

2015 No. 77

LOCAL GOVERNMENT

**The Local Government Pension Scheme (Governance)
(Amendment) Regulations (Northern Ireland) 2015**

Made - - - - *23rd February 2015*

Coming into operation - *1st April 2015*

The Department of the Environment, with the consent of the Department of Finance and Personnel, makes these Regulations in exercise of the powers conferred by 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^(a).

In accordance with section 21 of that Act, the Department has consulted with such persons or representatives of such persons as appeared to the Department likely to be affected by these Regulations.

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as The Local Government Pension Scheme (Governance) (Amendment) Regulations (Northern Ireland) 2015 and shall come into operation on 1st April 2015.

(2) In these Regulations “the Principal Regulations” means the Local Government Pension Scheme Regulations (Northern Ireland) 2014^(b).

Amendment of the Principal Regulations 2014

2. The Principal Regulations 2014 are amended in accordance with regulations 3 to 5.

3. After regulation 62(2) (governance policy statement) insert—

“(3) A statement under paragraph (1) shall include the terms, structure and operational procedures of the pension board established under regulation 116 (establishment of the pension board).”

4. After regulation 114 (EU scheme transfers) insert—

(a) 2014 c. 2 (NI).
(b) S.R 2014 No. 188.

“PART 3 Governance

Pension board

115.—(1) A pension board known as “the Board” shall be established no later than 1st April 2015 and is responsible for assisting the Committee—

- (a) to secure compliance with—
 - (i) these Regulations;
 - (ii) any other legislation relating to the governance and administration of the Scheme; and
 - (iii) requirements imposed by the Pensions Regulator in relation to the Scheme; and
- (b) to ensure the effective and efficient governance and administration of the Scheme.

Establishment of the Pension Board

116.—(1) The Department may designate the Committee as the Board.

(2) The Board shall include employer representatives and member representatives in equal number.

(3) Where paragraph (1) applies the designation will be subject to such conditions as the Department thinks fit.

(4) The Department may withdraw the designation under paragraph (1) if such conditions are not met or if in the opinion of the Department it is no longer appropriate for the Committee to be the Board.

(5) Where paragraph (1) applies, the Committee may, with the approval of the Department pay an allowance to the Chairperson and members of the Board in respect of their duties and responsibilities as such and where this allowance is paid it shall be defrayed out of the pension fund.

(6) The expenses of the Board, including out-of-pocket expenses incurred by the Chairperson and members of the Board in connection with the discharge of their duties as such, shall be defrayed out of the pension fund.

(7) Where regulation 116(1) does not apply the Committee shall establish the Board.

(8) The Board established under paragraph (7), shall consist of—

- (a) a chairperson;
- (b) members appointed after consultation with such organisations as may be recognised by the Committee as representative of employing authorities;
- (c) members appointed after consultation with such organisations as may be recognised by the Committee as representative of Scheme members; and
- (d) a number of other members as appear to the Committee to be appropriate.

(9) The number of members appointed under paragraph (8)(b) shall equal the number of members appointed under paragraph (8)(c).

(10) There shall be no less than 6 and no more than 11 members of the Board established under paragraph (7).

(11) Where paragraph (7) applies, the Committee may determine the procedures applicable to the Board and the payment of allowances and expenses.

(12) The payment of allowances and expenses of the Board established under paragraph (7) shall be defrayed out of the pension fund.

The board: appointments

117. Where the Board is established under regulation 116(7), the Committee shall determine—

- (a) the manner in which members of the Board may be appointed and removed; and
- (b) the terms of appointment of members of the Board.

The board: conflict of interest

118.—(1) The Committee must be satisfied that any person to be appointed as a member of the Board does not have a conflict of interest.

(2) The Committee must be satisfied from time to time that none of the members of the Board has a conflict of interest.

(3) A person who is to be appointed as a member of the Board must provide the Committee with such information as it reasonably requires for the purposes of paragraph (1).

(4) A person who is a member of the Board must provide the Committee with such information as it reasonably requires for the purposes of paragraph (2).

Advisory board: establishment

119.—(1) A scheme advisory board known as “the Advisory Board” shall be established.

(2) The Advisory Board shall be responsible for providing advice to the Department at its request on the desirability of making changes to the Scheme.

(3) Subject to these Regulations, the Advisory Board may determine its own procedures.

Advisory board: membership

120.—(1) The Advisory Board shall consist of the following members appointed by the Minister—

- (a) a chairperson;
- (b) members from organisations as may be recognised by the Minister as representative of employing authorities; and
- (c) members from organisations as may be recognised by the Minister as representative of members.

(2) There shall be no less than 6 and no more than 11 members of the Advisory Board.

(3) A member of the Advisory Board is to hold and vacate office in accordance with the terms of that member’s appointment.

Advisory board: conflict of interest

121.—(1) Before appointing, or approving the appointment of any person to be a member of the Advisory Board, the Department must be satisfied that the person does not have a conflict of interest.

(2) The Department must be satisfied from time to time that none of the members of the Advisory Board has a conflict of interest.

(3) A person who is to be appointed as a member of the Advisory Board must provide the Department with such information as it reasonably requires for the purposes of paragraph (1).

(4) A person who is a member of the Advisory Board must provide the Department with such information as it reasonably requires for the purposes of paragraph (2).

Advisory board: administration

122.—(1) The chairperson and members of the Advisory Board may receive allowances and expenses incurred in discharging the functions of the Advisory Board as the Department may determine.

(2) The Department shall make available to the Advisory Board such premises, staff and services as the Advisory Board may reasonably require.

(3) Allowances and expenses paid to members of the Advisory Board under paragraph (1) shall be charged to the pension fund.”.

5. In Schedule 1 (interpretation)—

(a) after the definition of “admission body” insert—

““the Advisory Board” means a board established under regulation 120 (scheme advisory board: establishment);”; and

(b) after the definition of “benefit crystallisation event” insert—

““the Board” means a board established under regulation 116 (pension board: establishment);”; and

(c) after the definition of “commutation amount” insert—

““conflict of interest” in relation to a person, means a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the Advisory Board or the Board (but does not include a financial or other interest merely by virtue of membership of the Scheme);”.

Sealed with the Official Seal of the Department of the Environment on 23rd February 2015



Elizabeth Loughran
A senior officer of the Department of the Environment

The Department of Finance and Personnel consents to these Regulations

Sealed with the Official Seal of the Department of Finance and Personnel on 23rd February 2015



Emer Morelli
A senior officer of the Department of Finance and Personnel

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Government Pension Scheme Regulations 2014 (“the Principal Regulations”) to make provision for the governance arrangements of the Local Government Pension Scheme (“the Scheme”).

Regulation 1 cites the name of these Regulations, commences them on 1st April 2015 and states the meaning of the term “the Principal Regulations”.

Regulation 2 introduces the amendments to the Principal Regulations.

Regulation 3 inserts a new paragraph into regulation 62 (governance policy statement) to ensure that the governance policy statement includes the terms, structure and operational procedures for the pension board established under new regulation 116 (establishment of the pension board).

Regulation 4 inserts a new Part 3 into the Principal Regulations. A brief explanation of each regulation within the new Part 3 is given below.

Regulations 115 to 118 make provision for the establishment of a pension board to assist the Committee in complying with its legal obligations relating to the Scheme.

Regulation 115 sets out the remit and purpose of the pension board which must be established by 1st April 2015.

Regulation 116 includes two options for the establishment of the pension board.

Option 1 – In accordance with section 5(2) of the Public Service Pensions Act (NI) 2014 the Northern Ireland Local Government Officers’ Superannuation Committee (“the Committee”) may be designated by the Department as the Pension Board subject to such conditions as it considers appropriate. The designation may be withdrawn if these conditions are not met or in the opinion of the Department it is no longer appropriate for the Committee to be the Pension Board.

Option 2 – If the Committee is not the Pension Board, this regulation provides that the Committee may establish a pension board which shall consist of a chairperson, an equal number of employer and member representatives and additional members. In total there will be no less than 6 and no more than 11 members of the Pension Board. The Committee may determine the procedures applicable to the Pension Board and the payment of their expenses. The Pension Board’s expenses will be considered as part of the costs of administration of the fund.

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.

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.

Regulations 119 to 123 make provision for the establishment of a scheme advisory board to advise the Department on the desirability of making changes to the Scheme. The Scheme Advisory Board may determine its own procedures.

Regulation 120 states that the appointment of members of the Scheme Advisory Board by the Minister and shall consist of a chairperson, an equal number of employer and member representatives and additional members. In total there will be no less than 6 and no more

than 11 members of the Scheme Advisory Board and members will hold and vacate office in accordance with the terms of their appointment.

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.

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.

Regulation 5 makes minor amendments to the Principal Regulations consequential to the substantive provisions by inserting definitions for the Board, the Advisory Board and the meaning of a conflict of interest in these Regulations.

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STATUTORY RULES OF NORTHERN IRELAND

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£6.00

N6467 02/2015 456467T 19585

ISBN 978-0-337-99631-3



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