
STATUTORY RULES OF NORTHERN IRELAND

2004 No. 260

LOCAL GOVERNMENT

**Local Government Pension Scheme (Management
and Investment of Funds) (Amendment)
Regulations (Northern Ireland) 2004**

Made - - - - *8th June 2004*
Coming into operation *2nd August 2004*

The Department of the Environment, in exercise of the powers conferred by Article 9 of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972(1) and now vested in it(2) and of every other power enabling it in that behalf, and after consultation with the Northern Ireland Local Government Association, the Northern Ireland Local Government Officers' Superannuation Committee and such representatives of other persons likely to be affected by the Regulations as appeared to it to be appropriate, hereby makes the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations (Northern Ireland) 2004.

(2) These Regulations shall come into operation on 2nd August 2004.

Amendment of Regulations

2.—(1) The Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000(3) shall be amended in accordance with paragraphs (2) to (4).

(2) In regulation 12 (restrictions on investments), for paragraph (2) there shall be substituted –

“(2) Subject to paragraph (2A), the percentages set out in Column (1) of Part I of the Schedule are the limits on the amount of each description of investment listed next to those percentages.

(2A) The Committee may decide to increase those limits up to the limits set out in Column (2) of Part I of the Schedule (where a percentage is specified in that Column) in accordance with the requirements of regulation 12A.”.

(1) S.I. 1972/1073 (N.I. 10)

(2) S.R. & O. (N.I.) 1973 No. 504 Article 7(1); S.I. 1976/424 (N.I. 6)

(3) S.R. 2000 No. 178; the relevant amending instruments are S.R. 2001 No. 62 and S.R. 2003 No. 433

(3) After regulation 12 there shall be inserted –

“Requirements for increased limits

12A.—(1) If the Committee decides to increase limits under regulation 12(2A) it must comply with the requirements of this regulation.

(2) It must have taken proper advice.

(3) It must take account of the factors set out in regulation 9(3).

(4) The decision must specify –

(a) the description of investment to which it applies;

(b) the limit on the amount of the investment;

(c) the reason for that decision;

(d) the period for which the decision will apply;

(e) if the Committee intends to review the decision before the end of the period in (d), the date when the decision will be reviewed; and

(f) that the decision complies with these Regulations.

(5) Where the period for which the decision will apply comes to an end, the limits will be those set out in Column (1) of Part I of the Schedule unless before the end of that period the Committee reviews the decision in accordance with this regulation.

(6) A decision following a review to continue to use limits increased under regulation 12(2A), whether or not the increased limits have been altered, must –

(a) take account of the matters set out in paragraphs (2) and (3); and

(b) specify the matters set out in paragraph (4).

(7) Before a decision under regulation 12(2A) or paragraph (6) can take effect, the Committee must revise and publish the written statement of investment principles which it is required to maintain under regulation 10 to include the matters specified in paragraph (4).”.

(4) In the Schedule (limits on investments) –

(a) for Part I there shall be substituted Part I as set out in the Schedule to these Regulations; and

(b) in paragraph 17 of Part III, for the definition of “local authority” there shall be substituted the following –

““local authority” means a district council or a local authority as defined in section 270 of the Local Government Act 1972(4) or section 235(1) of the Local Government (Scotland) Act 1973(5);”.

Sealed with the Official Seal of the Department of the Environment on 8th June 2004.

L.S.

J. Ritchie
A senior officer of the
Department of the Environment

(4) 1972 c. 70; section 270 was amended by the Local Government (Wales) Act 1994 (c. 19), section 1

(5) 1973 c. 65 as amended by the Local Government etc (Scotland) Act 1994

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SCHEDULE

Regulation 2(4)

SUBSTITUTION FOR PART I OF THE SCHEDULE

“PART I

	Column (1) <i>Limits under regulation 12(2)</i>	Column (2) <i>Increased limits under regulation 12(2A)</i>
1. Any single sub-underwriting contract.	1%	5%
2. All contributions to any single partnership.	2%	5%
3. All contributions to partnerships.	5%	15%
4. All deposits with –	10%	–
(a) any local authority, or		
(b) any body with power to issue a precept or requisition to a local authority, or to the expenses of which a local authority can be required to contribute,		
which is an exempt person (within the meaning of the Financial Services and Markets Act 2000(6)) in respect of accepting deposits as a result of an order made under section 38(1) of that Act, and all loans (but see paragraph 14).		
5. All investments in unlisted securities of companies.	10%	15%
6. Any single holding (but see paragraphs 15 and 16).	10%	–

(6) 2000 c. 8

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	Column (1) <i>Limits under regulation 12(2)</i>	Column (2) <i>Increased limits under regulation 12(2A)</i>
7. All deposits with any single bank, institution or person (other than the National Savings Bank).	10%	—
8. All sub-underwriting contracts.	15%	—
9. All investments in units or other shares of the investments subject to the trusts of unit trust schemes managed by any one body (but see paragraph 16).	25%	35%
10. All investments in open-ended investment companies where the collective investment schemes constituted by the companies are managed by any one body.	25%	35%
11. All investments in units or other shares of the investments subject to the trusts of unit trust schemes and all investments in open-ended investment companies where the unit trust schemes and the collective investment schemes constituted by those companies are managed by any one body (but see paragraph 16).	25%	35%
12. Any single insurance contract.	25%	35%
13. All securities transferred (or agreed to be transferred) by the Committee under stock lending arrangements.	25%	—

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EXPLANATORY NOTE

(This note is not part of the Regulations.)

These Regulations amend regulation 12 of, and Parts I and III of the Schedule to, the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 (the ‘principal Regulations’), which set down the limits for the different types of pension fund investments.

The amendments allow the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) to increase those limits up to the specified amounts. When deciding to increase limits, or reviewing previously increased limits, NILGOSC must take account of proper advice and of the factors in regulation 9(3) of the principal Regulations (the advisability of investing fund money in a wide variety of investments and the suitability of particular investments and types of investments). A decision to increase limits, or to continue to use previously increased limits, must specify certain matters and those matters must be published in a revised statement of investment principles before the increased limits can take effect.

The Regulations also amend the definition of “local authority”.