
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend Schedule 6 to the Pensions (Northern Ireland) Order 2005 ([S.I. 2005/255 \(N.I. 1\)](#)) which relates to the payment of compensation by the Board of the Pension Protection Fund (“the Board”) in certain circumstances where an occupational pension scheme is unable to meet its obligations to provide benefits to its members.

These Regulations codify, to a limited extent, the effects of Article 8 of Council [Directive 2008/94/EC](#) of the European Parliament and of the Council on the protection of employees in the event of the insolvency of their employer (OJ L 283, 28.10.2008 p. 36-42). Those effects form part of domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 ([c. 16](#)), and they were the subject of the decisions in *C-17/17 Hampshire v Board of the Pension Protection Fund* [2019] ICR 327 and *Hughes and others v The Board of the Pension Protection Fund* [2020] EWHC 1598 (Admin).

These Regulations amend Schedule 6 to ensure that the compensation payable to a person in certain cases where the Board has assumed responsibility for an occupational pension scheme (“the original scheme”) does not fall below the level of compensation that would be payable if the value of compensation payable under Schedule 6 was 50% of the value of benefits that the person would have been entitled to under the rules of the original scheme.

This amendment affects Articles 115, 122, 127, 140, 146 and 162 of the Pensions (Northern Ireland) Order 2005 to the extent they operate by reference to the value of compensation payable under Schedule 6.

These Regulations also amend Schedule 6 by omitting paragraphs 26, 26A and 27, which impose a cap on the level of compensation payable under certain provisions of the Schedule.

These Regulations make consequential amendments to the Pensions (Northern Ireland) Order 2005, the Pensions (No. 2) Act (Northern Ireland) 2008 ([c. 13 \(N.I.\)](#)), the Pensions Act (Northern Ireland) 2012 ([c. 3 \(N.I.\)](#)) and the Pensions Act (Northern Ireland) 2015 ([c. 5 \(N.I.\)](#)).

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.