

**EXPLANATORY MEMORANDUM TO  
THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) (NO.3)  
REGULATIONS 2007**

**2007 No. 1561**

**1.** This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 This instrument deals with the functions of administering authorities under the Local Government Pension Scheme with the aim of improving the auditing of the pension scheme's funds and the administration and governance of the Scheme.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

**4. Legislative Background**

4.1 The Local Government Pension Scheme Regulations 1997 (S.I.1997/1612) constitute the occupational pension scheme for local government employees, other than teachers, police officers and firefighters. A body employing someone eligible to be a member of the scheme is known, in the Regulations, as an employing authority. Some of these bodies are required by regulation 73 to maintain pension funds for the scheme and are known as administering authorities. Part 3 of the Regulations makes provision for the administration of the scheme and confers functions on administering authorities.

4.2 See also paragraphs 2 and 7.

**5. Territorial Extent and Application**

5.1 This instrument extends to England and Wales.

**6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

7.1 The regulations will require LGPS administering authorities to :-

(i) publish details of their governance arrangements against a set of best practice principles;

(ii) publish a pension fund annual report with the content prescribed by statutory guidance, and

(iii) consider the preparation and publication of local administration strategy plans to improve their administration of the scheme and, in particular, the flow of information and data between the authority and its participating employers.

7.2 The regulations have been made after consultation with interested parties, ie, scheme administering authorities, participating employers which are local, police, or fire and rescue authorities, trades unions, representative organisations for local government employers, local government professional organisations; the Audit Commission, CIPFA and the government departments responsible for the comparable Schemes in Scotland and Northern Ireland.

7.3 Most consultees were content with the proposed amendments, although a small minority argued that the new regulations on local administration strategy plans should be mandatory on all administering authorities. The trades unions, in particular, also argued that the regulations on scheme governance should, in time, reflect the law adopted in the private sector by requiring the membership of pension committees to include 50% member nominated trustees. The main local government trades unions, however, have been fully involved in the formulation of the policy and are, for the time being, content with the amendment being taken forward.

## **8. Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is not expected to be significant.

## **9. Contact**

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