

DERBYSHIRE COUNTY COUNCIL

COUNCIL

23 September 2015

Report of the Strategic Director of Corporate Resources

LOCAL PENSION BOARD

1. Purpose of the Report

To appoint members of the Local Pension Board for Derbyshire.

2. Information and Analysis

At its meeting on 8 April 2015 the Council approved the establishment of a Local Pension Board and the Terms of Reference for the Board.

The Terms of Reference provide that the Board shall consist of four voting Board members, made up of two Pension Scheme Employer representatives and two Pension Scheme Member representatives, together with a non-voting independent chair.

At its meeting on 3 June 2015 Council approved the appointment of Ms Karen Gurney and Mr Nick Read, whose appointment was supported by Unison, GMB, Unite and UCATT, as the two member representatives.

The recruitment and selection process for employer representatives has continued, managed by the Assistant Director of Legal Services and the Assistant Director of Finance in consultation with the Strategic Director of Corporate Resources and the Leader of the Council. Nominations were received from Avarto, one of the private sector employers in the Derbyshire Scheme, Pinxton Parish Council and Derby City Council. After careful consideration it is recommended that Mr Michael Nelson, the Avarto nominee and Mr James Watson, the Pinxton Parish Council nominee should be appointed as the employer representatives on the Local Pension Board.

Mr Nelson is Service Development Manager for Avarto which has the finance management contract for Chesterfield Borough Council. He was previously Pensions Manager for Sefton Borough Council until Avarto secured the Sefton Council finance contract.

Mr Watson has experience in the financial sector as a bond analyst, investment manager and as a member of asset allocation committees. He is

a civil servant and in his capacity was part of a management team giving advice to the Investment Trusts Board. Mr Watson also has considerable experience of institutional investment and managing pension fund assets.

The appointment of Michael Nelson and James Watson would ensure that the private sector employers and the smaller local authority employers would be involved in the governance of the Pension Fund. Whilst Derby City Council is the second largest employer in the Derbyshire Fund, the Council has two elected members on the Pensions & Investment Committee and is therefore already well represented in the Fund's governance.

The position of Independent Chair of the Local Pension Board will be a paid position. As the report to Council on 3 June indicated, five applications were received and three applicants were invited for interview. However, it was not possible to complete the process of selection prior to the Council meeting. That process has now been completed and it is recommended that Mr Ronald Graham should be appointed to the position of Independent Chair.

Mr Graham has recently retired from his position as a pensions partner with a major UK law firm which advises local authorities on the Local Government Pension Scheme. He is a director of an independent trustee company which acts as the trustee for a number of private sector pension schemes and has experience of multi-employer schemes.

Mr Graham's proposed remuneration is £8,000 for eight days work in the initial one year term with anything over the eight days being by prior agreement at the same daily rate. This fee is on a par with the average of the remuneration being paid by other authorities.

The Council is asked to approve the appointments of Mr Michael Nelson and Mr James Watson as Scheme Employer Representatives on the Local Pension Board for an initial two year term and the appointment of Mr Ronald Graham as the Independent Chair of the Local Pension Board for an initial one year term.

3. Financial Considerations

The cost to the Local Pension Board, including the fees paid to the Independent Chair, will be met by the Pension Fund.

4. Legal Considerations

The appointment of members to the Local Pension Board complies with the Local Government Pension Scheme (Amendment)(Governance) Regulations 2015 and the relevant guidance.

5. Other Considerations

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

6. Background Papers

Files held by the Director of Legal Services and the Director of Finance.

7. Officer Recommendations That the Council approves:-

- 7.1 The appointment of Mr Michael Nelson and Mr James Watson as Scheme Employer Representatives to the Local Government Pension Board for Derbyshire for a two year term; and
- 7.2 The appointment of Mr Ronald Graham as the Independent Chair of the Local Pension Board for Derbyshire for a one year term on the terms outlined in the report.

**JUDITH GREENHALGH
STRATEGIC DIRECTOR OF CORPORATE RESOURCES**