



Derbyshire
Pension
Fund

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Derbyshire Pension Board: Annual Report

2021 - 2022

Approved by Pension Board
16 October 2022

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1. Introduction

Derbyshire Pension Board (the Board) was established as part of the new governance structure for the Local Government Pension Scheme (LGPS) which came into effect in April 2015.

This is the sixth annual report for the Board covering the year to 31 March 2022.

The Board continued to assist Derbyshire County Council (the Council), the administering authority, with the governance and administration of Derbyshire Pension Fund (the Fund) throughout 2021 - 2022.

1.1 The Fund's working arrangements

The majority of the Fund's team spent some time working in the office on a rota basis throughout the Covid pandemic to support the efficient delivery of the Fund's services.

The adoption of hybrid working arrangements for the Fund's staff following the relaxation / removal of Covid restrictions was welcomed by the Board. The arrangement of working partially in the office and partially at home supports the continued development of a cohesive team and supports knowledge sharing through both structured and unstructured learning, whilst providing staff with additional flexibility. Fund procedures have continued to be developed to reflect the hybrid working arrangements.

In person meetings of the Committee were re-established during the year, following the virtual meetings held throughout the pandemic period, and were attended by representatives from the Board. The Board itself met virtually four times during the year, supported by Fund officers, receiving, and considering reports on a wide range of Fund activities. Since the year-end, the Board has also been able to resume in-person meetings.

1.2 Changes to the Pensions and Investments Committee

Following the council elections in May 2021, membership of the Pensions and Investments Committee (Committee), which is responsible for the management and administration of the Fund on behalf of the Council, was subject to significant change with six new members.

1.3 Pension Board membership changes

The Pension Board also welcomed a new Employer Representative, Susan Ambler, during the year following the resignation of Neil Calvert when his association with the University of Derby, one of the Fund's scheme employers, ended. Fellow members of the Board and officers of the Fund noted Mr Calvert's very positive contribution to the governance of the Pension Board during his tenure on the Board.

Mrs Ambler is the Deputy Director of Finance at the University of Derby, which is the Fund's third biggest employer in terms of active membership and has brought a broad range of experience to

the Board. All of the new members of the Committee and the Board have taken part in Fund induction training to help them carry out their new roles.

1.4 Number of participating LGPS employers

The total number of participating active employers in the Fund was almost unchanged year on year, falling from 332 at the end of March 2021 to 331 at the end of March 2022. Within this total number of employers, there were a number of new admissions and cessations during the year together with the transfer of seven academies to Nottinghamshire Pension Fund as part of an academy trust amalgamation. The Board recognises the continuing additional challenges that result from the increasing diversity of participating employers.

The number of Fund membership records at the end of March 2022 was just over 105,500, up from just under 103,000 at the end of March 2021, representing around 91,600 individual members.

1.5 My Pension Online

The Board was very pleased about the launch of the Fund's My Pension Online (MPO) service in June 2021. This is a member self-service website which gives members the ability to access certain parts of their pension information, to undertake changes to some of their personal data and to carry out benefit projections online.

The Board has received regular reports on the Fund's progress in informing members about the MPO service and on subsequent member registrations. By the end of March 2022, over 24% of the Fund's active membership, and over 19% of the Fund's combined active and deferred membership had registered for the service.

Board members will continue to take a keen interest in the rollout and the development of this key service improvement for members, providing suggestions and encouragement to officers as the Fund continues to promote MPO with the aim of achieving broad membership take-up of the service.

2. Board activities

During the year, the Board discussed the Pensions and Investments Committee papers and received and considered the Fund's performance dashboard which displays key performance indicators covering governance, funding and investments and administration, the Fund's Statutory Breaches Log, and information / reports on:

- the i-Connect project (to implement the employer electronic submission and validation system)
- MPO
- data breaches
- cyber risk
- the Fund's newly developed Data Management Procedures
- the proposed McCloud remedy and the Fund's McCloud Project Board
- continuing issues with the Fund's AVC provider
- an update to the Fund's Funding Strategy Statement
- investment pooling
- the Fund's risk register

The Board welcomed the development of Fund specific Data Management Procedures which set out:

- why the Fund needs to protect members' data
- how the Fund should protect members' data
- what to do when things go wrong

The Board supports the emphasis on the prevention of incidents involving personal data and has encouraged officers in their work to assess the Fund's cyber risk, which has included the commencement of a project to map the Fund's data. This project will ensure that the Fund understands where its data is held, on what systems, how it is combined and how, and where, it moves. The regular mapping and documenting of data is expected to increase the Fund's resilience against cybercrime attacks.

The ongoing review by the Board of any data breaches experienced by the Fund and of the lessons learnt, and any subsequent changes to procedures, helps to support the Fund's robust approach to data security.

The Fund's procedure for identifying, recording, and considering statutory breaches is supported by the Board. The Statutory Breaches Log (the Log) and any recommendations made / actions taken with respect to breaches are reviewed by the Board with the Board's review subsequently noted on the Log.

The Fund's updated Communications Policy, which had been reviewed by the Board, was approved by the Pensions and Investments Committee in April 2022. The Board also reviewed the proposed

changes to the Fund Governance Policy and Compliance Statement ahead of its approval by Committee in October 2021.

Progress has continued to be made with the implementation of i-Connect, the system which enables employers to automate the submission and validation of their data, with 221 employers, covering just over 80% of Fund membership records, completing their March 2022 year-end return via i-Connect.

The Board has received regular reports on the Fund's preparation for the implementation of the McCloud remedy, including reports on responses to the Fund's McCloud-related information requests to employers.

The Board has continued to be updated with the issues that the Fund has experienced with Prudential, its AVC provider. Whilst service levels have generally improved, a number of issues have remained, and the Board has supported the Fund's approach to trying to ensure that these issues are resolved.

The Fund's participation in the LGPS Central Pool (the Pool) and the transition of assets to the management of LGPS Central Ltd (LGPSC), the company established to manage investments on behalf of the eight LGPS pension funds within the Pool, has continued to be closely monitored by the Board.

The Board has continued to support officers during this major programme of change and supports the application of robust governance arrangements with respect to the Pool and to the oversight of LGPSC and supports the Fund's focus on the investment performance of LGPSC products.

The Chair of the Board attended two meetings of the Local Pension Board Chairs of LGPS funds within the LGPS Central Pool during the year. Both meetings included sessions presented by Bob Holloway, Pensions Secretary of the LGPS Scheme Advisory Board on topical LGPS issues including:

- McCloud and the Cost Cap Mechanism
- £95,000 Exit Cap & Further Reform
- The Pension Regulator's proposed Modular Code
- TCFD Consultation
- the Levelling Up White Paper
- the Robert Jenrick Amendment
- Investments in Russia & Good Governance

The LGPS Funds represented at the meetings have also discussed their approaches to assessing and mitigating cyber risk and have jointly assessed their compliance with the proposed recommendations from the LGPS Scheme Advisory Board's Good Governance review. The continuing collaboration between local pension boards is invaluable.

The Board undertook a detailed review of the Fund's Risk Register at its meeting in February 2022. The feedback from the Board resulted in the narratives to a number of risks being updated in the

Risk Register that was presented to Committee in May 2022. Officers continued to welcome this additional review of the risks faced by the Fund.

The Derbyshire Pension Board webpage on the Fund's website contains a summary of each of the Board's meetings and also has a link to the Board's Terms of Reference:

derbyshirepensionfund.org.uk/pensionboard

The Board would like to put on the record the gratitude of the Board members for the collaborative way in which the Officers have worked with the Board over the past year.

3. Board members

The Board is made up of five members, with an independent, non-voting Chair, two representatives of scheme members and two representatives of employer organisations. Membership in the year to 31st March 2022:

Position	Name	Employer	Notes
Chair	Ronald Graham	Nonapplicable	Subsequent to the year-end, the contract of the Chair of the Board was extended to 31 December 2022 pending a recruitment exercise to fill the position.
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/University of Derby*	To October 2021
Employer Representative	Oliver Fishburn	Bolsover District Council and NE Derbyshire District Council	
Employer Representative	Susan Ambler	University of Derby	From February 2022

The terms of office for the Member and Employer Representatives at 31st March 2022 were as follows:

Role	Name	Start date	Term	Expiry
Member Representative	Karen Gurney	June 2019	4 Years	June 2023
Member Representative	Nick Read	June 2018	4 Years	June 2022
Employer Representative	Oliver Fishburn	May 2019	4 Years	September 2023
Employer Representative	Susan Ambler	Feb 2022	4 Years	February 2026

Subsequent to the year-end, Nick Read stepped down from the Board at the end of his term and the appointment of a new Member Representative is currently awaiting approval from Full Council.

4. Meeting attendance

Members of the Board attended the following formal Pension Board meetings in 2021-2022:

Member	15 June 2021	29 September 2021	24 November 2021	10 February 2022
Ronald Graham	✓	✓	✓	✓
Neil Calvert	✓	✓	N/A	N/A
Oliver Fishburn	✓	✓	✓	✓
Karen Gurney	✓	X	✓	✓
Nick Read	✓	✓	✓	✓
Susan Ambler	N/A	N/A	N/A	✓

5. 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.

6. 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

7. Training attendance

Members of the Board attended the following training in 2021 - 2022:

7.1 Internal and pool

Member	Fund Officers and MAC – April 2021	Fund Officers – LGPS Legislation – September 2021	LGPS Central Ltd – RI Day – October 2021	Fund Officers & Hymans Robertson LLP – January 2022
Ronald Graham	✓	✓	✓	✓
Neil Calvert	✓	✓	N/A	N/A
Oliver Fishburn	✓	✓	X	✓
Karen Gurney	✓	X	X	✓
Nick Read	✓	✓	✓	✓

7.2 External

Member	Training attended	Date
Ronald Graham	LAPF Strategic Investment Forum	July 2021
Karen Gurney	Pensions and Lifetime Savings Association (PLSA) Local Authority Conference	May 2021
Nick Read	Local Authority Pension Fund Forum (LAPFF) Say on Climate Conference	February 2022

8. 2021 - 2022 Summary of Activities

Here is a summary of the Board's activities during the year to 31st March 2022:

- Input into the development of the Fund's Governance Policy and Compliance Statement
- Review of the Fund's performance dashboard
- Consideration of the Pensions and Investments Committee's review of arrangements for the adjudication of appeals under the Applications for Adjudication of Disagreements Procedure at Stage 2
- Oversight of the Fund's Project Boards (i-Connect, MPO and McCloud)
- Review of the Fund's Statutory Breaches Log
- Review of the Fund's pensions administration performance against statutory targets
- Consideration of the Fund's progress on the issuance of Annual Benefit Statements
- Review of the Fund's adherence to General Data Protection Regulation (GDPR) requirements and review of the Fund's Data Management Procedures
- Consideration of the Fund's resilience to cyber risk and progress on mapping the Fund's data
- Review of the Fund's Risk Register
- Consideration of the Fund's pooling arrangements

9. Costs and expenses

Type of cost or expense	2020/2021	2021/2022
Members' Allowances (Travel)	£771	£58
Training Costs & Subscriptions	0	0
Chairman's Services	£14,000	£15,000
Total	£14,771	£15,058

10. Future work plan

The Board's work plan for 2022 - 2023 includes:

- **Staffing:** Assisting officers to ensure that the Fund has an adequate and resilient staffing structure.
- **Cybercrime:** Considering the Fund's actions to increase its resilience to cybercrime attacks, including reviewing the output from the Fund's data mapping project.
- **Feedback:** Ensuring that feedback is sought both from members and employers on the impact of the Fund's communications, and that action is taken as necessary on the basis of that feedback.
- **Risk Register:** In-depth consideration of the Fund's Risk Register.
- **MPO:** Monitoring progress on the continued roll out of MPO.
- **i-Connect:** Overseeing the continued roll out and impact of the i-Connect system to enable secure, automated, monthly data returns from employing authorities.
- **McCloud:** Supporting the planning and implementation of actions resulting from the outcome of the McCloud case and its implications for the LGPS and the Fund.
- **Pension Dashboards:** Monitoring the Fund's progress on preparing for the implementation of Pensions Dashboards.
- **Performance monitoring:** Continued monitoring of the administrative performance of the Fund and supporting the development of more customer-focussed Key Performance Indicators.
- **Compliance:** Regular reviews of the Fund's compliance with the requirements of the Pension Regulator's Code of Practice 14 (and its eventual successor).
- **Networking:** 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.
- **Technical knowledge:** Developing, monitoring, and maintaining the technical knowledge required by Board and Pensions and Investment Committee members.
- **Actuarial valuation:** Considering and supporting the Fund's activities in relation to the actuarial valuation as at 31st March 2022.