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STATUTORY INSTRUMENTS

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**2000 No. 3386**

**TRANSPORT  
PENSIONS**

**The London Transport Pension Arrangements Order 2000**

	<i>22nd December</i>
<i>Made</i> - - - -	<i>2000</i>
<i>Laid before Parliament</i>	<i>3rd January 2001</i>
<i>Coming into force in accordance with Article 1(2)</i>	
<i>Articles 1 to 9, 11 and the Schedules</i>	<i>29th January 2001</i>
<i>Article 10</i>	<i>30th January 2001</i>

The Secretary of State, in exercise of the powers conferred on him by sections 405(2), 406(1)(a) and (b) and 411 of, and paragraphs 3 and 6 of Schedule 32 to, the Greater London Authority Act 1999<sup>(1)</sup>, after consultation with the administrator of the London Transport (Male Wages Grades) Pension Scheme<sup>(2)</sup> and the trustee of the LRT Pension Fund, hereby makes the following Order:

**Citation, commencement and interpretation**

- 1.—(1) This Order may be cited as the London Transport Pension Arrangements Order 2000.
- (2) The provisions of this Order other than Article 10 shall come into force on 29th January 2001 and Article 10 shall come into force on 30th January 2001.
- (3) In this Order—
- “the Act” means the Greater London Authority Act 1999;
  - “contributing member” has the meaning given in paragraph 3(10) of Schedule 32;
  - “employment” has the meaning given in paragraph 1(1) of that Schedule and related expressions shall be construed accordingly;
  - “LRT pension scheme” has the meaning given in paragraph 1(1) of that Schedule;
  - “pension” and “pension rights” have the meanings given in section 411(11) of the Act;

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(1) 1999 c. 29. For the meaning of “prescribed” in Schedule 32, see paragraph 1 of that Schedule.

(2) The London Transport (Male Wages Grades) Pension Scheme was established by S.I.1966/1164, article 2 for certain employees of the London Transport Board. The Board’s property rights and liabilities with respect to the Scheme’s members were transferred by s.16 of the Transport (London) Act 1969 (c. 35) to the London Transport Executive, which became London Regional Transport by virtue of s.1(2) of the London Regional Transport Act 1984 (c. 32).

“pension scheme” means an occupational pension scheme, as defined in section 1 of the Pension Schemes Act 1993<sup>(3)</sup>:

“private sector company” has the meaning given in paragraph 3(10) of Schedule 32;

“protected person” means a person who is a protected person for the purposes of paragraph 3 of that Schedule;

“relevant transaction” has the meaning given in paragraph 3(10) of that Schedule, and references to a particular protected person’s relevant transaction are to the relevant transaction as a result of which he became a protected person;

“Schedule 32” means Schedule 32 to the Act.

(4) In this Order references to persons being employed in the London underground railway industry shall be construed in accordance with paragraph 3(9)(a) of Schedule 32, read with article 4(3) of this Order.

(5) Chapter I of Part XIV of the Employment Rights Act 1996<sup>(4)</sup> (continuous employment) shall have effect for the purposes of this Order as it has effect for the purposes of that Act.

**Persons who are “protected persons”: prescribed relevant transactions etc.**

2.—(1) For the purposes of paragraph 3(1)(a) of Schedule 32 (which defines a “protected person” as a person who as a result of a prescribed relevant transaction has become an employee of a private sector company) the relevant transactions are those listed in Schedule 1 to this Order.

(2) In determining for the purposes of paragraph 3(1)(b) of Schedule 32 whether a person was an employee of London Regional Transport or a subsidiary of London Regional Transport immediately before becoming an employee of a private sector company, a break in the person’s continuity of employment shall be disregarded if the person re-entered employment after the break pursuant to a statutory or contractual right to return to employment which existed before the break.

**Scope of protected rights: relationship to membership of LRT Pension Fund**

3.—(1) The LRT pension scheme specified for the purposes of paragraph 3(3)(a) and (b) of Schedule 32 (schemes where membership is protected and benefits are used for comparison in determining rights under other schemes) is the LRT Pension Fund.

(2) In determining for the purposes of that paragraph and this Order whether a person was participating in the LRT Pension Fund immediately before a relevant transaction, the person’s voluntary withdrawal from participation in the scheme shall be disregarded if the following conditions are met.

(3) Those conditions are that—

- (a) the withdrawal is due to a break in the person’s continuity of employment,
- (b) the person re-enters the employment within 12 months of leaving it pursuant to a statutory or contractual right to return to employment which existed before the break, and
- (c) on doing so he begins to participate in the scheme again or applies to do so.

**Right to continue to participate in LRT pension scheme after becoming protected person**

4.—(1) A person who—

- (a) is a protected person, and

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(3) 1993 c. 48.

(4) 1996 c. 18.

(b) was participating in the LRT Pension Fund as a contributing member immediately before his relevant transaction,  
has the right to continue to participate as a contributing member in the LRT Pension Fund for the protected period.

(2) For this purpose—

- (a) “the protected period” is the period during which the conditions which are the appropriate conditions for the purposes of paragraph 3(3)(a) of Schedule 32 continue to be met, and
- (b) a person is to be regarded as continuing to participate in the LRT Pension Fund despite voluntarily withdrawing from participation in it if the conditions mentioned in article 3(3) are met in relation to the withdrawal.

(3) The activities specified in Schedule 2 to this Order are those specified for the purposes of paragraph 3(9) of Schedule 32 (activities persons must be employed to carry on to qualify as persons “employed in the London underground railway industry” for the purposes of paragraph 3 and, in particular, the appropriate condition mentioned in paragraph 3(4)(a)).

(4) The appropriate condition mentioned in paragraph 3(4)(b) of Schedule 32 is that the person must remain in continuous employment.

(5) In determining whether the conditions which are the appropriate conditions for the purposes of paragraph 3(3)(a) of Schedule 32 are met in the case of any person—

- (a) any period of less than 12 months during which the person is not employed in the London underground railway industry shall be disregarded if the person was so employed immediately before the period and immediately after it, and
- (b) any break in the person’s continuity of employment shall be disregarded if the person re-entered employment after the break pursuant to a statutory or contractual right to return to employment which existed before the break.

**Obligation to provide overall materially at least as good benefits under schemes to which employees belong after relevant transactions**

5.—(1) This article applies where—

- (a) a person (“the employer”) employs a protected person (whether or not he is employed in the London underground railway industry), and
- (b) the protected person’s period of continuous employment is not broken for the purposes of paragraph 3(3)(b) of Schedule 32.

(2) The employer must provide a pension scheme—

- (a) in which the protected person may participate as a contributing member, and
- (b) which makes the appropriate provision.

(3) If the scheme provided by the employer is the LRT Pension Fund, the appropriate provision is provision under which the pension rights which accrue to or in respect of the protected person under the scheme in respect of his service after his relevant transaction are overall materially at least as good as the pension rights accruing to or in respect of him under the LRT Pension Fund in respect of service immediately before that transaction.

(4) If another pension scheme is provided by the employer, the appropriate provision is provision requiring that—

- (a) the trustees of the scheme accept payment of a transfer value in respect of the protected person representing pension rights in respect of him under the LRT Pension Fund or any other scheme provided under this Article,

- (b) the pension rights acquired by and in respect of him under the scheme as a result of such a payment are overall materially at least as good as those in respect of him under the LRT Pension Fund at the date of his relevant transaction, and
  - (c) the pension rights which accrue to or in respect of him under the scheme in respect of his service after he begins to participate in the scheme are overall materially at least as good as the pension rights accruing to or in respect of him under the LRT Pension Fund in respect of service immediately before that transaction.
- (5) Where another scheme is provided by the employer, the employer must before the end of the period of six months beginning with the date on which the protected person becomes a member of the scheme—
- (a) obtain a certificate from an actuary appointed by the trustee of the LRT Pension Fund for the purpose that in his opinion the requirements in paragraph (4)(b) and (c) are met by the scheme, and
  - (b) furnish copies of the certificate to that trustee and the protected person.
- (6) Paragraph (5) does not apply if the protected person has agreed in writing that the employer need not obtain such a certificate.
- (7) If and to the extent that an amendment of a pension scheme would, apart from this paragraph, have the effect of making pension rights within paragraph (3) or paragraph (4)(b) or (c) overall materially worse than the pension rights under the LRT Pension Fund with which they are compared under that paragraph, the amendment shall have no effect in relation to those rights, unless the rights are in respect of a protected person who has consented in writing to the amendment.
- (8) In determining whether a person's period of continuous employment is broken for the purposes of paragraph 3(3)(b) of Schedule 32 (and so for paragraph (1)(b) above), any break in the person's continuity of employment shall be disregarded if the person re-entered employment after the break pursuant to a statutory or contractual right to return to employment which existed before the break.

### **Obligations as to transfer values**

- 6.—(1) Where the trustees of a pension scheme (“the transferring scheme”) are obliged to pay a transfer value in respect of a protected person to another scheme in which the person is entitled to participate in pursuance of his rights under this Order (“the receiving scheme”), they must pay—
- (a) an amount which is not less than the minimum transfer amount, or
  - (b) so much of the minimum transfer amount as they are able, having regard to the provisions of the transferring scheme and the share of the fund of that scheme attributable to the protected person.
- (2) In this article “the minimum transfer amount” means—
- (a) the cash equivalent of the pension rights in respect of the protected person, as calculated under the Pension Schemes Act 1993(5), or
  - (b) if it is greater, the amount necessary to provide the benefits to which the protected person would have been entitled under the transferring scheme.
- (3) For the purposes of this article—
- (a) the amount referred to in paragraph (2)(b) is to be taken to be such amount as the actuary appointed by the trustees of the transferring scheme for the purpose considers so necessary after consultation with the actuary appointed by the trustees of the receiving scheme for the purpose; and

- (b) those actuaries must have regard to all relevant matters, including any increase in the value of the pension rights attributable to any increase in the final earnings of the protected person which would have been expected apart from the transfer.
- (4) In a case where a payment within paragraph (1)(b) is made—
  - (a) before—
    - (i) the end of the period of three months beginning with the date on which that payment is made, or
    - (ii) if it is later, the end of the period of five months beginning with the date on which the obligation to pay the transfer value arises,the person who was the employer of the protected person before the transfer shall pay the shortfall to the trustees of the receiving scheme, and
  - (b) if he does not do so, then, without prejudice to the obligation imposed under paragraph (a), before the end of the period of six months beginning with that date the person who is the employer of the protected person after the transfer shall pay those trustees the difference between—
    - (i) the aggregate of what is paid under paragraph (1) and sub-paragraph (a), and
    - (ii) the minimum transfer amount.
- (5) The trustees of a pension scheme to which a transfer value in respect of a protected person is paid shall secure that—
  - (a) in so far as the acquired rights represent pension rights which had accrued to or in respect of the person before his relevant transaction, they are overall materially at least as good as those in respect of him under the LRT Pension Fund at the date of that transaction,
  - (b) in so far as the acquired rights represent pension rights which accrued to or in respect of him in respect of his service after that transaction, they are overall materially at least as good as his pre-transaction service rights, and
  - (c) the pension rights which accrue to or in respect of him under the scheme in respect of his service after he begins to participate in the scheme are overall materially at least as good as his pre-transaction service rights.
- (6) In paragraph (5)—
  - “acquired rights” means the pension rights acquired by and in respect of the protected person under the scheme as a result of the payment of the transfer value; and
  - “pre-transaction service rights” means the pension rights accruing to or in respect of the protected person under the LRT Pension Fund in respect of service immediately before his relevant transaction.

### **Contributions to pension schemes to which protected persons belong**

- 7.—(1) The employer of a person who—
- (a) is a protected person, and
  - (b) participates in the LRT Pension Fund or any other pension scheme in pursuance of his rights under this Order,

must make contributions to that scheme or, in the case of a scheme with different sections, the section of the scheme to which the person belongs, of not less than such amount and at such times as the actuary appointed by the trustees of the scheme for the purpose certifies as adequate for providing for the following rights in respect of that person.

- (2) Those rights are—

- (a) the pension rights which at the date as at which the actuary gives that opinion have accrued under the scheme or section or have been transferred to it in accordance with this Order,
  - (b) any pension rights which are accruing in respect of current participation in the scheme or section, and
  - (c) any enhancement of the rights mentioned in sub-paragraphs (a) and (b) by reason of increases in the remuneration of members of the scheme or section.
- (3) The trustees of a scheme or section to which this article applies must obtain a fresh certificate from the actuary for the purposes of paragraph (1) if—
- (a) a period of three years and six months has elapsed since the date as at which such a certificate was last given, or
  - (b) the scheme or section is to be wound up in whole or in part, or
  - (c) they consider it desirable for any other reason.

### **Circumstances where this Order ceases to have effect as respects a protected person**

- 8.—**(1) Subject to paragraph (2), this article applies where a protected person—
- (a) voluntarily withdraws from a pension scheme in which he has a right to participate under this Order, except in a case where the conditions mentioned in article 3(3) are met in relation to the withdrawal, or
  - (b) requests in writing to the trustees of such a pension scheme that his pension rights be transferred from the scheme.
- (2) This article does not apply by virtue of paragraph (1)(b) if the transfer is to another such pension scheme, unless the protected person states to the trustees in writing that he wishes to waive his rights under this Order.
- (3) Where this article applies, this Order shall cease to have effect in the case of the protected person in question, but, where this paragraph applies by virtue of paragraph (1)(b), it only so ceases if and to the extent that his pension rights are transferred in pursuance of the request.

### **Amendment of London Transport (Male Wages Grades) Pension Scheme**

**9.** The Schedule to the London Transport (Male Wages Grades Pensions) Order 1966<sup>(6)</sup> (rules of the scheme) shall be amended in accordance with Schedule 3 to this Order.

### **Winding up of London Transport (Male Wages Grades) Pension Scheme**

- 10.—**(1) All liabilities in respect of any pensions or other benefits under the London Transport (Male Wages Grades) Pension Scheme (“the LT(MWG) Scheme”), as they have effect immediately before the coming into force of this Article, shall become liabilities of the LRT Pension Fund (and accordingly shall be payable by that Fund in accordance with its administrative rules).
- (2) Not later than 6 months after the date on which this Article comes into force, London Transport shall transfer to the trustee of the LRT Pension Fund such sum as is certified by an actuary appointed by that trustee for the purpose to be equal in value to the total of those liabilities on that date.
- (3) The LT(MWG) Scheme shall cease to have effect.
- (4) The following Orders are hereby revoked—
- (a) the London Transport (Male Wages Grades Pensions) Order 1966,
  - (b) the London Transport (Male Wages Grades Pensions) (Amendment) Order 1974<sup>(7)</sup>, and

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<sup>(6)</sup> S.I. 1966/1164; the relevant amending instrument is S.I. 1974/526.

<sup>(7)</sup> S.I. 1974/526.

- (c) the London Transport (Male Wages Grades Pensions) (Amendment) Order 1975<sup>(8)</sup>.  
(5) Article 9 and Schedule 3 are hereby revoked.

#### **Amendment of the LRT Pension Fund's Trust Deed and Rules**

**11.**—(1) The provisions of the Trust Deed and Rules of the LRT Pension Fund<sup>(9)</sup>, as they have effect on the date on which this Order is made, shall be amended in accordance with Schedule 4 to this Order.

(2) The amendments in that Schedule are without prejudice to any other powers to amend that Deed and those Rules that may be exercised after the date on which this Article comes into force.

Signed by authority of the Secretary of State for the Environment, Transport and the Regions

*Gus Macdonald*  
Minister of State,  
Department of the Environment, Transport and  
the Regions

22nd December 2000

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<sup>(8)</sup> S.I. [1975/361](#)

<sup>(9)</sup> Copies of the Trust Deed and Rules, as they have effect on the date on which this Order is made, 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.

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## SCHEDULE 1

Article 2(1).

### RELEVANT TRANSACTIONS FOR PENSION PROTECTION

1. The contract made between London Underground Ltd, Seeboard Powerlink Ltd and Power Asset Development Company Ltd on 13th August 1998.
2. The contract made between London Regional Transport and Transaction Systems Ltd on 13th August 1998.
3. The contract made between London Underground Ltd and Citylink Telecommunications Ltd on 19th November 1999.
4. The transfer by London Underground Ltd to a private sector company of shares in—
  - (a) Infraco JNP Limited,
  - (b) Infraco BCV Limited, or
  - (c) Infraco Sub-Surface Limited.
- 5.—(1) Any contract made during the initial period for the provision of any of the following services to London Underground Ltd, being a contract which transfers rights and liabilities under a contract of employment.
  - (2) The services are—
    - (a) services required in connection with the development and management of commercial property;
    - (b) services required in connection with automated retail vending;
    - (c) the gathering, processing or dissemination of information required in connection with engineering or other projects.
  - (3) In this paragraph “the initial period” means the period beginning with the date on which this Order is made and ending with 31st March 2002.

## SCHEDULE 2

Article 4(3).

### SPECIFIED ACTIVITIES (PERSONS “EMPLOYED IN THE LONDON UNDERGROUND RAILWAY INDUSTRY”)

1. The provision, operation, maintenance, renewal or improvement of the systems for generating and distributing electricity for the London Underground (including emergency power supplies).
- 2.—(1) The issue, checking or collection of tickets (or of any device used instead of a ticket and for a similar purpose) for London transport services, and any activity connected with such issue, checking or collection, including—
  - (a) the provision or maintenance of ticket machines at London Underground stations (whether for use by the public generally or for persons issuing the tickets to the public);
  - (b) the installation, maintenance, repair or improvement of automated gates at London Underground stations;
  - (c) the provision or maintenance of ticket machines—
    - (i) used by conductors on vehicles used for services which are part of the London bus network; or
    - (ii) designed for the driver to operate without a conductor on such vehicles;



- (d) the provision or maintenance of hand-held ticket validation devices designed for use by inspectors;
  - (e) the provision of devices to be used instead of tickets and, in particular, devices carrying information electronically;
  - (f) the provision or maintenance of electronic machines for use by agents providing tickets;
  - (g) the gathering, processing or dissemination of information in connection with any activity within subparagraphs (a) to (f).
- (2) For this purpose—
- “the London bus network” is to be construed in accordance with section 181 of the Act; and
- “London transport services” means services provided or secured by London Transport, Transport for London or any subsidiary of London Transport or Transport for London.
3. Any activity involved in or connected with providing or maintaining integrated radio and other communications services covering the London Underground network or joining that network with public services required for use in emergencies.
4. Any activity involved in or connected with an activity performed in pursuance of an agreement which is a public-private partnership agreement for the purposes of Chapter VII of Part IV of the Act.
- 5.—(1) The management of land in which London Transport, Transport for London or any subsidiary or successor of London Transport or Transport for London has an interest.
- (2) The provision of advice concerning such land or land in which London Transport, Transport for London or a subsidiary of either of them is proposing to acquire an interest.
- (3) The acquisition, disposal, refurbishment, development or improvement of property for London Transport, Transport for London or a subsidiary of either of them.
- (4) The provision of financial, administrative, legal or any other services in connection with any activity within this paragraph.
6. Any activity connected with providing London Underground Ltd with services connected with automated retail vending.
7. Any activity involved in or connected with providing—
- (a) London Underground Ltd,
  - (b) Infraco JNP Limited,
  - (c) Infraco BCV Limited, or
  - (d) Infraco Sub-Surface Limited,
- with services connected with the gathering, processing or dissemination of information required in connection with engineering or other projects.

### SCHEDULE 3

Article 9.

#### AMENDMENTS OF LONDON TRANSPORT (MALE WAGES GRADES) PENSION SCHEME'S RULES

1. In rule 1 (interpretation)—
- (a) at the end of the definition of “pension” there are added the words “or on a member’s death”;
  - (b) the following definition is inserted at the appropriate place—

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“Scheme year” means a year beginning on 1st January and ending on the following 31st December”.

2. In rule 12 (benefits) after the words “supplementary pensions” there are inserted the words “dependants' and eligible children’s pensions”.
3. After rule 16A there is inserted—

**“16B Dependants' and eligible children’s pensions**

(1) If a pensioner member or deferred member of Section A or Section B dies, a pension shall be payable to or in respect of his dependants and eligible children at a rate equivalent—

- (a) in the case of dependants, to equal shares of half of the member’s pension,
- (b) in the case of eligible children where there is no dependant, to equal shares of the member’s pension (but not in the case of any child more than half of that pension), and
- (c) in the case of eligible children where there is a dependant, to equal shares of half of the member’s pension (but not in the case of any child more than a quarter of that pension).

(2) For the purposes of this rule—

“deferred member” means a member who is not receiving a pension at the date of his death;

“dependant” means a person (other than an eligible child) who was in the opinion of the Management Committee wholly or mainly dependent on the member for support and the maintenance of his accustomed standard of living at the date of the member’s death and became so before the member’s contributory membership ceased;

“eligible child” means a person who meets one of the conditions in paragraph (3) and is—

- (a) a child, adopted child or step-child of the member, or a person in respect of whom the member acted as a parent, and a person who in the opinion of the Management Committee was wholly or mainly dependent on the member for support and the maintenance of his accustomed standard of living, both when the member’s contributory membership ceased and at the date of the member’s death; or
- (b) a child born before the expiry of the period of 12 months beginning with the date on which the member’s contributory membership ceased who in the opinion of the Management Committee would have fallen within sub-paragraph (a) above if born before that date;

“the member’s pension” means—

- (i) in the case of a pensioner member, the pension payable to the member at the date of his death, and
- (ii) in the case of a deferred member, the pension that would have been payable to the member at minimum pensionable age if he had attained that age on the date of his death;

“pensioner member” means a member who is receiving a pension at the date of his death.

(3) The conditions are that the person—

- (a) has not attained the age of 18,

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- (b) has not attained the age of 25 and is in full-time education or professional or vocational training, or
- (c) has attained 18 but in the opinion of the Management Committee—
  - (i) is mentally or physically incapacitated and was so before he attained that age or at the date when the member’s contributory membership ceased, and
  - (ii) is incapable of earning an income in employment.

### **16C Pension increases**

(1) The rate of every pension (including a deferred or contingent pension which has not yet commenced) shall be increased annually with effect from 1st April in the Scheme year by the Indexation Factor.

(2) For this purpose the rate of a pension includes any increase previously given under this rule or otherwise.

(3) In this rule—

“Index” means the United Kingdom General Index of Retail Prices (for all items) published by the Central Statistical Office (January 1987 = 100), or any index which replaces that Index and the Actuary considers to be comparable; and

the “Indexation Factor” for a Scheme year is the amount (expressed as a percentage to one decimal place) by which the Index for the previous September exceeds the Index for the September before that.”

## SCHEDULE 4

Article 11.

### AMENDMENTS OF LRT PENSION FUND'S TRUST DEED AND RULES

#### *Amendment of Trust Deed*

1. For clause 4 there is substituted—

#### **“4. Purpose of Scheme**

(1) The purpose of the Scheme is the provision of retirement pensions and other benefits for and in respect of such of the following persons as are or become eligible to participate in the Scheme in accordance with the provisions and regulations governing the Scheme set out in this Deed and in the Rules.

(2) Those persons are—

- (a) the employees and former employees of the Principal Employer and any other Participating Employer or former Participating Employer, and
- (b) the members of the Boards of the Principal Employer and Transport for London.”.

#### *Amendments of Rules*

2. In rule 2A (definitions)—

(a) the following definition is inserted at the appropriate place—

““London Underground Railway Industry Employer” means an employer of persons who—

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- (i) are to be regarded as employed in the London underground railway industry for the purposes of paragraph 3 of Schedule 32 to the Greater London Authority Act 1999, or
  - (ii) have remained in continuous employment (within the meaning given by Chapter I of Part IV of the Employment Rights Act 1996) since they ceased to be so regarded”, and
- (b) in the definition of “Participating Employer”—
- (i) after the words “the Principal Employer” there are inserted the words “Transport for London”, and
  - (ii) for the words “Associated Company” there are substituted the words “person or body”.

3.—(1) For rule 2B(a)(i) there is substituted—

**“2B Participation by other employers**

- (a) (i) The Principal Employer may, subject to the consent of the Trustees, admit to participation in the Scheme each—
  - (I) Associated Company, or
  - (II) other London Underground Railway Industry Employer, or
  - (III) subsidiary of Transport for London,

which enters into a Deed under which it covenants to observe and be bound by the provisions of the Trust Deed and Rules applicable to it and to its employees who are or become Members, subject to such variations and with effect from such date as may be specified in the Deed.”.

(2) In rule 2B(a)(ii) (notification of Employer’s Contribution) for the words “the Associated Company” there are substituted the words “any person or body admitted to participation under this rule”.

(3) In rule 2B(b)(i) (cessation of participation) after the words “Associated Company” there are inserted the words “or other London Underground Railway Industry Employer or a subsidiary of Transport for London”.

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**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.

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

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

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.