

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**2 February 2016**

**Report of the Strategic Director of Corporate Resources  
(COUNCIL SERVICES)**

**PENSION FUND INVESTMENTS - MINOR STAFFING CHANGES**

**1 Purpose of the Report**

To seek approval to revise the staffing structure of the Settlements and Governance area of Derbyshire Pension Fund's Investment Section.

**2 Background Information**

Derbyshire Pension Fund is administered by Derbyshire County Council under the Local Government Pension Scheme Regulations 2013. As well as investing money and making payments to the employees and pensioners of Derbyshire County Council itself, Derbyshire Pension Fund is responsible for investing £3.5bn for the employees and pensioners of 170 local employers.

There are 89 Local Government Pension Schemes (LGPS) in England and Wales and Derbyshire is one of only six LGPS which manage the majority of their investments 'in-house', ie not employing an external manager, such as Blackrock or Legal and General. This 'in-house' investment management approach is hugely beneficial to members of the Fund, as the costs of employing fund managers and settlement staff in Matlock are considerably lower (around a quarter of the cost) than those for employing external managers.

Derbyshire Pension Fund has, over the last fifteen years, built up a small, but extremely specialised, Finance and Settlements team, which supports the work of the Investment Officer and the Fund Managers, who make the investment decisions. This enables the Fund Managers to invest with complete confidence, knowing that the information they receive from the Settlements Team is accurate, up-to-date and that each trade (bargain) they transact will be settled competently. Failure to do so would lead to penalty charges, extra costs and reputational damage.

A new governance structure has been brought into effect by the Local Government Pension Scheme (LGPS) 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 County Councils). The Regulations also require administering authorities to establish Local Pension Boards from April 2015.

Derbyshire's Local Pension Board is responsible for ensuring the effective and efficient governance and administration of the Derbyshire Pension Fund, making it even more critical that the Investments Section administering the Fund can prove that its processes are fully compliant.

A number of measures have already been agreed to help build on the long-standing, successful in-house investment of the £3.5bn Pension Fund. These include the establishment of a revised structure for the Fund Managers and the payment of a market supplement for certain posts.

The next stage is to ensure the security of the Settlements and Administration functions, which are critical to the Fund. There is also a need to add to the duties of the current posts, given the increasing responsibilities to provide evidence of satisfactory governance of the Pension Fund.

The changes proposed will provide the best means of ensuring a flow of staff, by establishing two roles with on-job specialist training, which can progress in time to more senior positions. The aim is to ensure a sound basis for the maintenance of the cost effective arrangements in place. The present arrangement of 1 Senior Finance Assistant and 1 Business Services Assistant lacks resilience and is vulnerable to staff departure. The complicated and demanding nature of Settlement procedures means that a minimum of two qualified staff is essential for daily cover, allowing for leave and other absences.

On-the-job training of new staff to achieve competence takes at least two years and no other member of the Investments Team is technically capable of providing short-term cover. It is therefore imperative that at least one experienced member of the Settlements and Administration team is present each working day, as investment deals, set in train by the Fund Managers, have to be settled at short notice (sometimes within 24 hours).

To achieve this aim it is proposed that two new Business Services Officer, Grade 9, and two new Business Services Assistant, Grade 7, roles are established to carry out existing duties and fulfil the additional Governance responsibilities required by recent Pension Fund legislation. This would allow the Investment Officer and Fund Managers to devote more time to investment research and decision-making. As part of the restructure the existing posts of

Business Services Assistant, Finance Manager and Treasury Management Accountant will be deleted (see Organisation Chart in Appendix 1).

### **3 Financial Considerations**

The proposal is to have two Business Services Officer roles, supported by two Business Services Assistant roles, in order to provide sustainable specialist Settlement and Governance support to the Investments team. Over time, the Business Services Assistant role will be expected to carry more responsibility and take on more duties than in the past and these roles should give greater resilience and offer succession planning to the Settlement and Governance area. The net costs, allowing for the saving in removing the three and a half existing posts, are expected to be a maximum of £5,100; the cost will be met by the Pension Fund.

#### **Proposed Adjustments - Costing Schedule**

See Appendix 3.

### **4 HR Considerations**

#### **Organisation design and grading**

The proposed structure, subject to Cabinet approval, will be consistent with the Council's Organisational Design Principles and will enable and support service delivery.

All new and changed jobs in the proposed new structure have been subject to job evaluation and grading levels have been confirmed in line with the HAY job evaluation scheme.

The existing and proposed organisation structures are attached at Appendix 1 and 2

#### **Costs of the Re-organisation**

The staffing schedule at Appendix 3 provides details and costs of the existing and proposed jobs and grades, and identifies where jobs are deleted, changed or new.

Under the proposals, there will be a net increase of 0.5 FTE jobs, with a maximum cost of £5,100 per annum. For further detail, see the Financial Considerations section.

Informal consultation with employees and trade unions has taken place and formal consultation will begin should this report be approved. It is proposed,

subject to Cabinet approval, that the report be released to affected employees and the trade unions.

Formal consultation will be undertaken in accordance with section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 and will be covered by the Council's corporate notification to the Secretary of State of potential redundancies under Section 193 of the Act.

The trade unions will be consulted on the ring fence arrangements for resourcing the proposed structure and these will be determined in accordance with the Council's Core Principles for managing organisational reviews.

The Council will seek to mitigate the number of compulsory redundancies and also seek alternative employment in line with the provisions set out in the Council's Redundancy, Redeployment and Protection of Earnings policies.

As two individuals will be at risk of redundancy as a result of the proposals Cabinet is requested to approve the use of voluntary release schemes, if necessary, for staff affected as a "pocket of difficulty".

## **5 Other Considerations**

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

## **6 Key Decision**

No.

## **7 Call-in**

Is it required that call in be waived in the decisions proposed in the report?

No.

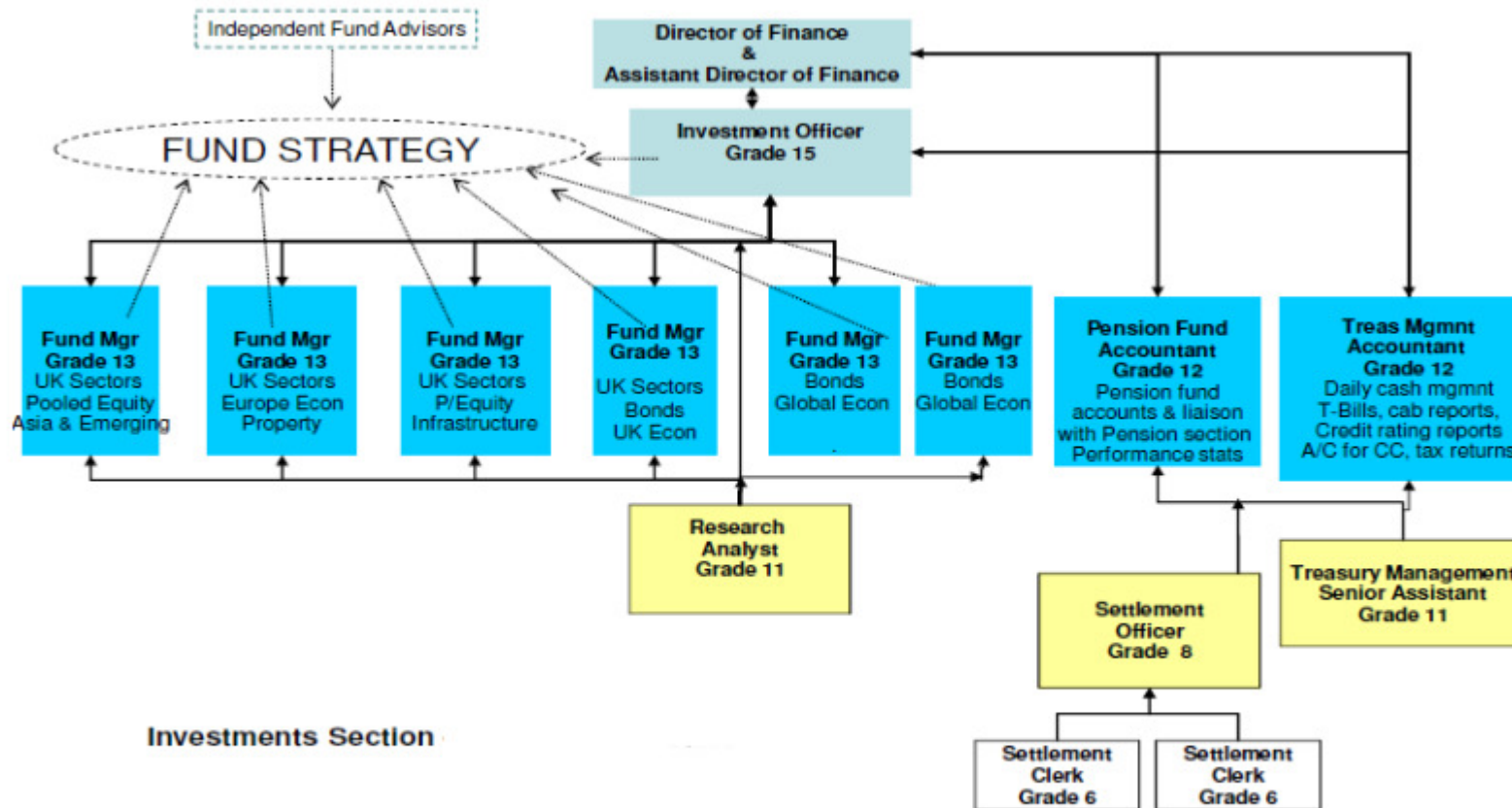
## **8 Officer's Recommendation**

That Cabinet agrees to the establishment of two Business Services Officers and two Business Services Assistant roles within the Investments Team, to replace three and a half existing posts, as set out in the report.

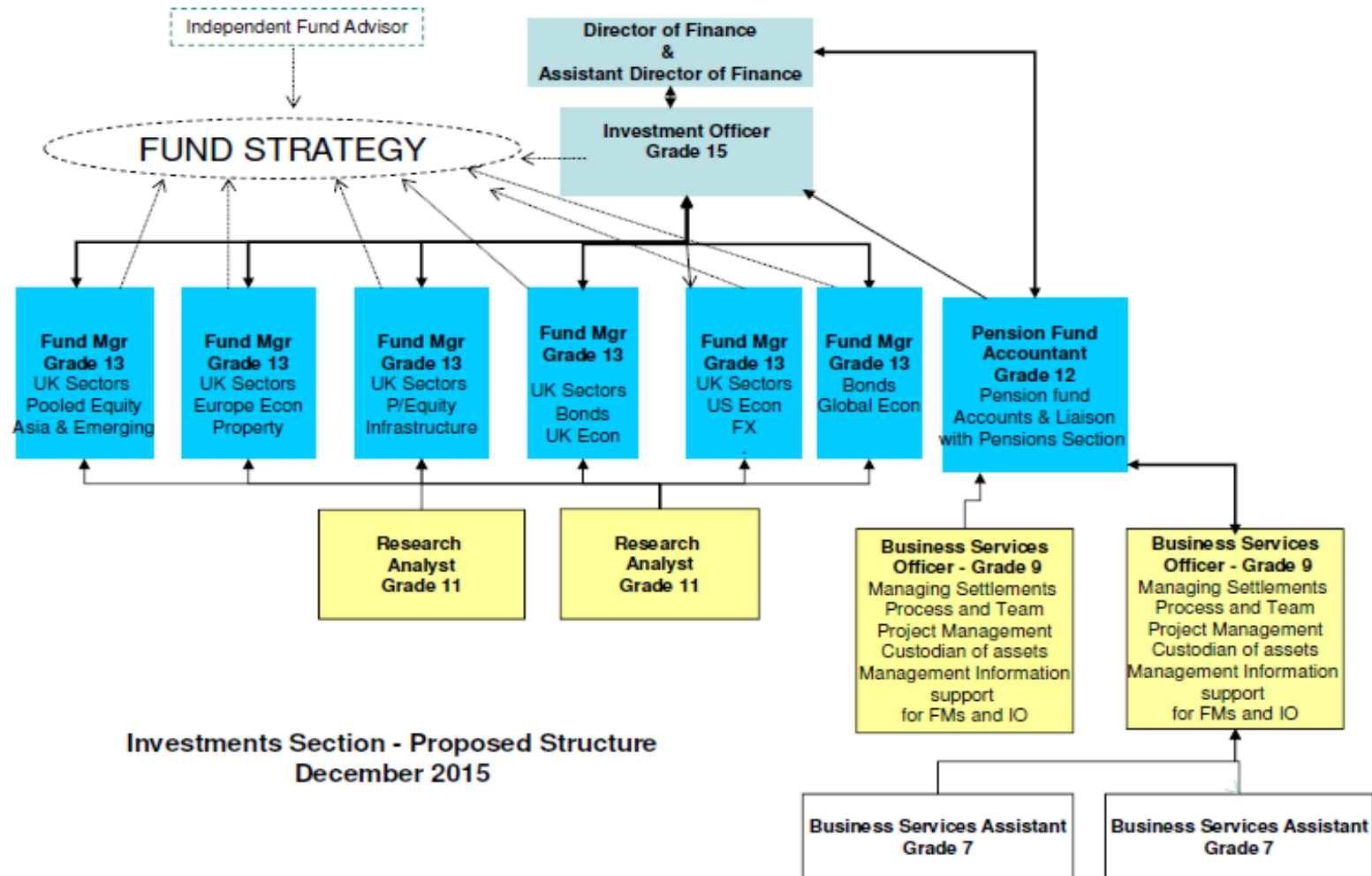
JUDITH GREENHALGH

Strategic Director of Corporate Resources

## Appendix 1 – Existing Structure (approved by Cabinet 24 July 2012)



## Appendix 2 – Proposed Structure



### Appendix 3

Post	Existing Structure					Revised Structure			Cost Increase/Saving (-)	
	Number of FTEs	Outcome	Grade	Minimum (£)	Maximum (£)	Proposed Grade	Minimum (£)	Maximum (£)	Minimum (£)	Maximum (£)
Treasury Management Accountant	1	Removed	12	41,210	44,889	12	0	0	-41,210	-44,889
Finance Officer	1	Removed	8	25,713	27,789	0	0	0	-25,713	-27,789
Business Services Assistant	1	Removed	6	20,650	22,252	0	0	0	-20,650	-22,252
Business Services Assistant	0.5	Removed	6	10,325	11,126	0	0	0	-10,325	-11,126
Business Services Officer	2	New	0	0	0	9	56,962	61,113	56,962	61,113
Business Services Assistant	2	New	0	0	0	7	45,888	50,042	45,888	50,042
				<b>97,898</b>	<b>106,056</b>		<b>102,850</b>	<b>111,155</b>	<b>4,952</b>	<b>5,099</b>

*Inclusive of On-costs at 20.6%*

*Current salary budget for Investments is £534,366*