

2002 No. 3058

EDUCATION, ENGLAND AND WALES

The Teachers' Pensions (Amendment) Regulations 2002

Made - - - - *5th December 2002*

Laid before Parliament *19th December 2002*

Coming into force - - *10th January 2003*

The Secretary of State for Education and Skills, in exercise of the powers conferred by sections 9 and 12 of, and Schedule 3 to, the Superannuation Act 1972(a), after consulting with representatives of local education authorities, teachers and other persons likely to be affected in accordance with section 9(5) of that Act, and with the consent of the Treasury(b), hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Teachers' Pensions (Amendment) Regulations 2002 and shall come into force on 10th January 2003.

Amendment of the Teachers' Pensions Regulations 1997

2. The Teachers' Pensions Regulations 1997(c) shall be amended in accordance with regulations 3 to 8.

3.—(1) Regulation G2 shall be amended as follows.

(2) At the beginning of paragraph (4)(a) insert "subject to sub-paragraph (aa),".

(3) After paragraph (4)(a) insert the following new sub-paragraph—

“(aa) the closing balance in the account for the financial year ending on 31st March 2001 as determined by the Government Actuary by reference to the value of the scheme assets mentioned in regulation G4(6),”.

(4) For paragraph (5) substitute the following—

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

(a) 1972 c.11; section 9 was amended by sections 4, 8 and 11 of the Pensions (Miscellaneous Provisions) Act 1990 (c.7), section 190 of, and Schedule 8 to, the Pension Schemes Act 1993 (c.48) and S.I. 2001/3649; section 12 was amended by section 10 of the Pensions (Miscellaneous Provisions) Act 1990. The Secretary of State's functions under sections 9 and 12 of the Superannuation Act 1972 were transferred, in or as regards Scotland, to the Scottish Ministers by virtue of section 63 of the Scotland Act 1998 (c.46), read with article 2 of and Schedule 1 to the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 1999 (S.I. 1999/1750).

(b) See S.I. 1981/1670.

(c) S.I. 1997/3001, amended by S.I. 1998/2255, S.I. 1999/607, S.I. 2000/665, S.I. 2000/2431, S.I. 2000/3028 and S.I. 2001/871.

- 4.—**(1) Regulation G4(a) shall be amended as follows.
- (2) In the heading for the word “inquiries” substitute “review”.
- (3) In paragraph (1)—
- (a) for the words “inquiry reporting” substitute “review”;
 - (b) omit “in relation to the inquiry”; and
 - (c) for the words “inquiry reference” substitute “review”.
- (4) In paragraph (1A) for sub-paragraphs (a) and (b) substitute—
- “(a) the next review date is no later than 31st March 2006; and
 - (b) the review date for each subsequent report is no later than 5 years after the previous review date.”.
- (5) After paragraph (1A) insert the new paragraphs—
- “(1B) The Government Actuary, with the agreement of the Secretary of State, shall specify the funding methodology to be used in making the actuarial review.
 - (1C) Any determination in relation to an actuarial inquiry made by the Secretary of State under paragraph (1) before 10th January 2003 shall have effect as if it were a determination in relation to an actuarial review.”.
- (6) In paragraph (2) for the words “inquiry” and “inquiry reference” substitute in both cases “review”.
- (7) For paragraph (3) substitute—
- “(3) The report is to specify the standard contribution rate (expressed as a percentage) at which contributions should be paid during the period beginning and ending on days (following the date of the report) determined by the Secretary of State (“the relevant period”).”.
- (8) In paragraph (4) for the words “end of the financial year in question, the amount” substitute “review date, the value”.
- (9) For paragraph (5) substitute—
- “(5) Subject to paragraph (6), the scheme assets and the scheme liabilities shall be determined in accordance with the funding methodology specified in paragraph (1B).”.
- (10) For paragraph (6) substitute—
- “(6) For the purposes of the actuarial review reporting on the position in relation to the account as at 31st March 2001, the value of the scheme assets shall equal the value of the scheme liabilities.”.
- (11) In paragraph (7) for the word “amount” substitute “value”.
- (12) In paragraph (8) for the word “amount” substitute “value”.
- (13) In paragraph (9) omit “either be or”.
- 5.—**(1) Regulation G5(b) shall be amended as follows.
- (2) In paragraph (2) for “2000” substitute “2003”.
- (3) In paragraph (2) omit “+ 0.2”.
- 6.—**(1) Regulation G7 shall be amended as follows.
- (2) In paragraph (4) for the words “12% per annum” substitute “the interest rate specified in paragraph (5)”.
- (3) After paragraph (4) insert the following new paragraph—
- “(5) For the purposes of paragraph (4) the interest rate is—

(a) Paragraphs (1), (2), (3), (7) and (8) were amended, and paragraph (1A) was inserted, by S.I. 1999/607.
(b) Paragraph (2) was amended by regulation 5 of S.I. 1999/607 and regulation 31 of S.I. 2000/665.

- (a) 12% per annum in relation to all amounts and contributions payable in relation to pensionable employment before 1st April 2003; and
- (b) 8% per annum in relation to all amounts and contributions payable in relation to pensionable employment on or after 1st April 2003.”.

7.—(1) Paragraph 5 of Schedule 2(a) shall be amended as follows.

- (2) In sub-paragraph (a) for the words “a city” immediately before “academy” substitute “an”.
- (3) In sub-paragraph (b) for the words “a city” immediately before “academy” substitute “an”.

8.—(1) Paragraph 9 of Schedule 15(b) shall be amended as follows.

(2) After sub-paragraph (2)(a) insert the following new paragraphs—

- “(aa) the required percentage for the relevant period starting on 1st April 2000 and ending on 31st March 2002 shall be 7.4%; and
- (ab) the required percentage for the relevant period starting on 1st April 2002 and ending on 31st March 2003 shall be 8.35%; and”.

(3) In sub-paragraph (2)(b) for “2000” substitute “2003”.

4th December 2002

David Miliband
Minister of State
Department for Education and Skills

We consent

5th December 2002

John Heppell
Jim Fitzpatrick
Two of the Lords Commissioners of Her Majesty’s Treasury

(a) Paragraph 5 was amended by regulations 6 and 7 of S.I. 2001/871.
(b) Paragraph 9 was amended by regulation 8 of S.I. 1999/607.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Teachers' Pensions Regulations 1997 (S.I. 1997/3001) ("the Pensions Regulations").

Regulations 3(2) and (3) amend regulation G2 of the Pensions Regulations to deem that the closing balance in the Teachers' Pension Account for the financial year ending on 31st March 2001 to be an amount determined by the Government Actuary by reference to the value of the scheme assets mentioned in regulation G4(6). Regulation 4(10) substitutes regulation G4(6) of the Pensions Regulations to provide that the value of the scheme assets are equal to the value of the scheme liabilities on 31st March 2001.

Regulations 4(2) to (6), (8), (11) and (12) amend the terminology in regulation G4 of the Pensions Regulations from "inquiry" to "review" and from "amount" to "value" in order to ensure the consistency of the language with modern actuarial methods. They also remove the references to the end of the financial year. Regulation 4(13) corrects a typographical error.

Regulation 4(5) inserts regulation G4(1B) into the Pensions Regulations to require the Government Actuary with the agreement of Secretary of State to specify a funding methodology for each actuarial review. Regulation 4(7) amends regulation G4(3) to provide that the standard contribution rate must be specified in the actuarial review. Regulation 4(9) substitutes regulation G4(5) to provide that the scheme assets and scheme liabilities are to be determined using the specified funding methodology.

Regulation 5 amends regulation G5(2) of the Pensions Regulations to provide that the formula for calculating the employer contribution rate from 1st April 2003 will not include the addition of 0.2%. Regulation 8 amends paragraph 9 of Schedule 15 to the Pensions Regulations to safeguard the employer contribution rates for the period 1st April 2000 to 31st March 2003.

Regulation 6 amends regulation G7(4) of the Pensions Regulations to reduce the interest rate on late payments of employer contributions from 12% to 8% for periods of pensionable employment on or after 1st April 2003.

Regulation 7 amends paragraph 5 of Schedule 2 to the Pensions Regulations to change the references to "city academies" to "academies".

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