

DERBYSHIRE COUNTY COUNCIL

COUNCIL

7 December 2016

Report of the Strategic Director of Corporate Resources

LOCAL PENSION BOARD

1 Purpose of the Report

- To review the operation of the Local Pension Board for Derbyshire
- To extend the appointment of the Independent (non-voting) Chair of the Local Pension Board for a further term
- To review the appointment of the four voting Board members - two scheme employer representatives and two scheme member representatives.

2 Information and Analysis

Establishment of the Board

Council approved the establishment of the Derbyshire Pension Board, as required by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, on 8 April 2015.

Council, on 3 June 2015, appointed two scheme member representatives and two scheme employer representatives on 23 September 2015. The independent chair was also appointed, following a procurement exercise, by Council on 23 September and took up his post in December 2015.

Work to Date

The Board held its first meeting on 18 March 2016 and has met further on 5 May, 18 August and 29 November. The Board reported to Pensions and Investments Committee on 7 September setting out the Board's view of its own role, how it intends to carry out that role and the areas of work it intends to concentrate on. The Board also provided minutes of its meetings and two members of the Board attended that Committee to seek the Committee's views on how it (the Board) could best assist Pensions and Investments Committee on behalf of the Council as administering authority of the Derbyshire Pension Fund.

Board members have very quickly familiarised themselves with their own role and responsibilities and the roles and responsibilities of Derbyshire County Council as administering authority. A self-assessment of training needs

identified that the Board members between them have good knowledge of all areas they need to be aware of and individually have identified their own development needs which will be addressed.

The Board is clear its role is to assist both the Committee and officers in managing the Fund and in doing so will focus on areas which are of most concern to the Fund. Its work programme was initially developed following a review of the Pension Fund Risk Register and has focussed on a number of areas.

Policy/Strategy Developments

The Board has identified the key strategy and policy documents required by the Fund and is reviewing the process for production, consultation, approval and publication of these documents.

Dispute Resolution

The Board is monitoring complaints, identifying any potential trends that might require further work.

Admitted Bodies' Covenant Strength

With academisation and an increase in outsourcing of Council services, particularly catering and cleaning at schools, the number of admitted bodies is rapidly increasing. In order to protect other employers in the Fund it is important the Fund has in place measures to ensure all employers are able to meet their liabilities. The Board are reviewing the covenant strength/position of each employer in the run up to the 2016 valuation results.

Pensions and Investments Committee identified two further items it felt the Board could consider:

- How to compare the performance of the Derbyshire Fund with others, including measuring scheme member satisfaction.
- Communication with Scheme employers and members.

The Chair of the Board agreed to add these to the Board's workplan.

Re-appointment of Chair

The Chair was appointed by Cabinet on 23 September 2015 but did not take up appointment until December. The initial term was for 12 months only; as a new role the intention was to review the process after one year and determine how well the new arrangements were working. Having operated over the first nine months it is apparent that the current arrangements are working well and it would be appropriate to continue with them for at least the short term.

It is proposed therefore that in order to provide continuity and ensure the work of the Pension Board is not disrupted the contract of the existing Chair is extended for a further 18 months from the original approval. This would result in a term ending in March 2018 and effectively provides two years in the role from the date the Board first met. Remuneration would be in line with the existing arrangement.

Appointment of Employer and Scheme Member Representatives

Scheme member and employer representatives were appointed on 3 June 2015 and 23 September 2015 respectively, for a two year period. This arrangement will provide some continuity as, if the existing scheme members are replaced in June 2017, the new representatives will have a short period of tenure with the existing employer representatives prior to their potential replacement in September 2017, but all representatives will potentially change within three months. To provide greater continuity it is proposed that the tenure of one of both existing employer and scheme member representatives is extended by a further 12 months. On the basis of a two year term this will result in much greater continuity with any new member having the benefit of working alongside their fellow scheme member/employer representative for the first year of their tenure. Recruitment of new representatives in 2017 would follow the process adopted for the initial appointment - "advertising" for scheme member representatives and direct communication with all employers in respect of employer representative nominations.

3 Other Considerations

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

4 Officer's Recommendations

- 4.1 Council notes the work of the Pension Board to date.
- 4.2 Council agrees to extend the appointment of the current Chair to March 2018.
- 4.3 Council agrees to extend the appointment of one each of both scheme member and employer representatives by a further 12 months to provide continuity.

JUDITH GREENHALGH

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