

STATUTORY INSTRUMENTS

1986 No. 1449 (S. 115)

PENSIONS

**The Local Government Superannuation (Funds) (Scotland)
Regulations 1986***Made - - - - 22nd August 1986**Laid before Parliament 3rd September 1986**Coming into Operation 24th September 1986*

The Secretary of State, in exercise of the powers conferred on him by sections 7 and 12 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 and such representatives of other persons likely to be affected by the regulations as appeared to him to be appropriate in accordance with section 7(5) of that Act, hereby makes the following regulations:-

Citation and commencement

1. These regulations may be cited as the Local Government Superannuation (Funds) (Scotland) Regulations 1986 and shall come into operation on and have effect from 24th September 1986.

Interpretation

2. In these regulations “the principal regulations” means the Local Government Superannuation (Scotland) Regulations 1974(b) and, unless the context otherwise requires, words and expressions to which meanings are assigned by the principal regulations have the same respective meanings.

Establishment of further superannuation funds

3.—(1) Every regional council and islands council who by virtue of regulation B1 of the principal regulations has established and is administering a superannuation fund (hereinafter in these regulations referred to as “the fund”) and who enters into an admission agreement under regulation B4 of the principal regulations may establish and administer a further superannuation fund or funds (any such further superannuation fund being hereinafter referred to as “the further fund”).

(2) The principal regulations shall, subject to the following amendments and to the provisions of these regulations, apply to a further fund as they apply to the fund.

(a) 1972 c.11; section 7(3) was extended by the Pensions (Increase) Act 1974 (c.9), section 2(2).
(b) S.I. 1974/812, amended by S.I. 1975/638, 1978/425, 1378, 1794, 1926, 1980/198, 342, 1885, 1981/1892, 1982/385, 1303, 1983/1421, 1984/254, 1232, 1986/214.

(3) In regulation B3(2) of the principal regulations at the end there shall be added the words “or a further fund established under regulation 3 of the Local Government Superannuation (Funds) (Scotland) Regulations 1986 and administered by that authority.”.

(4) In regulation B4(1) of the principal regulations after the words “by them” there shall be inserted the words “or a further fund established under regulation 3 of the Local Government Superannuation (Funds) (Scotland) Regulations 1986 and maintained by them”.

Apportionment of fund

4.—(1) Upon the establishment of a further fund the fund shall be apportioned and the provisions of Schedule 24 to the principal regulations shall apply for the purposes of such apportionment and for the transfer of assets from the fund to the further fund as those provisions apply where such a change of employment occurs as is mentioned in regulation Q2(6) of the principal regulations; and as if -

- (a) references to the previous fund to be apportioned under that Schedule were references to the fund and references to the fund of the new fund authority were references to the further fund; and
- (b) paragraph 7 and, in paragraph 8, the words “Subject to paragraph 7” were omitted.

(2) The administering authority shall bear the costs of the apportionment required by this regulation.

Pensions increase

5.—(1) In respect of any employee of a body specified in column 1 of the Schedule to these regulations who is a person admitted to the fund or a further fund, that fund shall bear the cost of increases of pensions, allowances and gratuities under the provisions of the Pensions (Increase) Act 1971(a) where and to such extent as those pensions, allowances and gratuities relate to service undertaken by the employee following the date referred to in column 2 of the Schedule in relation to his employing body or the date of his admission to the fund or a further fund, if later.

(2) For the purposes of paragraph (1) above the costs of pensions increase attributable to any part of the pension, allowance or gratuity payable by virtue of -

- (a) an election under regulations D12 or D13 of the principal regulations;
- (b) any increase in reckonable service made in accordance with the provisions of Schedule 9 to the principal regulations for the purposes of these regulations; or
- (c) a transfer value received under the provisions of Part P or Part Q of the principal regulations;

shall be borne by that fund to which he has been admitted.

(3) Where under the provisions of regulation 8 of these regulations a further fund is dissolved, the fund shall, subsequent to the date of such dissolution meet

(a) 1971 c.56.

the cost of pensions increase so far as these costs would have been met by the further fund in respect of liabilities arising before the date of dissolution.

Valuation of further funds and employer's contribution rates

6.—(1) The administering authority shall, upon the establishment of a further fund, obtain from an actuary a certificate in respect of that further fund in accordance with the requirements of regulation B8 of the principal regulations but for the period specified in paragraph (3) of that regulation there shall be substituted the period beginning with the date of the establishment of the further fund until the date of coming into effect of the rate specified by the actuary under regulation B8 for the fund following the first actuarial valuation of the fund after the establishment of the further fund.

(2) The administering authority shall obtain from an actuary -

(a) an actuarial valuation and a report on the assets and liabilities of the further fund in accordance with the terms of regulation B7 of the principal regulations; and

(b) a certificate as to employer's contributions in respect of the further fund in accordance with the terms of regulation B8 of the principal regulations;

at the same time as the first valuation of the fund following the establishment of the further fund and in each fifth year thereafter.

7. Where under the provisions of regulation 5(1) of these regulations the cost of pensions increase is to be met by a fund, the actuary, when setting a contribution rate for the purposes of regulation B8 of the principal regulations or of regulation 6(1) or regulation 6(2) of these regulations for an employer specified in column (1) of the Schedule, shall set a rate which shall be sufficient to cover the cost of the liabilities to be met from the fund including the cost of pensions increase under the Pensions (Increase) Act 1971 insofar as the latter cost is not met by other payments received by the fund.

Dissolution of further funds

8.—(1) The administering authority may if they think fit dissolve a further fund and transfer the assets thereof to the fund, and thereupon -

(a) any entitlement to participate in the benefits of the further fund shall become an entitlement to participate in the benefits of the fund; and

(b) the fund shall become the appropriate superannuation fund for those participants.

(2) The administering authority may not dissolve a further fund unless they have given notice of not less than 28 days to the bodies whose employees are entitled to participate in that fund of their intention to dissolve the fund.

Admission agreements

9. Where an employee of a body specified in column 1 of the Schedule, on or subsequent to the date specified in column 2 of the Schedule appropriate to that body, is admitted to participate in the benefits of a superannuation fund by reason of an agreement made in terms of regulation B4 of the principal regulations, that agreement may, notwithstanding the provisions of regulation B4(2) of the principal regulations in respect of that person, contain a provision

providing for the termination of the agreement, and where an agreement is so terminated then for the purposes of the principal regulations other than regulation C8 that person shall be treated as if he had on the day on which the agreement terminated ceased to hold the employment or employments in respect of which he was admitted to participate in the benefits of the superannuation fund.

John J. MacKay,
Parliamentary Under Secretary of State,
Scottish Office.

New St. Andrew's House,
Edinburgh.
22nd August 1986.

Regulations 5 and 7

SCHEDULE

BODIES WHOSE EMPLOYEES ARE TO HAVE PENSIONS INCREASE
PAID BY THE FUND OR FURTHER FUND

<i>Body</i>	<i>Date</i>
(1)	(2)
A public transport company established under the Transport Act 1985.(a)	Date of incorporation.

(a) 1985 c.67.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

The Local Government Superannuation (Scotland) Regulations 1974-86 (hereinafter referred to as “the principal regulations”) provide for certain local authorities to maintain a superannuation fund which these regulations refer to as “the fund” for the purpose of paying superannuation benefits to pensionable local authority employees and other persons under the principal regulations. These regulations allow each of those authorities to establish a further superannuation fund or funds for staff of bodies admitted to the local government superannuation scheme under regulations B4 and J4 of the principal regulations.

The main provisions of the regulations are as follows:-

- (1) a further superannuation fund or funds may be established and administered; the principal regulations shall apply to a further fund as to the fund and a further fund shall be the appropriate superannuation fund for such employees of admitted bodies as the administering authority with the bodies' agreement may determine (regulation 3);
- (2) on the establishment of a further fund the fund shall be apportioned (regulation 4);
- (3) the fund or a further fund shall bear the cost of pensions increase for benefits payable out of that fund in respect of employees of admitted bodies listed in the Schedule for service following the date of their admission to the fund or the date established under the Schedule whichever is the later (regulation 5);
- (4) the further fund shall be subject to actuarial valuation at the same time as the fund and the actuary will set an employer's contribution rate for the further fund (regulation 6);
- (5) the actuary shall set the employer's contribution rate to include the relevant cost of pensions increase in respect of employees whose pensions increase is payable from the fund (regulation 7);
- (6) an administering authority may dissolve a further fund and transfer the assets and liabilities to the fund (regulation 8);
- (7) an admission agreement covering a passenger transport company may include a clause providing for the termination of the agreement (regulation 9).

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