

DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE

23 January 2019

Report of the Director of Finance & ICT

PENSIONS AND INVESTMENTS COMMITTEE TERMS OF REFERENCE

1 Purpose of the Report

To consider updated terms of reference for the Pensions and Investments Committee.

2 Information and Analysis

The terms of reference for Derbyshire County Council committees are being reviewed as part of the review of the Council's Constitution. The Constitution is due to be presented to Full Council on 6 February 2019.

The draft updated terms of reference for the Pensions and Investments Committee, attached as Appendix 1, set out the Committee's responsibilities for:

- Approving and monitoring performance targets
- Reviewing and approving statements, strategies and policies
- Receiving and considering reports
- Ensuring arrangements are in place
- Making appointments
- Investment Pooling

The terms of reference for the Committee (attached as Appendix 2) were last amended by Council in February 2017 to accommodate the transition of Derbyshire Pension Fund's assets to the management of LGPS Central Ltd. This is now expected to take longer than originally envisaged; therefore, the Committee will remain responsible for appointing external fund managers for segregated mandates in advance of the management of the investment assets transitioning to the investment pool.

3 Other Considerations

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

4 Officer's Recommendation

That Members recommend the draft updated terms of reference for the Pensions and Investments Committee, attached as Appendix 1, for approval by Full Council.

PETER HANDFORD

Director of Finance & ICT

The Pensions and Investments Committee

Derbyshire County Council (the Council) has established a Pensions and Investments Committee (the Committee) to be responsible for the management and administration of Derbyshire Pension Fund (the Fund) on behalf of the Council as the administering authority of the Pension Fund.

Membership and Meetings

The Committee is comprised of eight Councillors representing Derbyshire County Council and two Councillors representing Derby City Council. Two trade union representatives are also entitled to attend meetings of the Committee as non-voting members. The Committee is supported by advice from officers of the Council and an independent investment adviser; it meets eight times a year.

Role and Function

The Committee is responsible for discharging the Council's statutory functions as the administering authority for the Pension Fund under the Local Government Pension Scheme Regulations and associated pension legislation.

Approving and monitoring performance targets

The Committee will approve and monitor performance targets for the Fund.

Reviewing and approving statements, strategies and policies

The Committee will review and approve the Fund's:

- Governance Policy and Compliance Statement setting out effective governance arrangements for the Pension Fund
- Investment Strategy Statement following any material change in the factors affecting the investment strategy and at least every three years
- Quarterly tactical asset allocation following due consideration of the recommendations from the Director of Finance & ICT and the independent investment adviser
- Funding Strategy Statement on any material change in the policy set out in the Statement and at least every three years as part of the triennial valuation process
- Treasury Management Strategy with due consideration given to the security of capital and liquidity as well as to the investment return
- Other statutory policies required by the Local Government Pension Scheme Regulations and strategy/policy statements in line with best practice

Receiving and considering reports

The Committee will receive and consider the Fund's:

- Triennial actuarial valuation report and annual funding reports
- Annual Report
- Administration and investment performance reports
- Risk Register

Ensuring arrangements are in place

The committee will ensure arrangements are in place for:

- Communicating with the Fund's stakeholders
- Considering admission body applications

- The adjudication of applications under the Application for Adjudication of Disagreements Procedure (AADP) (including the appointment of adjudicators)

Making Appointments

The committee will be responsible for appointing the Fund's:

- Actuary
- Independent investment adviser
- External fund managers for segregated mandates in advance of the management of the investment assets transitioning to the investment pool
- AVC providers

Investment Pooling

To oversee the Pension Fund's involvement in investment pooling, the Committee will:

- Ensure that the Fund is effectively represented in the Pool's governance structure
- Determine what is required from the Pool to enable the Fund to deliver its Investment Strategy
- Be responsible for the selection, appointment and dismissal of an investment pooling operator (the Operator) to manage the Fund's assets
- Monitor the performance and effectiveness of the Operator both as a shareholder in the Operator and as an investor in the Operator's products
- Ensure that appropriate measures are in place to monitor and report on the ongoing costs and cost savings of investment pooling
- Ensure that the responsible investment, corporate governance and voting policies of the Fund are delivered effectively
- Receive and consider reports and recommendations from the Pool's Joint Committee, Shareholders' Forum and Practitioners' Advisory Forum

Training

Members of the Committee are required to undertake training in line with the Fund's Training Policy.

Derbyshire Pension Board

In accordance with legislation, the Committee is supported by Derbyshire Pension Board which was established to assist the administering authority with the governance and administration of the Fund.

Article 12 - The Pensions and Investment Committee

12.1 Pensions and Investment Committee

The Council will establish a Pensions and Investment Committee.

12.2 Composition

The Pensions and Investment Committee will be comprised of eight Councillors representing Derbyshire County Council and two Councillors representing Derby City Council.

12.3 Role and Function

The Pensions and Investment Committee will be 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 will 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 adjudicators.
- iii. Formulating and reviewing policies under the discretionary payments legislation.
- iv. Appointing and reviewing the performance of the Pension Fund's actuary, additional voluntary contributions providers, 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. Approval of a Treasury Management Policy.
- vi. Ensuring effective communications with Pension Scheme members and pensioners.

- vii. Approving and monitoring performance targets for the Pension Fund
- 12.4 The Pensions and Investment Committee will consider recommendations from the Joint Committee of the administering authorities which are shareholders in LGPS Central Ltd and make decisions in respect of those recommendations on behalf of the Council.

The Local Pension Board

In accordance with legislation the Pensions and Investments Committee is supported by the Local Pension Board.