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 STATUTORY INSTRUMENTS
 

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## 1983 No. 1270

## PENSIONS

**The Local Government Superannuation (Amendment) (No. 2) Regulations 1983**

<i>Made - - - -</i>	<i>17th August 1983</i>
<i>Laid before Parliament</i>	<i>30th August 1983</i>
<i>Coming into Operation</i>	<i>1st October 1983</i>

The Secretary of State for the Environment, in exercise of the powers conferred upon him by section 7 of the Superannuation Act 1972 (a), 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) (No. 2) Regulations 1983 and shall come into operation on 1st October 1983.

(2) The Local Government Superannuation Regulations 1974 to 1983 (b) and these regulations may be cited together as the Local Government Superannuation Regulations 1974 to 1983.

(3) In these regulations “the principal regulations” means the Local Government Superannuation Regulations 1974 (c).

*Use and investment of superannuation fund's moneys*

2. The principal regulations are amended by substituting for regulation B6 the following:

“B6.—(1) Subject to paragraphs (3) to (7), an administering authority—

(a) shall invest any moneys forming part of the superannuation fund maintained by them (“fund moneys”) that are not for the time being required to meet payments to be made out of the fund under these regulations, and

(b) may vary the manner in which any fund moneys are for the time being invested.

(2) For the purposes of this regulation and of regulation B5(c), investment includes use by the administering authority for any purpose for which they have a statutory borrowing power.

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(a) 1972 c.11.

(b) S.I. 1974/520, 1977/1121, 1845, 1978/266, 822, 1738, 1739, 1979/2, 592, 1534, 1980/216, 233, 234, 1981/1250, 1509, 1982/908, 1514, 1983/178, 1268, 1269, 1271.

(c) S.I. 1974/520, to which there are amendments not relevant to these regulations.

- (3) On the total from day to day of any fund moneys used by them and for the time being not repaid an administering authority shall pay interest to the fund at a rate no lower than the lowest rate at which that amount could have been borrowed by them at arm's length, otherwise than by way of overdraft from a bank, at 7 days' notice.
- (4) An administering authority shall not—
- (a) make any investment in securities of companies other than listed securities so as to cause the total value of such investments (except investments made in accordance with a scheme under section 11 of the Trustee Investments Act 1961 (a) ) to exceed 10% of the value at the time of all investments of fund moneys, or
  - (b) make any investment, other than—
    - (i) an investment made in accordance with a scheme under section 11 of the Trustee Investments Act 1961, or
    - (ii) an investment falling within paragraph 1 of Part I or paragraph 1 or 2 of Part II of the First Schedule to that Act, or
    - (iii) a deposit with a bank, institution or person falling within section 2 of the Banking Act 1979 (b),
 so as to result in more than 5% of the value at the time of all investments of fund moneys being represented by a single holding, or
  - (c) make any deposit falling within sub-paragraph (b)(iii) so as to bring the aggregate of fund moneys deposited with any one bank, institution or person other than the National Savings Bank to an amount which exceeds 10% of the value at the time of all investments of fund moneys, or
  - (d) lend to any person other than Her Majesty's Government in the United Kingdom or the Government of the Isle of Man, or use as mentioned in paragraph (2), or deposit with a person specified in paragraph 13 or 14 of Schedule 1 to the Banking Act 1979, any further fund moneys so as to bring the aggregate of all fund moneys so lent, used or deposited to an amount which exceeds 10% of the value at the time of all investments of fund moneys.
- (5) For the purposes of paragraph (4)(d) moneys are not lent if they are—
- (a) invested in registered securities to which section 1 of the Stock Transfer Act 1963(c) applies or in listed securities, or
  - (b) deposited with a bank or institution falling within section (2)(1)(a) to (c) of the Banking Act 1979, or a person specified in paragraphs 1 to 12 of Schedule 1 to that Act.
- (6) In the discharge of their functions under this regulation an administering authority shall have regard—
- (a) to the need for diversification of investments of fund moneys,
  - (b) to the suitability of investments of any description of investment proposed and of any investment proposed as an investment of that description, and
  - (c) to proper advice, obtained at reasonable intervals.

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(a) 1961 c.62.

(b) 1979 c.37.

(c) 1963 c.18; section 1 was amended by virtue of the Interpretation Act 1889 (c.63), section 38(1), and by the Finance Act 1964 (c.49), section 26(7) and Schedule 9, and the Post Office Act 1969 (c.48), section 108(1)(f).

(7) Paragraph (6)(c) does not apply where functions under this regulation are lawfully discharged, under arrangements made under section 101 of the Local Government Act or otherwise, by an officer who is competent to give proper advice.

(8) Where any fund moneys are used as mentioned in paragraph (2), subparagraphs (2) and (4) of paragraph 19 of Schedule 13 to the Local Government Act (repayment of money used, and deemed exercise of the statutory power to borrow) shall apply as they apply in the case of money so used under that paragraph; but except as aforesaid that paragraph shall not apply to a superannuation fund maintained under these regulations.

(9) An administering authority may pay out of fund moneys any costs, charges and expenses incurred by them in the discharge of their functions under this regulation.

(10) For the purposes of this regulation—

“companies” includes companies established under the law of any territory outside the United Kingdom;

“listed securities” means securities in respect of which a listing has been granted and not withdrawn—

(a) on a stock exchange in the United Kingdom which is a recognised stock exchange within the meaning of the Prevention of Fraud (Investments) Act 1958 (a), or

(b) on a stock exchange outside the United Kingdom of international repute;

“proper advice” means the advice of a person, including an officer of theirs, who is reasonably believed by the administering authority to be qualified by his ability in and practical experience of financial matters;

“securities” includes shares, stock and debentures;

“single holding” means investments—

(a) in securities of, or in units or other shares of the investments subject to the trusts of unit trust schemes managed by, or in loans to or deposits with, any one body, or

(b) in the acquisition, development or management of, or in any advance of money upon the security of, any one piece of land, or

(c) in the acquisition of any one chattel;

and the value at any time of all investments of fund moneys is to be taken to include the amount of any fund moneys used as mentioned in paragraph (2) and for the time being not repaid.”.

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(a) 1958 c.45.

*Modifications to the Trustee Investments Act 1961 in its application to investment of superannuation fund's moneys*

3. The principal regulations are amended by deleting Schedule 2.

Signed by authority of the Secretary of State.

*Bellwin,*  
Minister of State, Department of the Environment  
(Minister for Local Government).

17th August 1983.

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#### EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These regulations further amend the Local Government Superannuation Regulations 1974 ("the principal regulations") by revising the rules governing the investment of local government superannuation funds.

Regulation B6 of the principal regulations is deleted, as is Schedule 2 (application of Trustee Investments Act 1961). A new regulation B6 is substituted which requires administering authorities to invest any moneys forming part of their superannuation funds that are not for the time being required to meet payments to be made out of the fund under the principal regulations. The use of superannuation fund moneys by the administering authority for purposes for which they have a statutory borrowing power is treated as investment, and interest is to be paid to the fund on any moneys so used.

New regulation B6(4) places limits on certain types of investment:

- (a) investment in unlisted securities is not to exceed 10% of the value of all investments;
- (b) with certain exceptions, no more than 5% of the value of all investments is to be represented by a single holding;
- (c) deposits with a single bank or other authorised deposit-taker are not to exceed 10% of the value of all investments; and
- (d) the total of amounts lent, deposited with other local authorities and used by the administering authority is not to exceed 10% of the value of all investments.

New regulation B6(6) requires administering authorities to have regard to the need to diversify their investments, to the suitability of proposed investments, and to proper investment advice.



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