
EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes provision for the protection of the pension arrangements of persons who are protected persons for the purposes of paragraph 3 of Schedule 32 to the Greater London Authority Act 1999 (“Schedule 32”). Protected persons are defined there as those who, having been employed by London Regional Transport or one of its subsidiaries, become employees of private sector companies as a result of prescribed relevant transactions. This Order also provides for the amendment and winding up of the London Transport (Male Wages Grades) Pension Scheme and the amendment of the LRT Pension Fund.

Article 1 defines certain expressions which are used in this Order.

Article 2 and Schedule 1 supplement the definition of “protected person” by prescribing the transactions as a result of which a person may become a protected person.

Article 3 defines the scope of the protection provision that may be made under paragraph 3(2) of Schedule 32, in accordance with paragraph 3(3), by prescribing the LRT Pension Fund as the only pension scheme where membership immediately before the transfer of employment to the private sector company may be protected. The benefits under that Fund at that time are the ones to be used for comparison in determining protected rights after that time.

Article 4(1) gives protected persons participating in the LRT Pension Fund immediately before that time the right to continue to do so for “the protected period”. As a result of article 4(3) and (4) the protected period lasts so long as the protected person continues to be employed in the London underground railway industry (defined by reference to the activities listed in Schedule 2) and remains in continuous employment. Periods under 12 months outside the industry and some breaks in continuity of employment are to be disregarded.

Article 5 imposes an obligation on employers of protected persons whose continuity of employment is not broken to provide an occupational pension scheme in which they may participate as contributing members, regardless of whether they are still in the London underground railway industry. The scheme, which may be the LRT Pension Fund or another, must provide overall materially at least as good benefits as the LRT Pension Fund did in respect of the person’s service immediately before he joined the private sector company. If another scheme is provided, it must accept a transfer value representing the protected person’s pension rights under the LRT Pension Fund or, if the person has belonged to another scheme since, that scheme. The rights acquired by the transfer value must be overall materially at least as good as those under the LRT Pension Fund. Where the employer provides another scheme he must obtain actuarial certification of compliance with these requirements, unless the protected person consents to his not doing so. Amendments of schemes worsening, the position of protected persons will be invalid without their consent.

Article 6 imposes obligations on trustees of schemes from which a protected person’s pension rights are transferred to pay a transfer value reflecting the value of his protected rights in the old scheme. Where the transferring scheme is unable to pay the full amount, obligations to make up the shortfall are imposed on the protected person’s employers. The rights bought in the new scheme must be overall materially at least as good as those under the LRT Pension Fund.

Article 7 requires protected persons’ employers to make contributions to their pension schemes which are adequate to fund their pension rights under this Order.

Status: *This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

Article 8 provides for this Order to cease to have effect as respects a protected person if he voluntarily withdraws from a pension scheme in which he has a right to participate under this Order or transfers his pension rights out of it.

Article 9 introduces the amendments of the London Transport (Male Wages Grades) Pension Scheme (“the LT(MWG) Scheme”) set out in Schedule 3. The amendments give the members of that scheme new rights to dependants' and children's pensions and index-linking of benefits.

Article 10, which under article 1(2) comes into force after the other provisions of this Order, provides for the LT(MWG) Scheme to be wound up and all its liabilities in respect of pensions and other benefits (including those introduced by the amendments in Schedule 3) to be transferred to the LRT Pension Fund. Assets matching those liabilities are to be transferred by London Transport to that Fund and the members of the LT(MWG) Scheme are transferred to it.

Article 11 introduces the amendments of the LRT Pension Fund set out in Schedule 4. Their purpose is to enable new categories of persons to participate in the LRT Pension Fund as members and as employers. The amendments are necessary so that the Fund can continue to be available as the occupational pension scheme of those whose employment is transferred as a result of the Greater London Authority Act 1999. In particular, they enable employees who are protected persons for the purposes of paragraph 3 of Schedule 32 to participate despite the transfer of their employment to Transport for London, its subsidiaries or private sector companies. Copies of the Trust Deed and Rules have been deposited in the Libraries of the House of Commons and the House of Lords and are available for inspection at Zone 1/11, Great Minster House, 76 Marsham Street, London SW1P 4DR.