

DERBYSHIRE COUNTY COUNCIL

COUNCIL

24 March 2021

Report of the Managing Executive Director

DERBYSHIRE PENSION BOARD TERMS OF REFERENCE

1. Purpose of the Report

To seek approval for the updated Terms of Reference for Derbyshire Pension Board (the Board) attached as Appendix 1.

2. Information and Analysis

Establishment of the Board

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, attached as Appendix 2, introduced a requirement for administering authorities of local government pension funds to establish local pension boards as part of an enhanced governance structure for the Local Government Pension Scheme (LGPS).

Pension boards were introduced to assist administering authorities to secure compliance with pension legislation and to ensure the effective and efficient governance and administration of the LGPS.

Derbyshire County Council is the administering authority of Derbyshire Pension Fund (Pension Fund/the Fund). The LGPS Regulations also refer to Scheme Managers of LGPS funds. Derbyshire County Council is also the Scheme Manager of the Fund.

In April 2015, Council approved the establishment of the Derbyshire Pension Board and its inaugural terms of reference. Council has subsequently reviewed the operation of the Board, extended Board terms of membership and approved Board appointments.

Operation of the Board

The Board has successfully supported the Pensions and Investments Committee (the Committee) in discharging the Council's statutory functions under the LGPS Regulations and associated pension legislation related to the Fund. The Board has also encouraged the administering authority in its drive to adopt best practice in relation to the governance and administration of the Pension Fund.

Key activities of the Board have included:

- oversight of the governance of the implementation of a new pension administration system and its associated additional services
- input into the development of regular pension administration reports
- review and challenge of the subsequent pension administration reports
- oversight of the governance arrangements for the Fund's participation in the LGPS Central Pool
- consideration of the Council's arrangements for transferring staff into LGPS Central Ltd (the Council's pooling company)
- collaboration between the Chairs of Boards within the LGPS Central Pool
- support for the development of an enhanced procedure for identifying and reporting statutory breaches and subsequent ongoing consideration of the statutory breaches log
- oversight of the governance of the Fund's March 2019 triennial valuation
- input into the development of a Complaints Policy for the Fund and into an enhanced complaints identification and monitoring procedure
- assisting the Council to fulfil its GDPR responsibilities in relation to the Fund, in particular driving a project to scan and digitise Fund member records held on microfiche

Members of the Board regularly attend meetings of the Pensions & Investments Committee and consider the discussions that have taken place in relation to Committee reports at subsequent Board meetings.

The Board's current work plan includes:

- continuing to input into the development of communications with members and employers
- ensuring that feedback is sought both from members and employers on the impact of the improved communications, and that action is taken as necessary on the basis of that feedback
- in-depth consideration of the Fund's Risk Register
- monitoring progress towards a full 'self-service' system which will allow members to view certain parts of their pension information, undertake a restricted number of data amendments and to carry out benefit projections on-line
- overseeing the progress of ongoing work to ensure the retention and storage of historical records complies with data protection legislation
- overseeing the roll out of the i-Connect system to enable secure, automated, monthly data returns from employing authorities

- supporting the planning and implementation of actions resulting from the outcome of the McCloud case and its implications for the LGPS and the Fund
- continued monitoring of the administrative performance of the Fund and supporting the development of more customer-focussed Key Performance Indicators
- assisting officers to ensure that the Fund has an adequate and resilient staffing structure
- regular reviews of the Fund's compliance with the requirements of the Pension Regulator's Code of Practice 14 (and its eventual successor).
- continuing to develop relationships with the Pension Boards of other LGPS funds (both through the liaison group of Central Pool participant boards' Chairs and otherwise) to promote and ensure best practice.

An Annual Report of the Board's activities is included in the Pension Fund's Annual Report and is published on the Pension Fund's website.

Terms of Reference

It is now appropriate to update the Board's terms of reference to take into account the experience of operating the Board and to include:

- the interpretation that assisting the administering authority of the Fund with governance includes oversight of the governance of funding and investment matters as well as scheme administration
- clarification of the arrangements for ensuring that the work of the Board is reported transparently to the Fund's stakeholders
- a summary of the recruitment process for member and employer representatives
- the extended Board membership terms
- more details of the duties of the Chair of the Board
- the ability for Board meetings to take place virtually

The members of the Pension Board have taken part in this update and support the recommendation of the attached Board Terms of Reference to Council.

3. Other Considerations

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

4. Officer's Recommendation

That Council approves the Terms of Reference for Derbyshire Pension Board attached as Appendix 1.

EMMA ALEXANDER

Managing Executive Director