

REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND RESOURCES

Training Policy and CIPFA Guidance

Pensions Board - 26th January 2016

Classification
PUBLIC

Ward(s) affected

ALL

Enclosures

Two

AGENDA ITEM NO.

4

1. INTRODUCTION

- 1.1 At a national level, there are requirements for LGPS Pension Committee members, Pension Board members and officers to have an appropriate level of knowledge and skills. These are being driven by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Pensions Regulator (TPR) and legislation and CIPFA has now published A Technical Knowledge and Skills Framework for local Pension Boards.
- 1.2 This report seeks the Pensions Board to agree the updated Training Policy which now includes the new CIPFA guidance for local Pension Boards, for the London Borough of Hackney Pension Fund, which will apply to all Pensions Committee, Pension Board and senior officers responsible for managing the Fund. Members of the Pensions Board are asked to attend the training sessions provided to Pensions Committee and also a wider programme of training.

2. RECOMMENDATIONS

- 2.1 **The Pensions Board is recommended to:**
 - **Formally adopt the updated Training Policy for the London Borough of Hackney Pension Fund, as it relates to the Pensions Board**
 - **Note the need for each Pension Board Member, Pensions Committee Member and senior officer to adhere to the Training Policy and maintain the required level of knowledge and skills**

3. RELATED DECISIONS

- Pensions Committee 24th June 2015 and Pensions Board 28th July 2015 – Approval and adoption of Training Policy
- Training reports and plans at previous Pensions Committee meetings

4. COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE & RESOURCES

- 4.1 The responsibilities for the Pension Fund are complex and varied covering the whole spectrum of investments, administration and financial management. Training in all aspects of the Pension Fund and understanding the factors that will impact on the Fund mean that those charged with governance will be able to undertake

effective decision making, including having an understanding of the financial impact of such decisions.

- 4.2 Having a formally approved and having a transparent training policy in place will ensure those persons charged with governance and management of the Pension Fund understand what is expected of them as well as meeting with good practice. Any costs associated with delivering this Policy are immaterial in the context of the Pension Fund as many of the training sessions are provided free of charge or the costs are minimal. Any such costs are recharged to the Pension Fund.

5. COMMENTS OF THE COPORATE DIRECTOR OF LEGAL, HR AND REGULATORY SERVICES

- 5.1 The responsibilities given to the Pensions Committee, Pension Board members and senior officers in respect of the management of the Pension Fund are both broad and onerous. For example, as quasi trustees of the Pension Fund, they would owe a fiduciary duty to fund members and participating employers, which imposes the highest standard of care in equity and law. The responsibilities are exercised in a legal framework that is both complex and changing.
- 5.2 The CIPFA Code of Practice on Knowledge and Skills Framework for local Pension Boards, the Public Service Pensions Act 2013 and The Pension Regulator's Code of Practice for Public Service Pension Schemes require those charged with governance of the Pension Fund to have a level of knowledge and skills appropriate to their roles. Training is required to enable those charged with the management of the Fund to continue to carry out their responsibilities in the best interests of fund members and employers. This updated Training Policy and CIPFA Guidance are contributory factors which demonstrate the Pensions Committee and Pensions Board's desire to meet its obligations including the legal responsibilities in managing the Fund.
- 5.3 Delivery of this updated policy will require a time commitment for training events from Pensions Committee members, Pension Board members and senior officers. It will also result in potentially increased workloads for senior officers in the Pension Fund management team.
- 5.4 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

- 6.1 In recent years much greater focus has been placed on the need for administering authorities to embrace the requirement for a high level of knowledge and skills in the management of LGPS Funds and it has issued a Codes of Practice and Framework which can be adopted. The Pensions Committee has been a keen supporter of ensuring that training forms part of the Committee's role and typically receives training sessions at each Committee meeting in advance of the main business meeting. Indeed the training undertaken by the Committee and officers was recognised by an award in 2015 from the LGC for Knowledge and Skills.
- 6.2 In accordance with the Public Service Pensions Act 2013 (PSPA) for each administering authority in the LGPS to introduce a Pension Board to assist the Scheme Manager, in this case the London Borough of Hackney All Board members

are legally required to have knowledge and understanding of pension scheme matters at a level that will allow them to properly exercise the functions of their role.

- 6.3 It remains possible that this legal requirement will be extended in future to cover LGPS Pension Fund Committee members. These requirements are also expanded on as part of The Pension Regulator's Public Sector Code of Practice along with the CIPFA Technical Knowledge and Skills Framework for local Pension Boards. The Training Policy outlines how this level of knowledge will be achieved and maintained and has been updated since the original policy was agreed by the Pensions Board at its meeting in July to reflect the additional CIPFA Guidance.

London Borough of Hackney Pension Fund Training Policy

- 6.4 The updated Training Policy details the training strategy for members of the Pensions Board, Pensions Committee and senior officers responsible for the management of the Fund. The updated Training Policy has been created to provide a formal framework and greater transparency on the training regime in accordance with the national requirements. It will aid existing and future Pensions Committee Members, Pension Board Members and senior officers in their personal development and performance in their individual roles, providing a structure which will ensure that the Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills. The updated training policy is set out in Appendix 1 to this report.
- 6.5 The Pensions Board are now being asked to formally adopt the updated Training Policy of the London Borough of Hackney Pension Fund and to note the need for them individually and as a Board to undertake training in order to ensure that they are able to meet the requirements of being fully trained members of the Pensions Board.
- 6.6 As a reminder Pension Board Members can find more information about their role as Board Members on the Pensions Regulator's (TPR) website, please see link to relevant area: <http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>. TPR states that: 'The law requires you to have knowledge and understanding of relevant pensions' law, and to have a working knowledge of your scheme regulations and documentation. Your responsibilities begin from the day you first take up your post, so you should start to familiarise yourself with the scheme documents and regulations as soon as possible. Finding time to gain this knowledge may be a challenge, but you will need to do so in order to meet the legal requirement and carry out your role.' In addition the Pensions Board are asked to log onto TPR's public sector education toolkit <https://education.thepensionsregulator.gov.uk/login/index.php> and to avail themselves of this training module and to aim to complete over time all the areas covered by the toolkit and to keep records of the successful completion of the toolkit sections. Board Members are also asked to notify the Head of Financial Services to enable an ongoing individual training record to be maintained, which will also be covered in an annual report of the Pensions Board to demonstrate compliance with the Regulations and TPR Code of Practice.
- 6.7 As noted earlier, CIPFA has now also issued the Technical Knowledge and Skills Framework for local Pension Boards and this is attached as appendix two to this report. This sets out the purpose, scope and status of the guidance along with the policy and legislative background. Referencing Key Skills required is broken down in to the following sections:
- Pensions Legislation

- Public Sector Pensions Governance
- Pensions Administration
- Pensions Accounting and Auditing Standards
- Pensions Services Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

6.8 Pension Board Members, Pensions Committee Members and senior officers will continue to be provided with ongoing opportunities to attend training events to assist them in adhering to the policy.

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Background papers: None