993<sup>(1)</sup> in relation to the 1994 Pensioners “A” Section of the Railways Pension Scheme (defined in the following Order<sup>(2)</sup>), being a new scheme within the meaning of the said Schedule 11, which section includes the Paragraph 1 Section and the Paragraph 4 Section (defined in the following Order<sup>(2)</sup>), which sections are designated under paragraph 10(1) of that Schedule<sup>(2)</sup>;

And whereas the Secretary of State has laid before each House of Parliament a copy of such guarantee, in accordance with section 52D(3) of the Transport Act 1980<sup>(3)</sup>;

And whereas the Secretary of State<sup>(4)</sup> has consulted with the trustees of the Paragraph 1 Section and the Paragraph 4 Section in accordance with section 52D(1) of the Transport Act 1980;

Now therefore, the Secretary of State, in exercise of the powers conferred on him by sections 52B and 52D(4) and (5) of the Transport Act 1980<sup>(5)</sup> and all other powers enabling him in that behalf, hereby makes the following Order:

**Citation, commencement and interpretation**

1.—(1) This Order may be cited as the Railway Pensions (Substitution) Order 1994 and shall come into force on 13th September 1994.

(2) In this Order—

“actuarial valuation” means an actuarial valuation of the Railways Pension Scheme made by the actuaries under the second paragraph of Clause 6B (Actuarial Valuations) of the Railways Pension Scheme or such other actuarial valuation made by the actuaries as the Secretary of

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(1) 1993 c. 43.

(2) See article 1(2).

(2) See article 1(2).

(2) See article 1(2).

(3) 1980 c. 34; section 52D was inserted by paragraph 9(3) of Schedule 11 to the Railways Act 1993.

(4) See the definition of “Minister” in section 70(2), as amended by paragraph 9(4) of Schedule 11 to the Railways Act 1993.

(5) Section 52B was inserted by paragraph 9(3) of Schedule 11 to the Railways Act 1993.

State and the trustee of the Railways Pension Scheme may agree shall constitute an actuarial valuation for the purposes of this Order;

“actuaries” means the actuary appointed by the trustee of the Railways Pension Scheme under Clause 6B of that Scheme and the Government Actuary;

“business day” means any day other than a Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England and Wales;

“the Paragraph 1 Section” means the section of the Railways Pension Scheme designated in paragraph 1 of Schedule 5 to the Railway Pensions (Transfer and Miscellaneous Provisions) Order 1994<sup>(6)</sup> as a pension scheme which is to be treated as included among those schemes which are B.R. pension schemes for the purpose of Part III of the Transport Act 1980;

“the Paragraph 4 Section” means the section of the Railways Pension Scheme designated in paragraph 4 of Schedule 5 to the Railway Pensions (Transfer and Miscellaneous Provisions) Order 1994 as a pension scheme which is to be treated as included among those schemes which are B.R. pension schemes for the purpose of Part III of the Transport Act 1980;

“the Railways Pension Scheme” means the occupational pension scheme established by the Railways Pension Scheme Order 1994<sup>(7)</sup>, as amended by the Railway Pensions (Transfer and Miscellaneous Provisions) Order 1994<sup>(8)</sup> and by two deeds dated 8th September 1994 made by the trustee of the scheme;

“retail prices index” means the general index of retail prices (for all items) published by the Central Statistical Office;

“valuation date” means, in relation to any actuarial valuation, the date at which that valuation is made; and

a reference to an actuarial valuation which has been signed shall be taken to be a reference to an actuarial valuation which has been signed by or on behalf of the actuaries, and cognate expressions shall be construed accordingly.

(3) Where this Order requires any payment to be made on any particular day that payment shall be made on that day, or if that day is not a business day on the next following business day.

(4) Except so far as the context otherwise requires, any reference in this Order to a numbered article is to the article in this Order which bears that number.

2. The date which, for the purposes of section 52B of the Transport Act 1980, is to be the termination date in relation to the Paragraph 1 Section is 13 October 1994, and the liability of the Secretary of State to make to the persons administering the Paragraph 1 Section payments under section 52(1) of the Transport Act 1980 in relation to that section shall not continue after that date.

3. As at the termination date in relation to the Paragraph 1 Section the capital value of the unfunded obligations in the case of that section is £385,981,000, such amount having been determined by the Secretary of State.

4. The date which, for the purposes of section 52B of the Transport Act 1980, is to be the termination date in relation to the Paragraph 4 Section is 13 October 1994, and the liability of the Secretary of State to make to the persons administering the Paragraph 4 Section payments under section 52(1) of the Transport Act 1980 in relation to that section shall not continue after that date.

5. As at the termination date in relation to the Paragraph 4 Section the capital value of the unfunded obligations in the case of that section is £5,001,000, such amount having been determined by the Secretary of State.

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(6) S.I.1994/2005.

(7) S.I. 1994/1433.

(8) See article 5 and Schedule 4.

6.—(1) Schedules 1 and 2 to this Order shall have effect for the purpose of—

- (a) requiring the Secretary of State to make payments in respect of the capital values of the unfunded obligations specified in articles 3 and 5; and
- (b) providing for the accrual and payment of interest on the outstanding balances of the capital values of the unfunded obligations specified in articles 3 and 5.

(2) Any payment required to be made by the Secretary of State under Schedule 1 or 2 shall be made to the persons administering the Paragraph 1 Section and the Paragraph 4 Section.

7.—(1) The obligations to make payments under Schedules 1 and 2 shall be discharged if both the Paragraph 1 Section and the Paragraph 4 Section (“the sections”) have, in the opinion of the Secretary of State, been wound up.

(2) Where it appears to the Secretary of State that the sections may have been wound up the Secretary of State shall consult with the trustee of the Railways Pension Scheme.

(3) The Secretary of State shall notify the trustee of the Railways Pension Scheme of any determination by him that in his opinion the sections have been wound up.

Signed by authority of the Secretary of State for Transport

12th September 1994

*Goschen*  
Parliamentary Under Secretary of State,  
Department of Transport

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## SCHEDULE 1

PAYMENTS OF CAPITAL AND  
INTEREST IN RESPECT OF ONE  
HALF OF THE SUM OF THE CAPITAL  
VALUES SPECIFIED IN ARTICLES 3  
AND 5

### PART I

**1.—(1)** In this Schedule—

“outstanding balance”, in relation to any Table A amount, means the Table A amount reduced by the amount of any payments made under paragraph 3, increased by any accrued interest required to be added to that amount by any provision of this Schedule and reduced by the amount of any such interest which has been paid;

“section” means the 1994 Pensioners “A” Section;

“Special Reserve Fund” means the fund referred to as the Special Reserve Fund in Rule 13A of the Rules of the section; and

“Table A amount” means any amount specified in column 2 of Table A.

(2) In the event that any index referred to in this Schedule is not published within 15 days of the date on which such index should have been published the relevant provision shall be taken to refer to such value as the actuaries shall determine to be appropriate in all the circumstances of the case.

(3) In this Schedule, unless the context otherwise requires, any reference—

- (a) to a numbered paragraph is to the paragraph in this Schedule which bears that number;
- (b) to a numbered sub-paragraph is to the sub-paragraph which bears that number of the paragraph in which the reference appears; and
- (c) to a lettered Table is to the Table bearing that letter in this Schedule.

### PART II

**2.—(1)** The Secretary of State shall make six equal payments amounting in aggregate to £9,972,000, the first such payment to be made on 14 October 1994 and subsequent payments to be made on the fourteenth day of each following month.

(2) Interest shall accrue from 13 October 1994 on the outstanding balance for the time being of the amount specified in sub-paragraph (1), on 13 March 1995, at the rate of 4¼ per cent per annum, and the Secretary of State shall pay the interest which has so accrued on 14 March 1995.

(3) In this paragraph “outstanding balance”, in relation to the amount specified in sub-paragraph (1), means that amount reduced by the amount of any payments made under sub-paragraph (1).

**3.** The Secretary of State shall, in respect of each Table A amount, make twelve equal payments amounting in aggregate to that amount, the first such payment to be made on 14 April of the year specified in column 1 of Table A in relation to that amount and subsequent payments to be made on the fourteenth day of each following month.

**4.—(1)** Subject to sub-paragraph (3), interest shall accrue from 13 October 1994 to 13 October 1995 and during subsequent relevant periods on the outstanding balance of each Table A amount, on 13 October of each year, at the rate determined in accordance with sub-paragraph (2) in relation to the relevant period.

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(2) Subject to sub-paragraph (3), the rate in relation to any relevant period shall be:—

$$\left(1.0425 \times \left(\frac{Z}{W}\right) - 1\right) \times 100$$

per cent per annum.

(3) Where paragraph 3 requires the Secretary of State to commence payment of a Table A amount during a relevant period, the rate at which interest shall accrue during that period under sub-paragraph (1) on the outstanding balance of the Table A amount in respect of which such payment is required shall be:—

$$\left(1.0425 \times \left(\frac{Z}{W}\right)^{24/23} - 1\right) \times 100$$

per cent per annum.

(4) In this paragraph—

“relevant period” means a period of twelve months, the first such period being the period from 13 October 1994 to 13 October 1995 and subsequent relevant periods being periods of 12 months starting from the end of the previous relevant period;

“W” means the retail prices index for the month of September in the year before the year in which the relevant period begins;

“Z” means the retail prices index for the month of September immediately before the date on which the relevant period begins; and

$$\frac{Z}{W}$$

shall be calculated to three decimal places and, if

$$\frac{Z}{W}$$

is less than one, it shall be treated as one.

5. Where paragraph 6 does not require interest which has accrued under paragraph 4 to be paid on the day after it has accrued, that interest shall be added to the outstanding balance of the Table A amount in respect of which it has accrued.

6.—(1) Where paragraph 3 requires the Secretary of State to make any payment the Secretary of State shall also, on the same date, make a payment in respect of any interest which has accrued on and has been added to, or which is to accrue on, the outstanding balance of the Table A amount in respect of which paragraph 3 requires the Secretary of State to make payments, and the amount of any payment under this sub-paragraph shall be determined in accordance with the following provisions of this paragraph.

(2) The amount of any payment to be made under sub-paragraph (1) shall be such amount as is determined by the Secretary of State after consultation with the actuaries and notified to the persons administering the section.

(3) The Secretary of State shall make a determination on or before 14 March in each year in relation to the payments to be made under sub-paragraph (1) from 13 April in that year to 13 April in the following year, and shall, so far as reasonably practicable, determine the amounts so that the payments to be made each month during the period of 12 months from that 13 April are equal.

(4) If, from 13 April in the year in which the determination referred to in sub-paragraph (3) is made to 13 April in the following year, the payments made under sub-paragraph (1) are less than the interest which has accrued under paragraph 4 on the outstanding balance of the Table A

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amount in respect of which the payments have been made the Secretary of State shall, as soon as reasonably practicable, pay an amount equal to the shortfall; and where the payments made under sub-paragraph (1) exceed the interest which has accrued under paragraph 4 on such outstanding balance, the excess shall be deducted from any other amount payable to the persons administering the section under this Order.

Table A

(1) Year	(2) Amount
	£ million
1995	18.708
1996	17.232
1997	15.826
1998	14.501
1999	13.250
2000	12.070
2001	10.971
2002	9.937
2003	8.978
2004	8.084
2005	7.260
2006	6.492
2007	5.779
2008	5.121
2009	4.524
2010	3.972
2011	3.469
2012	3.023
2013	2.611
2014	2.249
2015	1.928
2016	1.642
2017	1.396
2018	1.175
2019	0.984
2020	0.823
2021	0.422

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(1) Year	(2) Amount
2022	0.402
2023	0.387
2024	0.372
2025	0.356
2026	0.341
2027	0.326
2028	0.316
2029	0.301
2030	0.291

## SCHEDULE 2

### PAYMENTS OF CAPITAL AND INTEREST IN RESPECT OF THE REMAINING ONE HALF OF THE SUM OF THE CAPITAL VALUES SPECIFIED IN ARTICLES 3 AND 5

1.—(1) In this Schedule, unless the context otherwise requires—

“outstanding balance”, in relation to any Table B amount, means that Table B amount reduced by the amount of any payments made under paragraph 2 or 3 in respect of that amount, increased by any accrued interest required to be added to that amount by any provision of this Schedule and reduced by the amount of any such interest which has been paid;

“payment date”, in relation to any Table B amount, means the date from which the Secretary of State shall be under a duty to make payments in relation to that amount under paragraph 2 or 3;

“section” means the 1994 Pensioners “A” Section;

“Special Reserve Fund” means the fund referred to as the Special Reserve Fund in Rule 13A;

“Table B amount” means, subject to paragraphs 4 and 11, any amount specified in Column 2 of Table B; and

any reference to a numbered Rule is to a Rule of the section which bears that number.

(2) In the event that any index referred to in this Schedule is not published within 15 days of the date on which such index should have been published the relevant provision shall be taken to refer to such value as the actuaries shall determine to be appropriate in all the circumstances of the case.

(3) In this Schedule, unless the context otherwise requires, any reference—

(a) to a numbered paragraph is to the paragraph in this Schedule which bears that number;

(b) to a numbered sub-paragraph is to the sub-paragraph which bears that number of the paragraph in which the reference appears;

(c) to a lettered sub-paragraph is to the sub-paragraph which bears that letter of the sub-paragraph in which the reference appears; and

(d) to a lettered Table is to the Table bearing that letter in this Schedule.

2.—(1) Subject to the provisions of paragraphs 4 and 11, if, on any relevant date in relation to any year after 2003 (“the relevant year”), the circumstances specified in sub-paragraph (2) have

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arisen in relation to the amount specified in column 2 of Table B in relation to the relevant year (“the specified amount”), from 13 April in the relevant year the Secretary of State shall be under a duty to make 120 payments amounting in aggregate to that amount, the first such payment to be made on 14 April in the relevant year and subsequent payments to be made on the fourteenth day of each following month.

(2) The circumstances referred to in sub-paragraph (1) are that the total of the relevant amounts in relation to the specified amount is more than

**A + B,**

where—

“A” means the amount determined by the actuaries in the relevant actuarial valuation in relation to the relevant year as being the amount retained in the Special Reserve Fund as at the valuation date in relation to that valuation, and, where in consequence of that valuation the amount retained in that Fund has been increased or reduced pursuant to Rule 13B (Application of Surplus) or 14B (Dealing with Shortfall) within six months after the date of signature of that valuation, so increased or reduced as the case may be; and

“B” means 3% of the amount determined by the actuaries in the relevant actuarial valuation in relation to the relevant year as being the total of the value of all the liabilities of the section in respect of pension rights as at the valuation date in relation to that valuation, and, where any change in pension rights has been made pursuant to Rule 13B or 14B in consequence of that valuation, increased or reduced as the case may be by an amount determined by the actuaries, before the date six months after the date of signature of the relevant actuarial valuation, as the change in the value of the liabilities of the section taking account of such change in pension rights.

(3) In this paragraph—

“relevant actuarial valuation”, in relation to any year, means the latest actuarial valuation to have been signed before 14 January of that year

“relevant amounts” means, in relation to any specified amount—

- (a) the specified amount and any interest added thereto under paragraph 5(2) or 7(1); and
- (b) any amount specified in column 2 of Table B below the specified amount in relation to which there is no subsisting duty to make payments under this paragraph or paragraph 3 (or, where more than nine such amounts are so specified, the nine such amounts immediately following the specified amount) and any interest added under paragraph 5(2) or 7(1) to any such amount;

excluding any part of any such amount or interest which has been paid; and

“relevant date” means any date before 14 April in the relevant year but after 14 April in the previous year, being a date not less than three months after the date of signature of the relevant actuarial valuation in relation to the relevant year.

(4) The amount of each payment required to be made under this paragraph shall be determined in accordance with paragraph 9.

**3.—**(1) Subject to the provisions of paragraphs 4 and 11, if, on any relevant date in relation to any year after 2003 (“the relevant year”), the circumstances specified in sub-paragraph (2) have arisen, then, from 13 April in the relevant year the Secretary of State shall be under a duty to make payments in respect of such amounts as he may notify to the persons administering the section on or before 13 April in the relevant year as being such of the amounts specified in sub-paragraph (3) (taken in the order specified in sub-paragraph (4)) as would, if they had not been relevant amounts for the purposes of sub-paragraph (2), have resulted in the circumstances specified in sub-paragraph (2) not arising.



(2) The circumstances referred to in paragraph (1) are that the total of the relevant amounts exceeds

$$A + C$$

where

“A” means the amount determined by the actuaries in the relevant actuarial valuation in relation to the relevant year as being the amount retained in the Special Reserve Fund as at the valuation date in relation to that valuation, and, where in consequence of that valuation the amount retained in that Fund has been increased or reduced pursuant to Rule 13B or 14B within six months after the date of signature of that valuation, so increased or reduced as the case may be; and

“C” means 10% of the amount determined by the actuaries in the relevant actuarial valuation in relation to the relevant year as being the total of the value of all the liabilities of the section in respect of pension rights as at the valuation date in relation to that valuation, and, where any change in pension rights has been made pursuant to Rule 13B or 14B in consequence of that valuation, increased or reduced as the case may be by an amount determined by the actuaries, before the date six months after the date of signature of the relevant actuarial valuation, as the change in the value of the liabilities of the section taking account of such change in pension rights.

(3) The amounts referred to in sub-paragraph (1) are—

(a) the amounts specified in column 2 of Table B in relation to the relevant year and the next two following years; and

(b) each of the outstanding amounts in relation to the relevant year.

(4) Amounts specified in sub-paragraph (3)(a) are to be taken before amounts specified in sub-paragraph (3)(b); the amounts specified in sub-paragraph (3)(a) are to be taken in the order in which those amounts are specified in Table B; and the amounts specified in sub-paragraph (3)(b) are to be taken in the order in which those amounts are specified in Table B.

(5) Where this paragraph requires the Secretary of State to make payments in respect of any amount specified in sub-paragraph (3)(a), those payments shall be made by making 120 payments, the first to be made on 14 April of the year specified in column 1 of Table B against that amount and subsequent payments to be made on the fourteenth day of each following month; and the amount of each such payment shall be determined in accordance with paragraph 9.

(6) Where this paragraph requires the Secretary of State to make payments in respect of any amount specified in sub-paragraph (3)(b), that amount shall be divided into 3 equal parts and the Secretary of State shall make 120 payments in respect of each such part, the first payment to be made, in respect of one part, on 14 April of the relevant year and, in respect of each other part on 14 April of the two next following years, respectively, and subsequent payments in respect of each part to be made on the fourteenth day of each following month; and the amount of each such payment shall be determined in accordance with paragraph 9.

(7) In this paragraph—

“outstanding amount” in relation to any year, means any amount specified in column 2 of Table B below the amount specified in Table B in relation to that year, except

(i) any amount specified in sub-paragraph (3)(a),

(ii) any amount in relation to which there is a subsisting duty to make payments under paragraph 2 or this paragraph,

(or, where more than nine such amounts are so specified, the nine such amounts immediately following the amount specified in Column 2 of Table B in relation to that year), excluding any part of such an amount which has been paid

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“relevant actuarial valuation”, in relation to any year, means the latest actuarial valuation to have been signed before 14 January of that year;

“relevant amounts” means—

- (a) the amount specified in column 2 of Table B in relation to the relevant year (“the specified amount”) and any interest added under paragraph 5(2) or 7(1) to the specified amount; and
- (b) any amount specified in column 2 of Table B below the specified amount in relation to which there is no subsisting duty to make payments under paragraph 2 or this paragraph (or, where more than nine such amounts are so specified, the nine such amounts immediately following the specified amount) and any interest added under paragraph 5(2) or 7(1) to any such amount;

excluding any part of such an amount or interest which has been paid; and

“relevant date” means any date before 14 April in the relevant year but after 14 April in the previous year, being a date not less than three months after the date of signature of the relevant actuarial valuation in relation to the relevant year.

4.—(1) Subject to the following provisions of this paragraph, if from 13 April in any year (“the specified year”) the Secretary of State does not come under a duty by virtue of paragraph 2 to make payments in respect of the amount specified in column 2 of Table B in relation to the specified year (“the specified amount”) and there is on 14 April of the specified year no subsisting duty on the Secretary of State to make payments in respect of that amount under paragraph 3, then thereafter the provisions of this Schedule shall apply as if the specified amount had been deleted from column 2 of Table B in relation to the specified year and added to the amount (“the later amount”) (if any) specified in column 2 of Table B in relation to the year (“the later year”) 10 years later than the specified year and as if the total, or the specified amount, as the case may be (“the substituted amount”), had been inserted in column 2 of Table B in relation to the later year, and, unless the contrary intention appears, any reference in this Schedule (including this paragraph) (however expressed) to a Table B amount, or an amount specified in column 2 of Table B in relation to any particular year, shall be construed accordingly.

(2) If—

- (a) on any relevant date (for the purposes of paragraph 2) the circumstances specified in paragraph 2(2) arise in relation to a composite amount, or
- (b) a composite amount is included in those amounts in respect of which the Secretary of State comes under a duty to make payments under paragraph 3,

then paragraph 2 or 3, as the case may be, shall impose on the Secretary of State a duty to make payments in respect of such of the Table B amounts as are comprised in that composite amount as he may notify to the persons administering the section, before the 14 April in the relevant year for the purposes of that paragraph, as being such of those amounts as would, if they had not been comprised in a relevant amount, have resulted in the circumstances specified in paragraph 2(2) or 3(2), not arising.

(3) Where the application of sub-paragraph (2) has resulted in the duty to make payments arising in respect of one or more, but not all, Table B amounts comprised in a composite amount, any reference in sub-paragraph (1) (however expressed) to a Table B amount shall include any Table B amount which is comprised in a composite amount.

(4) Where, by virtue of sub-paragraph (2), a duty to make payments has arisen in relation to a Table B amount which is comprised in a composite amount, then thereafter—

- (a) in sub-paragraph (b) of each of the definitions of “relevant amount” in paragraphs 2 (including that provision as it applies for the purposes of paragraphs 7 and 11) and 3 the reference to any amount specified in column 2 of Table B in relation to which there is

no subsisting duty to make payments shall be taken to include a reference to a composite amount in relation to any part of which there is no subsisting duty to make payments under paragraph 2 or 3; and

- (b) each of the definitions of “relevant amount” in paragraphs 2 (including that provision as it applies for the purposes of paragraphs 7 and 11) and 3 shall exclude any Table B amount comprised in the composite amount and in relation to which there is a subsisting duty to make payment.

(5) In this paragraph “composite amount” means a substituted amount which comprises more than one Table B amount.

5.—(1) From 13 October 1994 to 31 December 1994 interest shall accrue on the outstanding balance of the amount specified first in column 2 of Table B, on 1 January 1995, at the rate of 4¼ per cent per annum, and such interest shall be added to the outstanding balance of that Table B amount.

(2) Subject to the provisions of paragraph 8, during each relevant period from 13 October 1994 to 13 October in the year 10 years earlier than the year specified in column 1 in relation to any Table B amount (“the relevant Table B amount”) (except the amount referred to in sub-paragraph (1)) interest shall accrue on 13 October in each year on the outstanding balance for the time being of the relevant Table B amount at the rate determined in accordance with sub-paragraph (4) in relation to the relevant period.

(3) Interest which has accrued under sub-paragraph (2) shall be added to the outstanding balance of the relevant Table B amount.

(4) The rate in relation to any period shall be—

$$\left(1.0425 \times \left(\frac{Z}{W}\right) - 1\right) \times 100$$

per cent per annum, where

“W” means the retail prices index for the month of September in the year before the 14 October on which the relevant period begins;

“Z” means the retail prices index for the month of September immediately before the 14 October on which the relevant period begins;

and for the purpose of this paragraph

$$\frac{Z}{W}$$

shall be calculated to three decimal places and, if

$$\frac{Z}{W}$$

is less than one, it shall be treated as one.

(5) In this paragraph “relevant period” means the period of 12 months during which interest accrues under sub-paragraph (2) beginning on 14 October in any year.

6.—(1) From 31 December 1994 to 13 October 1995 interest shall accrue on the outstanding balance of the amount first specified in column 2 of Table B, on 13 October 1995, at the rate determined in accordance with sub-paragraphs (3) and (4) as modified by sub-paragraph (5).

(2) Subject to the provisions of paragraph 8, during each relevant period from the relevant date in relation to any Table B amount (“the relevant Table B amount”) (except the amount referred to in sub-paragraph (1)), interest shall accrue, on 13 October in each year, on the outstanding balance

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for the time being of the relevant Table B amount at the rate determined in accordance with sub-paragraph (3) in relation to the relevant Table B amount and in relation to the relevant period.

(3) The rate shall be—

$$\left( \left( 1 + \frac{P}{100} \right) \times 1.005 \times \left( \frac{Z}{W} \right) - 1 \right) \times 100$$

per cent per annum.

(4) In this paragraph—

“P” equals

$$\left( \left( 1 + \frac{Q}{2400} \right)^2 - 1 \right) \times 100;$$

“Q”, in relation to any Table B amount equals the total of the real gross redemption yields on the FT actuaries index-linked gilt edged investment index for stocks over 5-years maturity (5% inflation) as at the close of business on the 14th day of each month (or the next following business day) in the period of 12 months starting 18 months before the relevant date in relation to that Table B amount;

“W” means the retail prices index for the month of September in the year before the year in which the relevant period begins;

“Z” means the retail prices index for the month of September immediately before the date on which the relevant period begins; and

$$\frac{Z}{W}$$

shall be calculated to three decimal places and, if

$$\frac{Z}{W}$$

is less than one, it shall be treated as one

“relevant date”, in relation to the relevant Table B amount, means 13 October in the year 10 years earlier than the year specified in column 1 of Table B in relation to that amount;

“relevant period” means the period of 12 months during which interest accrues under sub-paragraph (2), beginning on 14 October in any year.

(5) For the purpose of determining the rate at which interest shall accrue on the outstanding balance of the amount first specified in column 2 of Table B, “W” shall be the retail prices index for the month of September 1993 and “Z” shall be the retail prices index for the month of September 1994.

7.—(1) A proportion of the interest (“the total of the interest”) which has accrued under paragraph 6 on 13 October in any year (“the relevant year”) on the outstanding balance of any Table B amount (“the relevant Table B amount”), being such proportion as is determined in accordance with sub-paragraph (2), shall be added to the outstanding balance of the amount specified in column 2 of Table B in relation to the year 10 years later than the relevant year, and the remaining interest shall be paid by the Secretary of State on 14 October in the relevant year.

(2) The proportion of the interest which is required by sub-paragraph (1) to be added to the outstanding balance of any Table B amount is that proportion of the total of the interest which X bears to Y, subject to a maximum of 100 per cent, where

“X” means the amount determined by the actuaries in the relevant actuarial valuation in relation to the relevant year as being the amount retained in the Special Reserve Fund as at the valuation

date in relation to that valuation, and, where in consequence of that valuation the amount retained in that Fund has been increased or reduced pursuant to Rule 13B or 14B within six months after the date of signature of that valuation, so increased or reduced as the case may be; and

“Y” means the total of the relevant amounts, as defined in paragraph 2(3), in relation to the relevant Table B amount and, for the purposes of this paragraph, any reference in that definition to “the specified amount” shall be taken to be a reference to the relevant Table B amount or, where the relevant Table B amount is comprised in a composite amount as defined in paragraph 4, that composite amount.

(3) In this paragraph “relevant actuarial valuation”, in relation to any year, means the latest actuarial valuation to have been signed before 14 January of that year.

(4) Where, at the time when sub-paragraph (1) requires a proportion of interest to be added to the outstanding balance of an amount specified in a particular place in column 2 of Table B, no amount is so specified, there shall be deemed for the purposes of this paragraph to be such a Table B amount whose value is zero.

**8.—**(1) During each relevant period from 13 October immediately following the payment date in relation to a Table B amount (“the relevant Table B amount”), interest shall accrue on 13 October in each year on the outstanding balance for the time being of the relevant Table B amount at the rate determined in accordance with sub-paragraph (7) in relation to the relevant Table B amount and in relation to the relevant period.

(2) Interest which has accrued under sub-paragraph (1) shall be paid by monthly payments to be made on the same dates as the dates on which payments of the relevant Table B amount are to be made and so that all such interest is paid on or before the date on which the last payment in respect of the relevant Table B amount is to be paid; and the amount of each payment made under this sub-paragraph shall be determined in accordance with paragraph 9.

(3) Any interest which has accrued under sub-paragraph (1) on the outstanding balance of any Table B amount and is not required by sub-paragraph (2) to be paid on the day after it has accrued shall be added to the outstanding balance of that Table B amount.

(4) Where the duty to make payments in relation to a Table B amount has arisen under paragraph 2 or 3 the Secretary of State shall pay any interest which has accrued on the outstanding balance of that Table B amount before the payment date in relation to that amount and which has not been paid, by monthly payments to be made on the same dates as the dates on which payments of that Table B amount are to be made and so that all such interest is paid on or before the date on which the last payment in respect of that Table B amount is to be paid; and the amount of each payment made under this sub-paragraph shall be determined in accordance with paragraph 9.

(5) Where the duty to make payments has arisen under paragraph 3 in relation to an amount specified in paragraph 3(3)(b) the interest which has accrued under paragraph 5 on the outstanding balance of that Table B amount before the payment date in relation to that amount and has not been paid shall be divided into 3 equal parts.

(6) In the application of sub-paragraphs (1) to (4) and paragraphs 9 and 10 in relation to an amount specified in paragraph 3(3)(b) any reference in those provisions or the definition of “payment date” to a Table B amount (however expressed) shall be taken to be a reference to a one-third part of such amount, calculated under paragraph 3(6), and any reference to the outstanding balance of a Table B amount (however expressed) shall be taken to be a reference to the sum of—

- (a) such one third part of the Table B amount, and
- (b) a one third part of the interest which has accrued on the outstanding balance of that amount before the payment date, calculated under sub-paragraph (5),

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reduced by the amount of any payments made in relation to such one third part of the Table B amount under paragraph 3, increased by any additions of interest under sub-paragraph (3) and reduced by any amounts of such interest which have been paid.

(7) The rate for the purpose of sub-paragraph (1) in relation to any amount and in relation to any period shall be

$$\left( Y + \frac{A}{CO_{t-1}} \times \left( \frac{R_t}{R_1} - 1 \right) \right) \times 100$$

per cent per annum.

(8) In this paragraph:—

“relevant date”, in relation to a Table B amount, means 13 October in the year specified in column 1 of Table B in relation to that amount;

“relevant period” means the period of twelve months during which interest accrues under sub-paragraph (1), the first such period starting with the 13 October immediately after the payment date, subsequent relevant periods starting with the end of the previous relevant period;

“A” equals

$$\frac{(Y \times L)}{(1 + Y) \times (1 - v^{10})};$$

“L” is the relevant Table B amount;

“P” equals

$$\left( \left( 1 + \frac{Q}{2,400} \right)^2 - 1 \right) \times 100;$$

“Q”, in relation to any Table B amount equals the total of the real gross redemption yields on the FT actuaries index linked gilt edged investment index for stocks over 5 years maturity (5% inflation), as at the close of business on the 14th day of each month (or the next following business day) in the period of twelve months starting eighteen months before the relevant date in relation to that Table B amount

“R<sub>1</sub>” means the retail prices index for the month of September in the year before the year in which the duty to make payments in respect of the relevant amount arises;

“R<sub>t</sub>” means the retail prices index for the month of September immediately before the date on which the relevant period begins;

“v” equals

$$\frac{1}{(1 + Y)};$$

“Y” equals

$$\left( \left( 1 + \frac{P}{100} \right) \times 1.005 \right) - 1;$$

CO<sub>t-1</sub> shall be determined in accordance with sub-paragraph (9); and

$$\frac{R_t}{R_1}$$

shall be calculated to three decimal places; if it is less than the value of

$$\frac{R_t}{R_1}$$

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in relation to the immediately preceding relevant period it shall be treated as equal to that 'value'; and if it is less than one it shall be treated as one unless the value of

$$\frac{R_t}{R_1}$$

in relation to the immediately preceding relevant period is greater than one, in which case it shall be treated as equal to that value.

(9) In this paragraph,  $CO_{t-1}$  is CO for the period of 12 months ending immediately before the relevant period; and CO for the period of 12 months ending immediately before the first relevant period is  $L - A$ , and CO for any subsequent period of 12 months is CO for the period of 12 months ending immediately before that period minus  $C_t$  and for this purpose—

$$C_t = A - (Y \times CO_{t-1}).$$

**9.—(1)** The amount of any payment required to be paid under paragraph 2 or 3 in relation to any Table B amount or by paragraph 8 in respect of interest on the outstanding balance of any Table B amount shall be such amount as is determined by the Secretary of State after consultation with the actuaries and notified to the persons administering the section.

(2) The Secretary of State shall make a determination on or before 14 March in every year in relation to the payments to be made from 13 April in that year to 13 April in the following year and shall, so far as reasonably practicable, determine the amounts referred to in sub-paragraph (1) so that the payments made each month in that period of twelve months are equal and so that, subject to the provisions of this Schedule, payments made in any such period of twelve months shall, so far as reasonably practicable, be equal to payments made in the immediately preceding period (disregarding any changes to the retail prices index).

**10.—(1)** Subject to the provisions of paragraph 11, if the total of the amounts paid under paragraph 2 or 3 in relation to a Table B amount and the amounts paid under paragraph 8 in respect of interest on the outstanding balance of that Table B amount do not equal the sum of the Table B amount and the total of the interest which has accrued on the outstanding balance of that amount and has not previously been paid the appropriate person shall pay to the other the adjustment.

(2) In this paragraph—

“adjustment” means the amount of the shortfall or excess, as the case may be;

“appropriate person” means, in the case of a shortfall in the amounts paid, the Secretary of State and, in the case of an excess in the amounts paid, the persons administering the section; and

“other” means such of the Secretary of State and the persons administering the section as is not the appropriate person.

**11.—(1)** Where the circumstances specified in sub-paragraph (3) arise at a time when, in relation to any Table B amount, the duty to make payments has arisen under paragraph 2 or 3 (“the relevant Table B amount”), the Secretary of State may issue a notice to the persons administering the section and from the date of such a notice the duty to make payments under paragraph 2 or 3, as the case may be, in respect of that amount shall terminate, but no notice shall be issued which would result in the total of the relevant amounts exceeding  $A+B$  (as defined in sub-paragraph (3)).

(2) From the date of a notice under sub-paragraph (1) the provisions of this Schedule shall apply as if such part of the Table B amount as remains unpaid had been added to the amount (“the later amount”) (if any) specified in Table B in relation to the year (“the later year”) 10 years later than the year of the notice of termination, and as if the total, or that amount, as the case may be (“the replacement amount”) had been inserted in column 2 of Table B in relation to the later year, and, unless the contrary intention appears, any reference in this Schedule (including this paragraph)

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(however expressed) to a Table B amount, or an amount specified in column 2 of Table B in relation to any particular year, shall be construed accordingly.

(3) The circumstances referred to in sub-paragraph (1) are that the total of the relevant amounts does not exceed

$$A + B$$

where

“A” means the amount determined by the actuaries in the relevant actuarial valuation as being the amount retained in the Special Reserve Fund as at the valuation date in relation to that valuation and, where in consequence of that valuation that amount retained in that Fund has been increased or reduced pursuant to Rule 13B or 14B within six months after the date of signature of that valuation, so increased or reduced as the case may be; and

“B” means 3% of the amount determined by the actuaries in the relevant actuarial valuation as being the total of the value of all the liabilities of the section in respect of pension rights as at the valuation date in relation to that valuation, and, where any change in pension rights has been made pursuant to Rule 13B or 14B in consequence of that valuation, increased or reduced as the case may be by an amount determined by the actuaries, before the date six months after the date of signature of the relevant actuarial valuation, as the change in the value of the liabilities of the section taking account of such change in pension rights.

(4) In this paragraph—

“relevant actuarial valuation” means the latest actuarial valuation to have been signed, excluding any actuarial valuation signed less than three months before the Secretary of State issues a notice under sub-paragraph (1); and

“relevant amount”, in relation to the relevant Table B amount, has the same meaning as in paragraph 2(3), and for the purposes of this paragraph any reference in that definition to “the specified amount” shall be taken to be a reference to the relevant Table B amount, where the relevant Table B amount is comprised in a composite amount as defined in paragraph 4, that composite amount.

(5) From the date of a notice to terminate the duty to make payments in respect of any Table B amount, interest shall cease to accrue on the outstanding balance of that Table B amount under paragraph 8(1), the duty under paragraph 8 to make payments in respect of interest which has accrued on the outstanding balance of that Table B amount shall cease, and paragraphs 6 and 7 shall apply in respect of the outstanding balance of that Table B amount and shall apply in respect of any interest which has accrued under paragraph 8 and has not been paid on or before the date of the notice to terminate the duty.

(6) Where the duty to make payments in respect of any Table B amount under paragraph 2 or 3 has previously arisen and has terminated, if—

(a) on any relevant date (for the purposes of paragraph 2) the circumstances specified in paragraph 2(2) arise in relation to that amount; or

(b) that amount is included in the amounts in respect of which the Secretary of State comes under a duty to make payments under paragraph 3,

then paragraph 2 or 3, as the case may be, shall apply in relation to that amount as if paragraph 2(1) or paragraph 3(5) or (6) as the case may be, required the Secretary of State to make payments amounting in aggregate to such part of the Table B amount as remains unpaid.

**12.** On 14 October 2094 the Secretary of State shall pay the outstanding balance of each Table B amount.



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Table B

(1) Year	(2) Amount
	£ million
2004	9.972
2005	18.708
2006	17.232
2007	15.826
2008	14.501
2009	13.250
2010	12.070
2011	10.971
2012	9.937
2013	8.978
2014	8.084
2015	7.260
2016	6.492
2017	5.779
2018	5.121
2019	4.524
2020	3.972
2021	3.469
2022	3.023
2023	2.611
2024	2.249
2025	1.928
2026	1.642
2027	1.396
2028	1.175
2029	0.984
2030	0.823
2031	0.422
2032	0.402
2033	0.387
2034	0.372

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(1) Year	(2) Amount
2035	0.356
2036	0.341
2037	0.326
2038	0.316
2039	0.301
2040	0.291
2041	—
2042	—
2043	—
2044	—
2045	—
2046	—
2047	—
2048	—
2049	—
2050	—
2051	—
2052	—
2053	—
2054	—
2055	—
2056	—
2057	—
2058	—
2059	—
2060	—
2061	—
2062	—
2063	—
2064	—
2065	—
2066	—
2067	—
2068	—

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(1) Year	(2) Amount
2069	—
2070	—
2071	—
2072	—
2073	—
2074	—
2075	—
2076	—
2077	—
2078	—
2079	—
2080	—
2081	—
2082	—
2083	—
2084	—
2085	—
2086	—
2087	—
2088	—
2089	—
2090	—
2091	—
2092	—
2093	—
2094	—

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order terminates the liability of the Secretary of State to make payments under section 52(1) of the Transport Act 1980 in respect of two sections of the Railways Pension Scheme, and makes provision for payments to be made in substitution for that liability.

It specifies 13th October 1994 as the termination date in respect of each section, that is, the date on which the liability of the Secretary of State to make payments under section 52(1) is to be terminated (articles 2 and 4).

It specifies the capital value of the unfunded obligations (as defined in section 52B of the Transport Act 1980) in respect of each of the sections as at the termination date (articles 3 and 5).

Schedules 1 and 2 require the Secretary of State to make payments in respect of the capital values of the unfunded obligations and provide for the accrual and payment of interest on the outstanding balances of those capital values. Schedule 1 makes such provision in respect of one half of the total of the capital values and Schedule 2 in respect of the remaining half.

The Order also provides for the liability of the Secretary of State to make payments under Schedules 1 and 2 to be discharged in the event of the winding up of both sections (article 7).

This Order does not impose any costs on business.