

Governance Policy Statement

This document has been produced in accordance with the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2005 which require an administering authority to consult on, prepare and publish by a stand-alone governance policy statement setting out its policy on the delegation of its pension fund functions to committees and officers together with the frequency of meetings, terms of reference and whether the Committee includes representatives of employing authorities or scheme members and if so whether those representatives have voting rights.

Governance Policy Statement

1. Delegation of Functions

Responsibility for the Council's statutory function as administering authority under the Local Government Pension Scheme Regulations and associated legislation under Sections 7, 12 and 24 of the Superannuation Act 1972 is delegated to the Derbyshire County Council (the "County Council") Pensions and Investment Committee in line with CIPFA Pensions Panel guidance on the Principles for Investment Decision Making in the LGPS in response to the Myners Review of Institutional Investment in the United Kingdom. The guidance states that 'Each administering authority should have a designated group of elected members appointed to a committee to whom responsibility for the management and administration of the pension fund has been assigned'.

The Pensions and Investment Committee is responsible for discharging the Council's statutory function as an employing authority and as the administering authority for the Derbyshire Pension Fund under the Superannuation Act 1972, the Local Government Pension Scheme Regulations and associated pensions legislation. In discharging these statutory functions the Committee's responsibilities include:-

- i. Considering applications for admission body status to the Derbyshire Pension Scheme
- ii. Management of the resolution of pension disputes in accordance with the Internal Dispute Resolutions Procedure, including the appointment of nominated persons.
- iii. Formulating and reviewing policies under the discretionary payments legislation
- iv. Appointing and reviewing the performance of the Pension Fund's actuary, additional voluntary contribution providers, external fund managers and independent investment advisers;
- v. Formulation of the Fund's investment strategy in line with the Statement of Investment Principles, Funding Strategy Statement and Risk Strategy;

- vi. Ensuring effective communications with Pension Scheme members and pensioners; and
- vii. Approving and monitoring performance targets for the Pension Fund and complying with Regulations which require the Committee to take advice in determining the Fund's investment policy and making investment decisions.

Members of the Committee receive appropriate training throughout the year designed to assist them in performing their duties.

The Pensions and Investment Committee is required to carry out certain statutory functions on at least a quarterly basis - e.g. review investments, review transactions, review fund performance. The Committee timetable is designed to fit in with those requirements. Urgent matters are dealt with by the County Council's Director of Finance in consultation with the Chair of the Pensions and Investment Committee as required.

The minutes of the Pensions and Investment Committee are presented to meetings of the Full Council.

2. Frequency of Meetings

The Pensions and Investment Committee meets eight times a year of which four meetings each are to consider pension administration matters and investment matters.

Meetings are open to the public except for exempt and confidential items as defined by the Local Government Act 1972.

3. Terms of Reference

The duties and responsibilities of the Pensions and Investment Committee are within the Local Government Pension Scheme Regulations 1997 and Pensions Acts.

The Committee's terms of reference, insofar as they relate to the administering authority's role, include:

- administration of the LGPS in Derbyshire
- consideration of applications for admission body status
- appointment of actuary and additional voluntary contribution providers
- formulation and review of policies relating to discretions
- the appointment of persons to resolve disputes
- consideration of Stage 2 appeals under the dispute resolution procedures
- the formulation of a Funding Strategy Statement
- obligations on administrators of occupational pensions under the various Pension Acts.

4. Structure

The Pensions and Investments Committee comprises eight Councillors representing the County Council and two Councillors representing Derby City Council.

The County Council members of the Committee reflect the political balance of the Council.

Two trades union representatives attend as non-voting members.

The County Council's Director of Finance and one independent investment adviser report to the Committee.

Members of the Committee receive appropriate training throughout the year designed to assist them in performing their duties.

All elected members of the administering authority have voting rights as a matter of course.

- The Local Government (Committee and Political Groups) Regulations 1990 SI No 1553 4(1)(g) states that voting rights will be given to a person appointed to a sub-committee or a committee established under the Superannuation Act 1972 who is a member of the authority which appointed the Committee.

Elected members representing other local authorities also have voting rights.

- The provisions of Section 13(3) and (4) of the Local Government and Housing Act 1989 allow an administering authority discretion as to whether or not a member of the Pensions and Investment Committee who is not a member of that authority is treated as a voting or non-voting member.

Accordingly the County Council has allowed co-opted members to have voting rights.

5. Operational Procedures

As part of its duties, the Committee:

- Determines investment policy
- Issues asset allocation guidelines
- Sets performance targets
- Monitors performance
- Issues voting guidelines

Within this framework, day-to-day management of the Fund's investments is delegated to the County Council's Director of Finance who is responsible for ensuring that the investment policy is carried out either by the County Council's Investment Section or by External Managers, as appropriate.

From time to time it is necessary for decisions resting with the Committee to be taken as a matter of urgency. These include decisions on the purchase or sale of direct property or venture capital investments, and also corporate governance issues. Such decisions are taken by the County Council's Director of Finance in consultation with the Chair of the Pensions and Investment Committee (or in his absence the Vice-Chair) and are reported to the next meeting of the Pensions and Investment Committee.

The above procedures are designed to ensure that the Committee carries out its statutory duties, sets policy and controls asset allocation whilst leaving day-to-day investment decisions to the County Council's Director of Finance and the relevant investment managers.

6. Local Pension Board

The Public Service Pensions Act 2013 (PSPA) introduced a framework for regulatory oversight by the Pensions Regulator. In addition, the PSPA introduced a new governance structure for the LGPS which came into effect in April 2015.

The new governance structure was brought into effect by the LGPS (Amendment) (Governance) Regulations 2015. The regulations are intended to ensure better governance and improved accountability in the LGPS. A new national Scheme Advisory Board has been established to provide advice to both the Secretary of State and to administering authorities such as the County Council. The Regulations also require administering authorities to establish Local Pension Boards.

Functions of the Board

The role of the Pension Board is defined by Regulation 106 of the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 as to assist the administering authority:

1. to secure compliance with:
 - a. the Regulations;
 - b. any other legislation relating to the governance and administration of the Scheme; and
 - c. any requirements imposed by the Pensions Regulator in relation to the Scheme; and also
2. to ensure the effective and efficient governance and administration of the Scheme.

Terms of Reference

The terms of reference for the Derbyshire Local Pension Board include provisions regarding the term of office, termination of membership and meeting arrangements.

Structure

Members of the Pension Board are appointed by the County Council as Administering Authority.

7. Review Procedure

This statement will be reviewed on a periodic basis and amended as necessary following a material change in policy.