
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 (“the 1980 Act”) 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 April 1995 as the termination date in respect of each section. This means that, in respect of each, the liability of the Secretary of State to make payments under section 52(1) ceases after that date (articles 2 and 4).

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

Article 6 and 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 value 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). But the Secretary of State’s liability will not be discharged by virtue only of the 1994 Pensioners “B” Section of the Railways Pension Scheme being deemed to have been wound up by virtue of the operation of Rule 19 of the Rules of that section.

Article 8 and Schedule 3 provide for the amendment of the Railway Pensions (Substitution) Order 1994 (S.I. 1994/2388).

This Order does not impose any costs on business.