STATUTORY INSTRUMENTS

1977 No. 1329

AIRCRAFT AND SHIPBUILDING INDUSTRIES

The Aircraft Industry (Pension Schemes) Regulations 1977

Made - - - -	*2nd August* 1977
Laid before Parliament	*10th August* 1977
Coming into Operation	*1st September* 1977

The Secretary of State, in exercise of the powers conferred on him by section 49(4) and (11) of the Aircraft and Shipbuilding Industries Act 1977**(a)**, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Aircraft Industry (Pension Schemes) Regulations 1977 and shall come into operation on 1st September 1977.

(2) In these Regulations—

"the Act" means the Aircraft and Shipbuilding Industries Act 1977;

"actuary" has the meaning assigned to it by regulation 3 below;

"the Corporation" means British Aerospace;

"the Corporation's part", "divided pension scheme" and "the holding company's part" have the meanings respectively assigned to them by regulation 3 below;

"undivided pension scheme" has the meaning assigned to it by regulation 2 below;

"wholly owned subsidiary's pension scheme" means a pension scheme of a wholly owned subsidiary of the Corporation established or administered by that subsidiary for the purpose of providing pensions exclusively to or in respect of persons who are or have been employees of it.

(3) The Interpretation Act 1889**(b)** shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

Undivided pension scheme

2.—(1) The following provision of this regulation shall apply to a pension scheme (hereinafter called "an undivided pension scheme") established or administered by a holding company not being a wholly owned subsidiary of the Corporation for providing pensions exclusively to or in respect of persons who are or have been employees of a wholly owned subsidiary of that company which became a wholly owned subsidiary of the Corporation on 29th April 1977.

(2) An undivided pension scheme shall have effect as if references therein to the holding company were references to the wholly owned subsidiary.

(a) 1977 c. 3. **(b)** 1889 c. 63.

Divided pension scheme

3.—(1) The following provisions of this regulation shall apply to a pension scheme (hereinafter called "a divided pension scheme") to which both the conditions specified in paragraph (2) below apply.

(2) The conditions referred to in paragraph (1) above are—

(*a*) that the scheme is a scheme established or administered by a holding company for providing pensions to or in respect of persons who are or have been employees of the holding company or of wholly owned subsidiaries of the holding company, some but not all of which subsidiaries became wholly owned subsidiaries of the Corporation on 29th April 1977; and

(*b*) that the assets of the scheme are vested in trustees appointed in accordance with its provisions.

(3) A divided pension scheme shall be deemed in all respects to be, and shall be administered as, two separate pension schemes, being as to one part a scheme for providing pensions to or in respect of persons who are or have been employees of the wholly owned subsidiaries of the holding company which became wholly owned subsidiaries of the Corporation on 29th April 1977 (hereinafter called "the Corporation's part"), and as to the other part a scheme for providing pensions to or in respect of persons who are or have been employees of the holding company or of the other wholly owned subsidiaries of the holding company (hereinafter called "the holding company's part").

(4) As soon as practicable the assets and liabilities as at 29th April 1977 of every divided pension scheme shall be apportioned between the Corporation's part and the holding company's part, and every such apportionment shall, in default of agreement between the parties, be determined by an actuary appointed by the Secretary of State.

(5) For the purposes of this regulation the expression "actuary" means a person who holds the diploma of Fellowship of the Institute of Actuaries or of the Faculty of Actuaries in Scotland.

(6) The part of such assets as aforesaid apportioned to the Corporation's part shall be transferred to the trustees of that part appointed as mentioned in paragraph (7) below, and the part of such liabilities as aforesaid apportioned to that part shall have effect as against the trustees of it.

(7) Trustees of the Corporation's part shall be appointed in accordance with the provisions of the scheme as soon as practicable; the existing trustees shall, until such agreement, continue to act in respect of both the Corporation's part and the holding company's part.

(8) Where any policy of assurance forms part of the assets of the scheme and the benefits and liabilities thereunder have been apportioned as aforesaid the assurer shall amend the policy so that it will relate solely to the benefits and liabilities apportioned to the holding company's part and shall issue in favour of the trustees of the Corporation's part another policy to provide for the benefits and liabilities apportioned to that part.

(9) In relation to the Corporation's part the provisions of a divided pension scheme shall have effect as if references to the Corporation were substituted for references to the holding company.

Modification of pension schemes

4.—(1) The pension schemes to which this regulation applies shall have effect as if any references in them to service as an employee of a wholly owned subsidiary of the Corporation included a reference to service after 29th April 1977 with any other such wholly owned subsidiary or with the Corporation.

(2) For the purposes of any pension scheme to which this regulation applies the service of any person as a full-time member of the Corporation, being a person who was subject to such a scheme when he became such a member, may be treated as if it were service as an employee of the Corporation.

(3) Where a pension scheme to which this regulation applies provides that any description of benefit may, or may in particular circumstances, be conferred on a person only at the request or with the consent of the wholly owned subsidiary concerned, or the Corporation as the case may be, no such request shall be entertained or consent given in the case of a benefit for or in respect of a member of the Corporation without the prior approval of the Minister for the Civil Service and the Secretary of State.

(4) This regulation applies to—

(*a*) a wholly owned subsidiary's pension scheme;

(*b*) an undivided pension scheme;

(*c*) the Corporation's part of a divided pension scheme.

G. B. Kaufman,
Minister of State,
Department of Industry.

2nd August 1977.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations make provision with respect to the pension rights of employees of companies which have vested in British Aerospace under the Aircraft and Shipbuilding Industries Act 1977, and to those of employees and members of British Aerospace.

Pension schemes run by the pre-vesting holding companies of companies which have vested in British Aerospace to provide pensions exclusively for employees of such vesting companies will continue with British Aerospace performing the functions of the pre-vesting holding companies in relation to them (Regulation 2).

Pension schemes which related partly to employees of vesting companies and partly to employees of non-vesting companies are split (Regulation 3). The assets and liabilities of such pension schemes referable to employees of vesting companies are transferred to trustees.

All pension schemes providing pensions for employees of companies within the British Aerospace group are modified so as to cause service as an employee of any company in the group, or of British Aerospace, to count as pensionable service for the purposes of any such scheme. Such pension schemes are also modified to allow employees who are appointed whole-time members of British Aerospace to count their service as service for the purposes of the relevant scheme, subject to any employer's discretionary benefits being conferred on such persons only with the approval of the Secretary of State and the Minister for the Civil Service (Regulation 4).

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