EXPLANATORY MEMORANDUM TO

THE LOCAL GOVERNMENT PENSION SCHEME (GOVERNANCE) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2015

SR 2015 No. 77

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of the Environment ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under sections 1(1), 3, 5(1), 5(2), 5(5), 7(1), 7(4) and Schedule 3 of the Public Service Pensions Act (Northern Ireland) 2014 ("the 2014 Act"). The Statutory Rule is subject to the negative resolution procedure.

2. Purpose

2.1. These Regulations amend the Local Government Pension Scheme Regulations (Northern Ireland) 2014 (S.R. 2014 No. 188) ("the principal Regulations") to comply with the 2014 Act by making provision for the introduction of new governance arrangements to the Local Government Pension Scheme (Northern Ireland) (LGPS (NI)). Specifically, sections 5 and 7 of the 2014 Act require regulations for each scheme to establish a pension board and a scheme advisory board, respectively.

2.2. New regulations 115 and 116 provide for the establishment of the pension board which will be responsible for assisting the scheme manager in securing the effective and efficient governance and administration of the pension scheme. The Northern Ireland Local Government Officers' Superannuation Committee ("the Committee") is the scheme manager for the LGPS (NI). These regulations allow the Department to designate the Committee as the pension board. New regulation 116(4) allows the Department to withdraw the designation where it considers that it is appropriate to do so. In such an event, the Committee is required to appoint a pension board.

2.3. New regulation 117 allows the Committee to appoint members of the pension board in circumstances set out under regulation 116(7). The Committee may determine the manner, removal and the terms of appointment to the pension board.

2.4. New regulation 118 states that the Committee must be satisfied that any person appointed to the pension board does not have a conflict of interest. A board member does not have a conflict of interest if he or she is also a member of the Scheme.

2.5. New regulations 119 and 120 provide for the establishment of the scheme advisory board which will be responsible for providing advice to the Department as the responsible authority for the LGPS (NI) on the desirability of changes to the LGPS (NI). The Department will use the existing LGPS (NI) Review Group as a model for the scheme advisory board. The scheme advisory board will be chaired by a senior official of the Department and

2.6. New regulation 121 states that the Department must be satisfied that any person appointed to the scheme advisory board does not have a conflict of interest. A board member does not have a conflict of interest if he or she is also a member of the Scheme.

2.7. New regulation 122 makes provision for the payment of allowances and expenses to the chairperson and members of the scheme advisory board, as the Department may determine. The Department must also make available such premises, staff and services as the scheme advisory board may require in discharging its functions.

3. Background

3.1. The Public Service Pensions Act (Northern Ireland) 2014 ("the 2014 Act") sets out the framework for public service pensions from 1 April 2015.

3.2. Sections 5 and 7 of the 2014 Act requires that regulations for each scheme to establish a pension board and a scheme advisory board, respectively.

3.3. The principal Regulations were made under Article 9 of, and Schedule 3 to the Superannuation (Northern Ireland) Order 1972 ("the 1972 Order"). Section 28 of the 2014 Act provides for regulations made under Article 9 of the 1972 Order in respect of a person's pensionable service on or after 1 April 2015, to have effect as if they were scheme regulations under the 2014 Act, provided the Regulations could have been made under the powers contained in the 2014 Act. Article 9 of the 1972 Order provide that regulations may include all or any of the provisions (including transitional provisions) referred to in Schedule 3 to that Order.

4. Consultation

4.1. As required by section 21 of the 2014 Act, the Department has consulted with such persons or representatives of such persons as appeared to the Department to be appropriate. A total of 12 responses were received. Of the 12 responses 8 were from employing authorities, 3 from trade unions and 1 from the administering authority.

4.2. Copies of the consultation paper and the Department's Response can be found at:

http://www.doeni.gov.uk/index/local_government/local_goverment_pension_scheme_2015.htm

5. Equality Impact

5.1. The Department, having carried out its own screening exercise, is satisfied that these Regulations will not lead to a significant discriminatory or negative differential impact on any particular Section 75 group.

6. Regulatory Impact

6.1. The Department has carried out a preliminary screening exercise in terms of the regulatory impact of the new governance arrangements, and has determined that they will have no direct or indirect adverse impact on

businesses, the voluntary/community sector (including charities) and the social economy sector.

7. Financial Implications

7.1. No Executive expenditure required.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department is satisfied that the Regulations comply with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. Not applicable.

11. Additional Information

11.1. Not applicable.