



Derbyshire
Pension
Fund

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Derbyshire Pension Board: Annual Report

2020 - 2021

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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 fifth annual report for the Board covering the year to 31 March 2021.

The Board continued to assist Derbyshire County Council (the Council), the administering authority, with the governance and administration of Derbyshire Pension Fund (the Fund/Pension Fund) throughout 2020 / 2021, as the majority of the Fund's staff moved to working at home in response to the Covid-19 pandemic.

Pension Fund procedures were revised, where necessary, to enable the critical activities of the Fund to continue to be delivered with a large proportion of the team working remotely. In line with guidance from the Pensions Regulator, the initial administrative focus was on:

- continuing to pay members' benefits
- continuing to process retirements
- dealing with member deaths
- continuing to ensure the accuracy of benefit payments

The Fund's detailed Business Continuity Plan, which was shared with the Board, clearly set out the key services of the Pension Fund and the critical activities required to deliver those key services. Business continuity arrangements for the critical activities, covering governance, funding and investment and pension administration arrangements, were documented alongside 'business as usual' processes.

Virtual Pensions and Investments Committee (Committee) meetings were held from June 2020 and were attended by representatives from the Board. The Board itself met twice formally and twice informally during the year, supported by Fund officers, receiving and considering reports on a wide range of Fund activities.

The number of participating active employers in the Fund continued to grow from 299 at the end of March 2020 to 332 at the end of March 2021. The Board recognises that the increasing number and diversity of employers continues to add to the challenges of administering the Fund. The number of membership records at the end of March 2021 was just under 103,000, representing around 90,000 individual members.

The members of the Board were initially concerned that the abrupt imposition of lockdown requirements in the light of Covid-19 emergency might impair the operations of the Fund substantially, but they were pleased and impressed that the Business Continuity Plan enabled services to continue to be provided to members and employers almost seamlessly.

The Board's Terms of Reference were reviewed during the year 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 Board contributed to the updating of the Terms of Reference which were approved by Full Council in March 2021.

During the year, the Board discussed the Pensions and Investments Committee papers and received and considered the Fund's Statutory Breaches Log and information/reports on:

- the i-Connect project (to implement the employer electronic submission and validation system)
- the proposed member self-service system
- data breaches
- the proposed McCloud remedy and the Fund's McCloud Project Board
- issues with the Fund's Additional Voluntary Contribution (AVC) provider
- the planned exit payment cap regulations
- cyber risk
- investment pooling
- the Fund's risk register

The Board was pleased to note the progress made with the onboarding of employers to i-Connect with over half of the Fund's employers onboarded by the end of March 2021. The project to implement a member self-service system (MSS), My Pension Online, commenced and the Board will oversee the work of the MSS Project Board as the service is rolled out to members.

The Fund's procedure for identifying, recording and considering statutory breaches is supported by the Board. The 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.

Ministry of Housing, Communities & Local Government (MHCLG) published a consultation on its proposed remedy to the McCloud judgement in July 2020. The Fund submitted a response to the consultation, which was shared with the Board, in October 2020. The Fund's McCloud Project Board has carried out analysis on the number of fund members expected to be in scope of the remedy and has tested the tools made available by the provider of the Fund's pension administration system for identifying and subsequently bulk loading any missing data. The government's publication of the final remedy is still awaited.

The Board has been updated with the issues that the Fund has experienced with Prudential, its AVC provider, and has supported the Fund's approach to trying to ensure that the issues are resolved.

Consideration of proposed exit payment cap regulations, and the development of procedures to implement the proposed regulations, took up a considerable amount of officer time in 2020 and early 2021, and the proposals were discussed with the Board; finally, however, it was announced in February that the regulations were going to be revoked. Further exit payments legislation is expected to be laid in due course.

The Board has discussed the expectations of the Pensions Regulator in relation to cyber risk with Fund officers and will support officers' work in this area.

The Fund's participation in the LGPS Central Pool (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 welcomes its role in supporting 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.

Three members of the Board attended a training event with members of other Local Pension Boards within the Pool in February 2021, which included a session presented by Bob Holloway, Pensions Secretary of the LGPS Scheme Advisory Board on the national structure of the LGPS and on topical LGPS issues. The LGPS funds present also compared notes on their induction of new members of pensions committees and new members of local pension boards. The Chair of the Board also attended a meeting with his fellow Chairs of other Pool Boards in October 2020. The collaboration between local pension boards is invaluable.

Members of the Board also attended an LGPSC Responsible Investment Day and the company's Stakeholder Day.

The Board undertook a detailed review of the Fund's Risk Register at the end of the financial year and proposed a small number of changes to the risks identified and a number of changes to some of the risk scores. Officers of the Fund found the review by a different group of people very useful and responded to each of the Board's points in detail. The suggestions were taken into consideration in the update of the Risk Register presented to Committee in April 2021.

A discussion paper on the Fund's Communications Policy was received by the Board at its March 2021 meeting, to enable it to contribute to the revised policy which was presented to Committee in April 2021. At the same meeting, the Board was also pleased to receive the Fund's newly developed performance dashboard which sets out key performance indicators across governance, funding and investments and administration.

The Board was delighted to note the completion during the year of the project to scan and digitalise the contents of over 90,000 fiches. This project was driven by the Board in order to address the potential data retention issues associated with this type of storage. Completion of this project helps to fulfil the Fund's General Data Protection Regulation (GDPR) responsibilities and ensures that the relevant records are accessible to members of the team who are working remotely.

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 updated Terms of Reference:

www.derbyshirepensionfund.org.uk/pensionboard

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 31 March 2021:

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

**Vice Chair of Governing Council & Chair of Remuneration Committee of the University of Derby*

Nick Read retired from employment with Derbyshire County Council during the year and is now representing members as a pensioner member of the Fund. The Northworthy Trust was dissolved in January 2021; Neil Calvert continues to represent employers via his association with the University of Derby.

In line with the terms of the Chair's contract, Ronald Graham's position as Chair of the Board was reviewed during the year. Following a positive review, Mr Graham was asked, and agreed, to continue as the Chair of the Board until 31 March 2022.

The terms of office for the Member and Employer Representatives at 31 March 2021 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 formal Pension Board meetings in 2020 - 2021:

Member	9 Nov 2020	16 March 2021
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:

- 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 2020 - 2021:

Internal & Pool

Training					
Member	Fund Officers & RBC Global Asset Management – Investment Strategy / Responsible Investment / Climate Risk & Strategy	Fund Officers – Ill Health Retirement & i-Connect	LGPS Central Ltd – RI Day	LGA / SAB LGPS National Structure & Roles & Topical Update	LGPS Central Ltd Annual Stakeholders' Day
Ronald Graham	✓	✓	✓	✓	✓
Neil Calvert	✓	✓	✗	✓	✓
Oliver Fishburn	✗	✓	✗	✓	✗
Karen Gurney	✗	✓	✗	✗	✓
Nick Read	✓	✓	✓	✗	✓

External training

Ronald Graham:

- October 2020 - LGA Fundamentals
- November 2020 - LGA Update
- January 2021 LGA - LGPS Update

Neil Calvert:

- November 2020 Education Sector Pensions Conference
- Gained PMI designation as an Accredited Lay Pension Trustee

Karen Gurney:

- October 2020, December 2020 & February 2021 - Hymans Robertson “Keeping the LGPS Connected”
- November 2020 - PLSA LA Update
- January 2021 - LGA LGPS Update

Nick Read:

- January 2021 - LGA LGPS Update

2020 - 2021 Summary of Activities

The following is a summary of the Board’s activities during the year to 31 March 2021:

- Input into the development of the Fund’s Communications Policy
- Review of the Pension Fund’s performance dashboard
- Oversight of the Fund’s Project Boards (i-Connect, MSS & 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, data improvement and GDPR requirements
- Review of the Fund’s Risk Register
- Consideration of the Fund’s pooling arrangements

Costs and Expenses

	2019 / 2020	2020 / 2021
	£	£
Members’ Allowances (Travel)	1,353	771
Training Costs & Subscriptions	112	0
Chairman’s Services	15,000	14,000
Total	16,465	14,771

Future work plan

The Board's work plan for 2021 - 2022 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 and impact of 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 and impact 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.
- Developing, monitoring and maintaining the technical knowledge required by Board and Pensions and Investment Committee members.