



Derbyshire
Pension
Fund

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Derbyshire Pension Board: Annual Report

2019 - 2020

Contents

Introduction	3
Board members	4
Membership in the year to 31 March 2020	4
Meeting attendance	5
Conflicts of Interest	5
Training	5
Training Attendance	6
Internal & Pool training	6
External training	6
2019 - 2020 Summary of Activities	7
Costs and Expenses	7
Future Work Plan	8

Introduction

Derbyshire Pension Board (the Board) was established as part of the new governance structure for the LGPS which came into effect in April 2015. This is the fourth annual report for the Board covering the year to 31 March 2020.

The Board has continued to develop its important role in assisting Derbyshire County Council (the Council), the administering authority, with the governance and administration of Derbyshire Pension Fund (the Fund) and with ensuring compliance with pension legislation and with the provisions of the Pension Regulator's Code of Practice 14 (COP 14). The Board has also continued to encourage and support the administering authority as it seeks to adopt best practice.

Membership of the Fund continued to grow in 2019 / 2020 rising to over 105,000 memberships, and the number of active participating employers grew from 256 at the end of March 2019 to 299 at the end of March 2020. The increasing number and diversity of employers continues to add to the challenges of administering the Fund.

Against this backdrop, the Board has overseen, advised upon and supported work throughout the year on the Fund's triennial valuation, a review of the Pensions Administration Strategy, a new complaint monitoring process and the development of the pensions administration system, Altair. The system was implemented in March 2019 and the Board has been reassured by the efficiency and service quality improvements achieved in its first year of operation. The Board will continue to monitor the addition of the i-Connect module to the system over the coming year as it is rolled out to enable automatic monthly transmission of data from the Fund's employing authorities.

One specific area of work driven by the Board, was the project to scan and digitise the Fund member records held on microfiche. The project involves scanning the contents of over 90,000 fiches and uploading the images onto the Fund members' Altair records. The Board was keen to progress this task because of the potential data retention issues inherent with this type of storage. Once the images are on the Altair system, the facility to run document retention reports will be available, thereby diminishing the potential for breaches of the General Data Protection Regulation (GDPR). The Board was pleased to assist and support officers to fulfil their GDPR responsibilities during the year.

The Fund's investment return was -4.7% in 2019 - 2020, outperforming the Fund's benchmark, which fell 5.4%, but lower than the Fund's assumed long-term investment return of 3.6% as markets fell sharply in response to the Covid-19 pandemic. Over 5 and 10 years, returns were comfortably ahead of inflation and the Fund outperformed its benchmark over the 1, 3, 5 and 10 year time periods.

The Board has continued to monitor closely the Fund's participation in the LGPS Central Pool (Pool) and has continued to support the application of robust governance arrangements with respect to the Pool and to oversight of LGPS Central Ltd (LGPSC), the company established to manage investments on behalf of the eight LGPS pension funds within the Pool.

Governance of the pooling arrangements continues to account for a significant proportion of Fund officers' time and the Board welcomes its role in supporting officers during this major programme of change.

Four members of the Board attended a training event with members of other Local Pension Boards within the Pool in June 2019; this included a session on the Board's role and duties with respect to the LGPS Central Pool presented by Bob Holloway, Pensions Secretary of the LGPS Scheme Advisory Board.

The Chairs of the Pension Boards within the Pool held an initial meeting in October 2018, met twice in the following year and will continue to meet (virtually while the Covid-19 emergency lasts) to support the collaboration between the participating pension funds.

The links formed with other Boards and the opportunity to compare experience and share training has proved very valuable, particularly as the Fund moved into the unprecedented circumstances arising out of the pandemic.

A member of the Board attended the Joint Committee of the Pool in February 2020 to observe the public forum within the Central Pool providing oversight of the delivery of Pool objectives.

Board members became more accessible to the Fund members and employing authorities that they represent during 2019 - 2020 with the creation of the Derbyshire Pension Board webpage on the Fund's website at: www.derbyshirepensionboard.org.uk/pensionboard

Board members

The Board is made up of five members, with:

- an independent, non-voting Chair
- two representatives of scheme members
- two representatives of employer organisations

Membership in the year to 31 March 2020

Position	Name	Employer
Chair	Ronald Graham	N/A
Member Representative	Karen Gurney	Employee of Derbyshire County Council*
Member Representative	Nick Read	TU Rep, UNISON East Midlands LGPS Committee
Employer Representative	Neil Calvert	Northworthy Trust
Employer Representative	Oliver Fishburn	Bolsover District Council**

**Karen Gurney was reappointed to the Board in June 2019 following a recruitment process having come to the end of her initial term of office.*

***Oliver Fishburn was appointed to the Board in May 2019, further to the resignation of Andy Butler on 31st March 2019 when he left his employment at Derby City Council.*

It was agreed in December 2017 that the term of the Chair's contract would be for a maximum of four years with review breaks at 12 and 36 months. Ronald Graham continued as the Chair of the Board through 2019 / 2020 and looks forward to his 36 month review during 2020 - 2021. The terms of office for the Member and Employer Representatives at 31 March 2020 were as follows:

Role	Name	Start Date	Term	Expiry
Member Rep	Karen Gurney	June 2019	4 Years	June 2023
Member Rep	Nick Read	June 2018	4 Years	June 2022
Employer Rep	Oliver Fishburn	May 2019	4 Years	September 2023
Employer Rep	Neil Calvert	Sept 2018	4 Years	September 2022

Meeting attendance

Members of the Board attended the following Pension Board meetings in 2019 - 2020:

Member	17 May 2019	22 October 2019	22 January 2020
Ronald Graham	✓	✓	✓
Oliver Fishburn	✓	✓	✓
Neil Calvert	✓	✓	✓
Karen Gurney	✓	✓	✓
Nick Read	✓	✓	✓

Conflicts of Interest

At each meeting members are required to declare any new conflicts of interest. Aside from holding the status that permits the employer / employee members to be Board members under the terms of the Regulations, no conflicts have been declared during the year.

Training

Members of Derbyshire Pension Board are subject to the same Training Policy as members of the Pensions and Investments Committee and senior officers involved in the management and administration of the Fund.

The Fund aims to comply with:

- Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Finance Knowledge and Skills Framework
- Knowledge and skills requirements of the Public Service Pensions Act 2013
- The Pensions Regulator's Code of Practice No.14, Governance and Administration of Public Service Pension Schemes 2015

Training Attendance

Members of the Board attended the following training in 2019 - 2020:

Internal & Pool training

Member	Training				
	Fund Officers - Investing in Alternatives	LGPS Central Pool – LGPS Update / Pension Boards’ Role in Pooling	LGPS Central Ltd – RI Day	LGPS Central Ltd - Infrastructure	LGPS Central Ltd – Stakeholder Day
Ronald Graham	X	✓	✓	✓	✓
Neil Calvert	X	✓	✓	✓	✓
Oliver Fishburn	X	✓	X	X	✓
Karen Gurney	✓	✓	X	✓	X
Nick Read	X	X	✓	X	X

External training

Ronald Graham:

- May 2019 PLSA Local Authority Conference
- Oct 2019 PLSA Annual Conference & Exhibition
- Nov 19 PLSA Local Authority Update Conference

Neil Calvert:

- April 2019 Eversheds Public Sector Pensions Conference
- Nov 2019 Eversheds Pensions Briefing

Karen Gurney:

Nov 2019 PLSA Local Authority Update Conference

2019 - 2020 Summary of Activities

The following is a summary of the Board's activities during the year to 31 March 2020:

- Input into the development of the Fund's Complaints Policy and Procedure
- Input into the development of the Fund's Pensions Administration Strategy
- Input into the development of the Fund's data breach processes and guidance
- Quarterly review of the Fund's pensions administration performance against statutory targets
- Consideration of the Fund's progress on the issuance of Annual Benefit Statements, data improvement and GDPR requirements
- Quarterly review of the Fund's Risk Register
- Consideration of the Fund's pooling arrangements

During the year, members of the Board received regular updates on pension administration, LGPS asset pooling and on investment performance and they would like to record their thanks for the co-operation and help in the discharge of their duties that they received from officers of the Council.

Shortly before the end of the year, as a result of the Covid-19 crisis, the Fund became, without notice, subject to the government's lockdown obligations. The Board would also like to record, with gratitude, its admiration of the speed and professional manner in which all the staff of the Fund adapted to these incredibly difficult conditions and have continued to carry out the work of the Fund on, as far as possible, a 'business as usual basis', notwithstanding the substantial practical problems to which they have been and remain subject.

Costs and Expenses

	2018/19	2019/20
	£	£
Members' Allowances (Travel)*	1,855	1,353
Training Costs & Subscriptions	816	112
Chairman's Services*	30,500	15,000
Total	33,171	16,465

**£490 of travel expenses and £15,000 Chairman's fees & expenses relating to 2017 - 2018 were included in the pension fund accounts for 2018 - 2019.*

Future Work Plan

The Board's work plan for 2020 - 2021 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.
- 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.