

## Derbyshire Pension Board meeting notes

Date: 13 February 2024  
Location: County Hall, Matlock  
Attendees: Neil Calvert (Chair)  
Susan Ambler, Lisa Seeley (Employer representatives)  
John Sadler, Mark Wreghitt (Member representatives)  
Apologies: None

Derbyshire Pension Board met on 13 February 2024.

Board members and officers from Derbyshire Pension Fund (the Fund) were present.

The following topics were covered and discussed.

### **Pensions and Investments Committee**

The Board discussed the Pensions and Investments Committee reports, which had been presented to, and noted by/approved by the Committee at its meetings on 6 December 2023 and 24 January 2024:

#### **6 December 2023 meeting**

- Investment Report
- Stewardship Report
- Strategic Asset Allocation Benchmark & Investment Strategy Statement
- Responsible Investments Framework & Climate Strategy
- Communications Policy

#### **24 January 2024 meeting**

- Climate Risk Management Report
- Local Government Pension Scheme (LGPS) Investment Pooling
- Governance Policy and Compliance Statement
- Risk Register

### **Training**

Four Members of the Pension Board have completed the 3-day Local Government Association's Pension Fundamentals training course which covers a number of current LGPS topics relating to scheme administration, investments and governance of the scheme.

The members who attended reported that the training was high quality and helpful in building their knowledge, skills and understanding required for those involved in the governance of an LGPS fund.

Additionally, Board members joined members of the Pensions and Investments Committee in attending a training session provided by CQS (UK) LLP on Multi-Asset Credit strategies.

### **Pension Fund Dashboard**

The Fund's officers briefed the Board on the latest update of the Fund's Performance Dashboard up to 31 December 2023.

The Dashboard is prepared for review by the Fund's Management Team on a quarterly basis and shared with all members of the Fund's team.

The Board reviewed the latest Dashboard and discussed the Fund's continuing progress on meeting Service Plan targets and against key performance indicators.

The Board requested that a report is prepared for a future meeting on investment pooling.

### **Breaches logs**

The Fund's statutory and data breaches logs were reviewed and discussed.

Matters discussed included a lessons learned exercise undertaken by the Fund's team following the issuing of 2023's Annual Benefit Statements to scheme members.

### **Audit Report**

An internal audit report on the Fund's activities and procedures was completed in December 2023 and resulted in the 'substantial assurance' rating being retained in respect of the adequacy and effectiveness of the systems and controls in place.

### **My Pension Online**

The Board received an update on the My Pension Online service which enables scheme members to view their pension information online. The latest figures highlighted that 25,095 scheme members had completed the registration process.

In respect of active and deferred members, the total of registered members represents approximately 35% of members in those groups.

### **i-Connect**

The Board was provided with an update on the implementation of the i-Connect secure data transmission service for participating employers in the Fund.

Approximately 92% of active scheme members' data is now submitted on a monthly basis to the Fund from the 281 employers who are currently live on the i-Connect system.

The Fund is continuing to work with the remaining employers who are yet to implement the i-Connect system.

### **The Pension Regulator's (TPR) General Code of Practice**

The Board noted that a new single General Code of Practice was being introduced by The Pensions Regulator, with it expected to come into force from March 2024. The Code will set out expectations for pension schemes on their conduct and practice in complying with their legal duties.

It will consolidate and update 10 separate Codes, including that for Public Service Pension Schemes, and include 5 sections covering;

- The Governing Body
- Funding and Investment
- Administration
- Communications and Disclosure
- Reporting to TPR

### **Employers' strain costs**

The Board noted that factors for strain costs payable to the Pension Fund by employers when they terminate a scheme member's employment on the grounds of redundancy or business efficiency were due to change from 1 April 2024.

The change follows a review by the Pension Fund's actuary, Hymans Robertson LLP, of factors currently in operation.

All employers have been notified of the new factors which, in most cases, will result in higher strain costs.

### **McCloud**

The Board was provided with an update on the Fund's implementation of the amended LGPS regulations which incorporated the McCloud remedy and came into force from 1 October 2023.

New functionality has been built into the Fund's pension administration system, and following rigorous testing, is now in operation.

Approximately 28,000 scheme members have been identified as being in-scope to check against the McCloud remedy, although it is expected that only a very small number of members will benefit from the new regulations.

All scheme members were notified of the implementation of the new regulations, as required by legislation regarding disclosure of information on material changes.

### **Pension Dashboards**

The Board was provided with a further update in respect of Pensions Dashboards. The LGA has confirmed that the expected staging date for public service pension schemes to connect to the Dashboards would be 30 September 2025. (*note – this has subsequently been set at 31 October 2025*).

The Fund is continuing to monitor developments and further updates will be provided at each Board meeting.

### **Pension Board Annual Report 2022-23**

The Board's Annual Report for 2022-23 has been incorporated into the Fund's main Annual Report which has been published in draft form.

The delay in the Fund's Annual Report being signed off by the County Council's external auditor is linked to the delay in the audit of the Council's Statement of Accounts due to a backlog of audit work on the Council's financial statements from previous financial years.

The Pension Fund's Statement of Accounts forms part of the Council's Statement of Accounts.

### **Investment Pooling**

An update was provided to the Board on LGPS Central Ltd following a 'Moving Pooling Forwards in Collaboration' meeting with the other partner funds and the pooling company which was held in Birmingham in January 2024.

## Pension Fund consultation

Fund officers provided an update on the consultation exercise relating to three key investment strategies;

- Investment Strategy Statement
- Responsible Investment Framework
- Climate Strategy

All scheme members were issued with a letter which included the opportunity to respond to the consultation which was also open to other scheme stakeholders such as employers, and also Derbyshire residents.

A total of 67 responses were received, mostly highlighting concerns about climate change and supporting an increase in the pace of transition to an investment portfolio with net zero carbon emissions, and divestment from fossil fuel related investments.

Following consideration of all responses, the Pensions and Investments Committee approved the proposed documents which were published for the consultation.

## Risk Register

The Board received an update on the 5 high risk matters on the Fund's Risk Register, which were noted in the minutes of the previous meeting.

No new risks have been added to the Register since its last review by the Pensions and Investments Committee.

The Register remains under ongoing review.

## Cyber security

The County Council's Interim Assistant Director of ICT attended the meeting to provide the Board with an update on the delivery of the Council's ICT services, which support Pension Fund activities and the Council's payroll service which the Fund uses to operate its monthly pension payments.

## The LGPS and Sharia Law

The Board noted that the LGPS Scheme Advisory Board (SAB) had commissioned a report from an Islamic scholar on the issue of the LGPS's compliance with Sharia Law.

SAB's summary of the report has concluded *'that as a part of the contractual arrangements between employer and employees, Muslim employees can continue to contribute to, and benefit from, the excellent benefits offered by the LGPS'*.

SAB is now going back to Counsel for a definitive opinion.

In respect of Derbyshire Pension Fund, to date, one member has enquired about this matter, and has been provided with an update on the work being done by SAB.

## Member Engagement Forum

Following inclusion in the letter to all scheme members in December 2023, a total of 6 expressions of interest in joining the planned Member Engagement Forum have been received.

The opportunity to express interest in joining the Forum remains open ahead of a planned initial meeting in April or May 2024.