
STATUTORY INSTRUMENTS

1993 No. 366

PENSIONS

**The Local Government Superannuation
(Amendment) Regulations 1993**

Made - - - - 22nd February 1993
Laid before Parliament 1st March 1993
Coming into force - - 22nd March 1993

The Secretary of State, in exercise of the powers conferred on him by section 7 of the Superannuation Act 1972(1) and of all other powers enabling him in that behalf, after consultation with such associations of local authorities as appeared to him to be concerned, the local authorities with whom consultation appeared to him to be desirable and such representatives of other persons likely to be affected by the Regulations as appeared to him to be appropriate, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Local Government Superannuation (Amendment) Regulations 1993 and shall come into force on 22nd March 1993.

(2) In these Regulations “the principal Regulations” means the Local Government Superannuation Regulations 1986(2).

Use and investment of superannuation fund’s moneys

2. Regulation P3 of the principal Regulations shall be amended—

(a) by adding at the end of paragraph (2) the words

“and

(c) any contract the effecting of which constitutes the carrying on of insurance business within class VII in Schedule 1 to the Insurance Companies Act 1982 with a person who is permitted under that Act to carry on such business or, being an insurance company the head office of which is in a member State, is permitted

(1) 1972 c. 11.

(2) S.I.1986/24; relevant amending instruments are S.I. 1989/371, 1990/2480.

under the law of a member State other than the United Kingdom to carry on insurance business of a corresponding class.”(3);

- (b) in paragraph (4)(b)—
- (i) by inserting after the words “a single holding” the words “except where paragraph (4A) applies”; and
 - (ii) by substituting for the words “5%” and “20%” the words “10%” and “25%” respectively;
- (c) by adding at the end of paragraph (4) the words
- “or
- (e) make any contract falling within paragraph (2) (c) whereby the total amount so contracted exceeds 25% of the value at the time of all investments of fund moneys.”; and
- (d) by inserting after paragraph (4) the following paragraph—
- “(4A) An administering authority may make an investment so as to result in more than 10% of the value at the time of all investments of fund moneys being represented by a single holding where—
- (a) the investment is made by an investment manager appointed under paragraph (5A); and
 - (b) the single holding is comprised of investments in units or other shares of the investments subject to the trusts of any one unit trust scheme.”.

Fund solvency limits

3. Regulation P6 of the principal Regulations shall be amended—
- (a) in paragraph (2) by substituting for the words “that the fund is able to meet 75% of its existing and prospective liabilities” the words “its solvency”; and
 - (b) in paragraph (3) by deleting sub-paragraph (b) and the word “and” immediately preceding it.

Standard rate of interest

4.—(1) Regulation P7 of the principal Regulations shall be amended by inserting after paragraph (4) the following paragraphs—

“(5) In paragraph (3) above, “the standard rate” means the rate 1% above either the base rate for the time being quoted by the reference banks or, where there is for the time being more than one such base rate, the rate which, when the base rate quoted by each bank is ranked in a descending sequence of seven, is fourth in the sequence at that time;

- (6) For the purposes of paragraph (5) above—
- (a) the reference banks are the seven largest institutions for the time being which—
 - (i) are authorised by the Bank of England under the Banking Act 1987;
 - (ii) are incorporated in and carrying on a deposit-taking business within the United Kingdom; and
 - (iii) quote a base rate in sterling;

- (b) the size of an institution for the time being is to be determined by reference to its total consolidated gross assets denominated in sterling, as shown in its audited end-year accounts last published before that time;
- (c) a “deposit-taking business” has the meaning given in section 6 of the Banking Act 1987 but subject to any order under section 7 of that Act; and
- (d) “consolidated gross assets” of an institution is a reference to the gross assets of that institution together with any subsidiary (within the meaning of section 736 of the Companies Act 1985).”(4).

(2) Schedule 1 to the principal Regulations shall be amended by substituting for the definition of the expression “standard rate” the following—

“The meaning given by regulation P7(5).”.

22nd February 1993

Michael Howard
Secretary of State for the Environment

(4) Banking Act 1987 c. 22. Companies Act 1985 c. 6; section 736 was substituted by section 144(1) of the Companies Act 1989 (c. 40).

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

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make a number of amendments to the Local Government Superannuation Regulations 1986.

The Regulations allow up to 25% of the value of a fund which falls within the Local Government Superannuation Scheme to be invested by means of a single contract in a managed fund with an insurance company or other similar body.

The Regulations also allow for a greater concentration of investments by allowing up to 10% of a fund to be invested in a single holding, and by allowing up to 25% of a fund to be invested in unit trusts managed by a single body. The former restriction will not apply where an investment is made by an independent fund manager in a single unit trust scheme.

These Regulations amend regulation P6 of the Local Government Superannuation Regulations 1986, which requires an administering authority to obtain a certificate from an actuary specifying the common rate of employer's contribution to a superannuation fund. The amendment provides for the common rate to be set so as to ensure the fund's solvency, rather than, as at present, so as to ensure that the fund is able to meet 75% of its existing and prospective liabilities. A change is also made to the criteria to be applied for assessing individual adjustments to the common rate.

Provision is made for a new method of calculating the standard rate of interest in place of the existing reference to a syndicated base rate. The latter no longer exists following the dissolution of the Committee of London and Scottish Bankers.