

**EXPLANATORY MEMORANDUM TO  
THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT)(NO. 2)  
REGULATIONS 2005**

**2005 No. 3199**

1. This explanatory memorandum has been prepared by the Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty.
2. **Description**
  - 2.1 The Regulations amend the Local Government Pension Scheme Regulations 1997.
  - 2.2 The Regulations introduce a requirement that each administering authority must prepare and publish a governance policy statement as to whether they delegate (in whole or part) their pension fund maintenance functions to a committee, sub-committee or officer of the administering authority and, if so, in relation to such committee or sub-committees, the frequency, terms of reference, structure and operational procedures of their meetings and whether those meetings include representatives of employers and Scheme members with voting rights. They also introduce a requirement that each administering authority must prepare a communications policy statement.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
  - 3.1 None
4. **Legislative Background**
  - 4.1 See paragraphs 2 and 7.
5. **Extent**
  - 5.1 The Regulation extend to England and Wales.
6. **European Convention on Human Rights**
  - 6.1 As the Regulations are subject to negative resolution procedure and do not amend primary legislation, no statement is required.
7. **Policy background**
  - 7.1 The Regulations will require administering authorities to have a transparent policy on Scheme governance.
  - 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; trade unions; representative organisations for local government employers, local government professional organisations;

the Audit Commission; and the government departments responsible for the comparable Schemes in Scotland and Northern Ireland.

- 7.2 Most consultees (77% of 27 responses) were content with the proposed amendments. A minority (15%) were dissatisfied and want administering authorities to be required to appoint Scheme member representatives to decision-making committees and confer voting rights, rather than at their discretion as is presently the case. However authorities' governance policy statements would provide useful data, enabling further suitably focussed steps to be taken to improve representation within the regulatory framework of the Scheme.

There was agreement by all consultees to the concept of a communications policy statement. Effective promotion of the Scheme and good communications with stakeholders are important in order to create employee awareness and to encourage those who could benefit from the Scheme to join and remain members.

## **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**

- 9.1 Bob Holloway at the Office of the Deputy Prime Minister Tel: 020 7944 5998 or e-mail: robert.holloway@odpm.gsi.gov.uk can answer any queries regarding the instrument.