

Derbyshire Pension Board meeting notes

Date: 11 October 2023
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 11 October 2023.

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

The following topics were covered and discussed.

Chair

Neil Calvert was welcomed to his first meeting as Chair of the Pension Board since his appointment was confirmed in July 2023.

Attendance at Pensions and Investments Committee

Confirmation has been provided that, as observers at Pensions and Investments Committee meetings, Board members are able to attend remotely.

Elected members on the Committee, however, are required to attend meetings in person.

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 meeting on 6 September 2023:

- Investment Report
- Stewardship Report
- Complaints Policy
- LGPS Investment Pooling Consultation

Training

Members of the Committee and Pension Board attended training on 19 July 2023 which covered a number of topics including:

- Private equity
- Pension Fund cash flow
- LGPS III Health Retirement
- Investment, Responsible Investment and Climate Strategies

Pension Fund Dashboard

The Fund's officers briefed the Board on the latest update of the Fund's Performance Dashboard up to 30 June 2023.

The Dashboard is prepared for review by the Fund's Management Team on a quarterly basis.

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

Items noted by the Board included;

- The Fund's approval as a signatory to the Financial Reporting Council's UK Stewardship Code 2020. The Code sets high stewardship standards for those who invest on behalf of UK savers and pensioners.
- The Fund's Annual Report 2022-23
- Recruitment to vacancies in the Fund's team
- Review of the Fund's Climate Strategy

Breaches logs

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

Matters discussed included the steps being taken to ensure vigilance when packing letters and updating scheme members' addresses.

Cyber security

Following a presentation by a senior ICT manager from Derbyshire County Council at the previous Board meeting, a further update will be provided at the Board's meeting in February on changes to the delivery of the Council's ICT services, including changes to the functions which protect against cyber incidents.

Data Improvement Plan

It was noted that the Fund's Data Improvement Plan sets out steps and targets towards improving the quality of data. The Plan has been signed off by the Fund's Data Management Group but remains a live document and is updated on all matters which support the improvement of data quality, including the secure data transmission service for employers, i-Connect.

My Pension Online

The Board was updated on the implementation of the My Pension Online service which enables scheme members to view their pension information online. By the date of the meeting, 22,741 scheme members had completed the registration process. In respect of active and deferred members, the total of registered members represents 32.25% of members in those groups.

Reminder emails have been issued to those members who have commenced the registration process but were yet to complete it. Employers have also been contacted again to seek their assistance with encouraging members to register, with a link to resources which are available on the Fund's website.

Annual Benefit Statements are, by default, issued to members' My Pension Online accounts, unless the member directly requests a paper version issued by post.

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.

At the date of the meeting, 262 employers were live on i-Connect accounting for 89.61% of the Fund's active membership.

A number of employers are engaging with the Fund towards completing test submissions before they're able to send live data to the Fund through i-Connect.

5 employers are yet to engage with the Fund about the implementation of i-Connect and have been reminded that charges may be applied to cover costs for the Fund having to continue maintaining pre i-Connect procedures.

McCloud

The Board received an update on the latest position relating to the remedy for the McCloud judgement.

The final amendment regulations to implement the McCloud remedy came into force from 1 October 2023. Statutory Guidance was expected to be issued by the Department for Levelling Up, Housing and Communities (DLUHC) shortly. Initial training for the Fund's team has been delivered on the impact of the amendment regulations coming into force.

Heywood Pension Technologies, the provider of the Fund's pension administration software, had completed and released a number of McCloud related developments which had been tested by the Fund, however, further developments were still to follow before the Fund would be in a position to 'switch on' the system changes.

Pensioner Payroll Reconciliation

An update was provided on the process of reconciling the pensioner payroll system for the Fund administered by Derbyshire County Council's HR Services Department with the Pension Fund's own pension administration system.

Actuarial Services

The Board was informed that in light of the contract with the current actuarial services provider to the Fund expiring, a procurement process had been completed for the provision for the next six years.

Application from three providers were considered and reviewed. The current provider, Hymans Robertson LLP, was selected for a further period of 3 years from January 2024, with an option to extend for a further 3 years subject to performance review.

Risk Register

The Fund's Risk Register was reviewed by the Board.

Currently 5 risks identified as high are included on the register.

- System failure and cybercrime attack
- Fund assets remaining sufficient to meet liabilities.
- Performance of investment returns through LGPS Central, which manages a proportion of the Fund's investment assets
- Cyber liability insurance
- Impact of McCloud on the Fund's administration

Each risk remains under review by the Fund.

Pension Dashboards

The Board was provided with an update in respect of Pensions Dashboards. The Fund is continuing to monitor developments. The latest update remains that there is now a single connection deadline of 31 October 2026, although guidance is expected on staged connection timelines for individual schemes. Further updates will be provided at each Board meeting.

Investment Pooling - Consultation

The Fund submitted a response to the 'DLUHC consultation: Local Government Pension Scheme (England and Wales): Next steps on investments'.

The responses from LGPS Central Limited and from the other Partner Funds of the LGPS Central Pool had previously been circulated to members of Committee/the Board.

Annual Benefit Statements

The latest report of Annual Benefit Statements showed that 92.3% had been made available to scheme members by 30 September 2023.

The Fund was undertaking a review of the process towards any areas where adjustments can be made for the 2024 exercise.

Pension Board Annual Report 2022-23

A draft of the Annual Report 2022-23 had been circulated to each Board member ahead of the meeting. The Board approved the report which would now be incorporated into the Fund's Annual Report 2022-23.

Member Engagement Forum

The Board were updated on plans to establish a Member Engagement Forum. Scheme members would be offered the opportunity to register expressions of interest in joining the Forum