2002 No. 451

LOCAL GOVERNMENT, ENGLAND

The Local Authorities (Capital Finance and Approved Investments) (Amendment) (England) Regulations 2002

Made - - - - -	*1st March 2002*
Laid before Parliament	*8th March 2002*
Coming into force - -	*1st April 2002*

The Secretary of State for Transport, Local Government and the Regions, in exercise of the powers conferred upon him by sections 58(9), 66(1)(a) and 190(1) of the Local Government and Housing Act 1989(**a**) hereby makes the following Regulations:

Citation, commencement and application

1.—(1) These Regulations may be cited as the Local Authorities (Capital Finance and Approved Investments) (Amendment) (England) Regulations 2002 and shall come into force on 1st April 2002.

(2) These regulations apply only in relation to local authorities in England.

Amendment of the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990

2.—(1) The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990(**b**) shall be amended as follows.

(2) In regulation 1(2) (interpretation), after the definition of "gilt-edged securities" there shall be inserted the following definitions—

""highest possible credit rating" means, in relation to a money market fund, that it has the highest possible rating—

(a) in respect of creditworthiness assigned by Standard and Poor's, a division of The McGraw-Hill Companies Ltd(**c**); or

(b) in respect of both creditworthiness and volatility assigned by either Moody's Investors Service Ltd(**d**) or Fitch Ratings Ltd(**e**);

"money market fund" means a collective investment scheme which—

(a) in accordance with the Council Directive of 20th December 1985 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities as amended(**f**), is an undertaking for collective investment in transferable securities subject to that Directive;

(**a**) 1989 c. 42. The relevant powers of the Secretary of State have been devolved, in relation to Wales, by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672); see the reference to the Local Government and Housing Act 1989 in Schedule 1.

(**b**) S.I. 1990/426; relevant amending instruments are S.I. 1991/501 and 2001/3649 (articles 405 and 406).

(**c**) Registered in England and Wales no 01916239.

(**d**) Registered in England and Wales no 01950192.

(**e**) Registered in England and Wales no 01316230.

(**f**) 85/611/EEC (OJNL375, 31.12.1985) amended by 88/220/EEC (OJNL100, 19.4.1988) and 95/26/EC (OJNL168, 18.7.1995).

[DTLR 2327]

(b) has been given the highest possible credit rating; and

(c) is either a unit trust scheme authorised under section 243 of the Financial Services and Markets Act 2000(**a**) or a collective investment scheme recognised under section 264 of that Act;".

(3) In regulation 2(1) (approved investments)—

(a) in sub-paragraph (b), after "deposit taker" there shall be added ", the Treasury"; and

(b) after sub-paragraph (b), there shall be inserted the following sub-paragraph—

"(bb) any investment in a money market fund;".

(4) In regulation 3 (conditions for approval of investments) in paragraphs (1)(c) and (4)(a), after "regulation 2" there shall be inserted "(1)".

Amendment of the Local Authorities (Capital Finance) Regulations 1997

3.—(1) The Local Authorities (Capital Finance) Regulations 1997(**b**) shall be amended as follows.

(2) In regulation 62(b) (disposal of investments)—

(a) for "2(b) or (c)" there shall be substituted "2(1)(b), (bb) or (c)";

(b) in sub-paragraph (i), for the word "institution" wherever it appears there shall be substituted "deposit taker";

(c) in sub-paragraph (ii)—

(i) after "2", there shall be inserted "(1)"; and

(ii) at the end there shall be added "; or"; and

(d) after sub-paragraph (ii) there shall be added the following sub-paragraph—

(iii) where the investment was made with a money market fund, that fund has ceased to be a money market fund within the meaning given to that expression in regulation 1(2) of the 1990 Regulations.".

Signed by authority of the Secretary of State
for Transport, Local Government and the Regions

Nick Raynsford
Minister of State,
Department for Transport, Local Government and the Regions

1st March 2002

(**a**) 2000 c. 8.

(**b**) S.I. 1997/319 to which there are amendments not relevant to these Regulations.

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 contain a list of investments approved by the Secretary of State for the purposes of Part IV of the Local Government and Housing Act 1989. These Regulations amend the 1990 Regulations by adding investments in money market funds and deposits with the Treasury to the list of approved investments. They also make consequential amendments to the Local Authorities (Capital Finance) Regulations 1997.

STATUTORY INSTRUMENTS

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