

**Agenda Item No 4(e)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**7 September 2016**

**Report of the Director of Finance**

**DERBYSHIRE PENSIONS BOARD**

**1 Purpose of the Report**

To consider the current and proposed approach of the Pensions Board, and identify any additional areas the Board could assist with in the efficient and effective administration of the Derbyshire Pension Fund.

**2 Information and Analysis**

The Pensions Board has met three times - on 18 March, 5 May and most recently on 18 August. Prior to the most recent meeting the Chair of the Pensions Board wrote to all members of this Committee, 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 in the immediate future. A copy of that letter plus minutes from the first two meetings are attached to this report.

The Board has requested the Committee's comments on the Board's proposed approach and that it identifies any other areas where it believes the Board can assist the Administering Authority.

**3 Other Considerations**

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

**4 Background Papers**

None.

## **5 Officer's Recommendation**

That Committee consider the Board's current approach and programme of work and identify any other areas of work for the Board to include in its programme.

PETER HANDFORD

Director of Finance

# DERBYSHIRE PENSION BOARD

c/o County Hall  
Matlock  
Derbyshire  
DE4 3AG

Dear Councillor

10 August 2016

Having had a brief discussion with your Chair at the PLSA LGPS Conference, the members of the Board thought it would be appropriate and mutually beneficial to share with you and your fellow Committee Members details of what it has engaged in at its two meetings so far and its intentions for the future. It will provide copies of its minutes to the Committee.

The Board first met on 18 March.

This was very much an introductory meeting – as well as each other for the first time, the Board met the officers who advise the Committee - Deputy Director of Finance, Assistant Director of Legal Services and the Heads of Pensions and Investments.

The Board were agreed that its role should be to assist both the Committee (and officers) in managing the Fund and would welcome the opportunity to meet the Committee.

From a previous agenda of the Committee I had identified and circulated the Risk Register and it was agreed this would be a good starting point for identifying potential areas for the Board to focus on. Specific areas to focus on would be identified at the next meeting.

The members all agreed to complete a self-assessment matrix of training needs to assist in formulating a training plan and arrangements were made for all members to attend a PLSA Workshop on Pension Boards. Four of the five subsequently attended this and found it very useful, particularly the opportunity to meet members of other boards.

Our second meeting took place on 5 May.

The Head of Pensions updated the Board on the progress on the Administration Work Plan, highlighting recent achievements, issues

Board Members – R Graham (Chair), M Nelson, J Watson, N Read and K Gurney.

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outstanding, areas of specific focus and risks. We also had an update on pooling and we anticipate this should be a regular item on our agenda.

We concentrated then on our work plan and determined it appropriate and sensible to consider only a limited number of issues, and concentrate on those that are potentially areas of concern to the Fund/Committee also in order to ensure we are working together to make improvements where necessary and possible.

We had some concern that Pensions and Investments Committee review the Risk Register only six monthly and would recommend it should be quarterly, though we did note that Committee have also requested a quarterly review and it should in any event be brought before Committee at any time when there is a significant change in risks.

One other area of concern was the potential difficulties that may arise in meeting year-end and valuation deadlines. The problem of full implementation of the new administration system, though largely outside the Fund's control, exacerbated by the staffing position within the Administration Section, results in a risk of failing to meet statutory deadlines. We know Committee are aware of the recruitment/retention difficulties within the Investments Team but you should also be aware of difficulties within Administration too. The Board will have access to the same performance monitoring reports as the Committee but as the Board is only meeting quarterly its ability to monitor the position is less than that of the Committee.

In terms of future work, the Board determined to focus on three key areas:

- Admitted bodies covenant strength

With continuing austerity and a forthcoming valuation which may not show any improvement on the 2013 position there is some concern about the ability of all admitted bodies to maintain membership of LGPS. It is vital for the Fund that there is an appropriate covenant in place for each body and the Board has asked the officers to review the position. It is difficult to escape the conclusion that the New Fair Deal proposals currently in consultation are only likely to aggravate existing issues in this area.

- Internal Dispute Resolution

The Board believes it will be productive to monitor complaints, identifying if there is any trend emerging that might need further work.

- Policy/Strategy Developments

The Board has been provided with a draft list of all Strategy & Policy documents and intends to review the process for the production, approval and publication of these documents.

In reviewing these areas we are mindful this will add to the workload of officers who already have substantial workloads and new challenges to face. We are concerned about the restrictions the Council's job evaluation policy places on the Fund's ability to recruit and retain staff with the right knowledge and experience in both Investments and Pensions administration. We would be interested to know what, if anything, Committee could do about this.

I have attached copies of the minutes of both our meetings and would advise we have further meetings scheduled for 18 August and 29 November.

We would be very interested in any comments that you and the Committee may have on our proposed approach; we remain very much aware that our principal function is to assist the Administering Authority in the discharge of its functions and in particular compliance with legislation relating to the Fund and the requirements of the Regulator, and we would be pleased to receive any suggestions of other areas where we can assist.

Yours sincerely

Ronald Graham  
Chair  
Derbyshire Pensions Board

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## **PUBLIC**

**MINUTES** of a meeting of **DERBYSHIRE PENSIONS BOARD** held at County Hall, Matlock on 18 March 2016.

### **PRESENT**

R Graham (in the Chair)

Ms K Gurney, M Nelson, N Read, J Watson.

In attendance – R Appleby (Deputy Director of Finance) and Mrs K D Riley (Assistant Director of Legal Services)

**01/16      INTRODUCTIONS**      Members of the Board introduced themselves and gave a brief outline of their background.

Nigel Dowey (Pensions Manager) and Dawn Kinley (Acting Investment Officer) were introduced to Board members.

**02/16      DECLARATIONS OF INTEREST AND CODE OF CONDUCT**  
Board members were required to comply with the DCC Code of Conduct and a copy had been circulated.

**03/16      TERMS OF REFERENCE OF THE BOARD**      A copy of the Council report establishing the Board had been circulated and this detailed the Board's Terms of Reference. In discussing these, the following points were made:-

3.1 Whilst the Board had the minimum number of members permissible, it may be appropriate, in the future, to request that the numbers be increased.

3.2 In the event of a vote being required, the Chair did not have a vote.

3.3 The Chair had met with the Chair and Vice Chair of the Pensions and Investment Committee and they were enthusiastic about the role of the Board.

3.4 The Board would be likely to meet 4 times a year but, initially, may be more frequent..

**04/16      REMIT**      A copy of an example of a remit of a Local Pension Board had been circulated. This was accepted.

In discussing the document, the following points were made:-

4.1 The Board should prioritise the areas of work that it should concentrate on.

4.2 The Risk Register would be a useful starting point. A copy of this was circulated and members were invited to concentrate on the red/amber items.

4.3 Transparency of the costs of investments was an area of interest and it was noted that some work on this was already being undertaken using a LGA template. D Kinley would be invited to attend or provide a written update to the Board on this work. **ACTION: RA**

4.4 The Fund's 3 Year Work Plan – progress on this should be monitored. RA circulated a copy of the Plan and N Dowey would be invited to attend or provide a written update to the Board on this work. **ACTION: RA**

4.5 Information would be presented on the information presented elsewhere within DCC to meet various requirements. **ACTION : RA**

4.6 It was queried whether the Pensions and Investment Committee considering the Risk Register every 6 months was regular enough. Views of the P&I Committee to be sought on frequency and members of Board to be copied in when each time Risk Register is updated. **ACTION: RA**

4.7 The Pensions Administrations Strategy, which was contained within the Work Plan, should be monitored. N Dowey would be invited to attend or provide a written update to the Board. **ACTION : RA**

4.8 The Board should contact the Scheme Advisory Board and ensure that members were emailed with updates etc when produced. **ACTION : RA**

4.9 Board members would be provided with dates and copies of papers for Pensions and Investment Committee, for their information. An opportunity to meet the Committee would be welcome. Board to consider possible meeting dates at its next meeting. **ACTION : RA**

4.10 Performance Monitoring would be important. It was noted that the new pensions system should deliver better KPIs and this information would be provided to the Board.

4.11 It would be important to set out and be clear about what the Board could/could not achieve.

4.12 The Board to request copies of the most recent communications sent to members (active, deferred and pensioner) and the timetable for future mailings. **ACTION : RA**

4.13 Initially the Board should set 3 or 4 goals on which to concentrate. **ACTION : BOARD TO CONSIDER AT NEXT MEETING.**

4.14 It was noted that the attendance of RA/KR would be at the discretion of the Board. The Board would wish RA to be in attendance as the norm.

4.15 Regulator to be informed that the Board was now in place. **ACTION : RA**

**05/16      ADMINISTRATIVE SUPPORT TO THE BOARD**

Points

arising were:-

5.1 The Board would use its own letterhead.

5.2 RA would explore the possibility of Board members having a DCC email account. **ACTION : RA**

5.3 RA would circulate claim forms for expenses. **ACTION : RA**

**06/16      BUDGET**      RA said that there was no agreed budget for the Board and its expenditure, which would be met from the Pension Fund, should be "reasonable".

**07/16      DATA PROTECTION**      It was noted that Freedom of Information legislation would apply to the Board.

**08/16      INSURANCE**      RA would ensure that the DCC insurance covered members of the Board in undertaking their duties. To be reported back to next meeting. **ACTION : RA**

**09/16      TRAINING REQUIREMENTS**      Members discussed how best to develop their knowledge. Key points were:-

9.1 NR and KG had attended a LGA training day last year.

9.2 Online training should be utilised. Board members to access tPR online training. **ACTION : ALL BOARD MEMBERS**

9.3 Members should complete the CIFA self-assessment matrix in order to identify their training needs. Completed form should be returned to RA by 1 April. **ACTION : ALL BOARD MEMBERS**

9.4 Board members could be involved in any Pensions and Investment Committee training events.

9.5 RA would identify and opportunities for training and circulate information to members. **ACTION : RA**

9.6 Members needed to be clear about their role and what they could do to contribute. Initial training would help with this. Training to be arranged asap. **ACTION : RA**

**10/16      NEXT MEETING**  
May 2016 at 10.30am.

Next meeting to be held on Thursday 5



## **PUBLIC**

**MINUTES** of a meeting of **DERBYSHIRE PENSIONS BOARD** held at County Hall, Matlock on 5 May 2016.

### **PRESENT**

R Graham (in the Chair)

Ms K Gurney, M Nelson, N Read and J Watson.

In attendance – R Appleby (Deputy Director of Finance).

N Dowey (Pensions Manager) was in attendance for item 12/16.

**11/16      MINUTES** The Minutes of the meeting held on 18 March 2016 were agreed. The following were matters arising:-

11.1 Declarations of interest and code of conduct Board members would be asked to complete a Declarations of Interests form for inclusion in the Register of Interests. **ACTION GD**

11.2 Updating of Risk Register P&I Committee to be asked to consider whether it should review the Risk Register at least quarterly rather than six-monthly. **ACTION RA**

11.3 Dates of P&I Committee Dates were circulated.

11.4 Copies of communications sent to Fund members The only communication sent to Fund members was the annual benefits statement.

11.5 Support A letterhead for the Board to be produced. A secure email account was being organised. The possibility of a central repository for information for Board members was being investigated. **ACTION RA**

11.6 Insurance Confirmed that the DCC insurance covered Board members.

11.7 Self-assessment Members reminded to complete training self-assessment matrix. **ACTION ALL BOARD MEMBERS**

**12/16      FUND WORK PLAN**

12.1 N Dowey gave an update on progress on the Pension Fund's current work plan. The Chair reiterated that the Board would wish to assist in its delivery, wherever possible.

Key points covered were:-

Recent achievements from the plan

- Transfer of remaining employer duties to DCC.
- Bring scanning facility into Pensions office to achieve efficiencies.
- Appointment to new post re communications.
- Developed annual service plan.
- Developed performance management reporting suite.
- Completed LGPS Pru presentations.

Delayed

- Work on vision, values and mission statement
- Internal complaints monitoring (as part of performance management)

Areas of specific focus

- Year-end returns
  - Clear up outstanding queries from the previous year
  - Returns received from 88 of 174 by 31/3/16.
  - Extensions requested by a number of bodies.
  - All have used the up to date template so far.
  - The Year-end UPM module was working.
  - Reminder letter sent
- System development
  - Loading new release
  - Valuation module had issues – work with Civica
  - Bulk processing challenge/difficulties and the risk presented by this.
  - Website development

The following points were agreed:-

12.2 Board to be provided with a copy of the Annual Service Plan report that was to be presented to the P&I Committee. **ACTION RA**

12.3 Board to be provided with copies of performance monitoring reports. **ACTION RA**

12.4 P&I Committee to be informed of Board's concern at the problems being encountered with the new Civica software, particularly in respect of bulk processing and the risk that this presented in not meeting deadlines. **ACTION RA**

12.5 Board to be provided with copies of Internal Audit reports on the work of the Pensions Team when these are published. **ACTION RA**

### **13/16      INVESTMENTS POOLING**

13.1 RA circulated background information on LGPS investment pooling proposals. Content to be treated as confidential.

13.2 Update to be presented to next meeting. **ACTION RA**

### **14/16      EXISTING POLICIES AND DOCUMENTS**

14.1 RA circulated schedule showing various policies and documents that were published. Were there any that should be added to this list?

14.2 KG offered to link the list to the document location on the website. **ACTION KG**

14.3 This list could also be linked to any central repository.

### **15/16      TRAINING**

15.1 Board could participate in any training by Actuary provided to P&I Committee.

### **16/16      BUDGET**

16.1 The Chair referred to the wider issue about what work the Board would undertake and by whom. Some Boards had engaged outside assistance/consultants. Board members' views were sought. Considered that work should be taken project by project with members devoting what time they could. There may be a need to commission some work in the future.

16.2 On question of allocating a budget, information on what was happening in other Boards should be collated. **ACTION ALL BOARD MEMBERS**

16.3 This was an issue that would, ultimately need consideration by P&I Committee.

### **17/16      WORK PROGRAMME**

17.1 List of potential priorities considered.

17.2 Agreed to focus initially on –

- Admitted bodies – agreements, covenants and compliance.
- Internal Dispute Resolution – complaints, trends, Board notification.
- Policy/Strategy documents – ensure all are in place.

17.3 P&I Committee to be informed of Board work programme. **ACTION RA**

## **18/16      ADMITTED BODY COVENANT STRENGTH**

18.1 The Board identified concerns about the potential impact of the upcoming valuation. For admitted bodies in particular, any worsening position/increase in employer rates could impact adversely on their ability to maintain the cost of membership within LGPS.

The Board were concerned that there was a significant danger of such bodies leaving the Fund, voluntarily or otherwise, without the necessary covenants in place to guarantee any liabilities in the Fund would be met.

18.2 The Board asked for a review of covenants associated with such bodies for the next meeting. **ACTION RA**

## **19/16      NEXT MEETING**

19.1 Next meeting Thursday 18 August 2016 at 10.30am.

19.2 Invitation received to visit Merseyside Board on 29 November to review progress there.

## **ACTION TIMELINES**

Ref	By	Matter	When?
11.1	GD	Register of Interests	Immediate
11.2	RA	refer to P&I Committee.	1 June
11.5	RA	Board support	On-going
11.7	Board members	self –assessment	mid-May

12.2	RA	Service plan report	Next meeting
12.3	RA	perf. monitoring reports	On-going
12.4	RA	refer to P&I Committee	1 June
12.5	RA	Audit reports	Upon publication
13.2	RA	Pooling update	Next meeting
14.2	KG	link documents	on-going
16.2	Board members	budget research	next meeting
17.3	RA	refer to P&I Committee	1 June
18.2	RA	review of covenants	next meeting