

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

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| TRAINING – ACTUARIAL VALUATION Pensions Committee 19 th September 2016 | Classification PUBLIC | Enclosures None |
| | Ward(s) affected ALL | |

1. INTRODUCTION

- 1.1 This report introduces the presentation of a training session for Members on the 2016 actuarial valuation and the methodology employed to assist them in meeting the standards set out in the CIPFA Knowledge and Skills Framework and in the Fund's training policy.

2. RECOMMENDATIONS

- 2.1 **The Pensions Committee is recommended to note the report.**

3. RELATED DECISIONS

- Pensions Committee 23rd March 2016 – Updated Training Policy

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 Management of the Pension Fund is complex and varied, covering areas including investment, administration, governance and financial management. It is therefore essential that members of both the Pensions Committee and Pension Board are provided with training, to ensure that they are able to meet the various duties placed upon them. The cost of such training is immaterial in the context of the Pension Fund; many of the training sessions are provided free of charge or at minimal cost.
- 4.2 The training being provided to Pensions Committee covers the Fund's triennial valuation, and the methods used by Hymans Robertson, the Fund actuary, to prepare it. The triennial valuation is used to determine the funding level of the Fund, and the level of contributions, both primary and secondary, to be paid by employers. The exercise therefore has a significant impact not only on the finances of the Fund itself but also on its employers.

5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 The responsibilities given to the Committee in respect of administration of the Pension Fund are both broad and onerous. For example, as quasi trustees of the Pension Fund, Members would owe a fiduciary duty to fund members, which imposes the highest standard of care in equity and law. The responsibilities of Members are exercised in a legal framework that is complex and changing. Both training and re-training is reasonably required to enable Members to continue to carry out their responsibilities in the best interests of fund members and this training session is a contributory factor which demonstrates the Committee's desire to meet its obligations.
- 5.2 The LGPS (Management and Investment of Funds) Regulations 2009, Regulation 12(3) require Funds to confirm the extent to which they comply with Guidance, specifically how they meet the requirements under the Myners Principles in terms of effective decision and the training being provided to Pensions Committee will help to ensure that they are in a position to meet this requirement.
- 5.3 In addition each member of the Pension Board is required by Section 248a of the Pensions Act 2004 (as amended by the Public Service Pensions Act 2013) to obtain '*a degree of knowledge and understanding...appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*' This includes the rules of the scheme, any policy documents concerning its administration and relevant law relating to pensions. These requirements are considered by The Pensions Regulator in its 'Code of Practice No 14: Governance and Administration of Public Service Pension Schemes (2015)'.
- 5.4 Knowledge and skills requirements for the Pensions Committee are set out in CIPFA's Code of Practice on Public Sector Pensions Finance Knowledge and Skills. Although not statutory, this guidance provides a framework for both Administering Authorities and individual Committee Members to assess their level of understanding and determine any training needs.
- 5.5 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

- 6.1 The Hackney Pension Fund has adopted the key recommendations of the CIPFA Code of Practice on Public Sector Pension Finance Knowledge and Skills. As such, training for Pensions Committee members is organised in line with the areas of knowledge set out in the Code. The training session at this Committee falls under the Actuarial category.
- 6.2 It is intended that Pension Board Members should also attend the training session to help ensure that they meet the Knowledge and Understanding requirements set out by the Pensions Act 2004 and The Pensions Regulator's Code of Practice. CIPFA has produced a Technical Knowledge and Skills framework designed for

Local Pension Boards, which sets out suggested training requirements for Members. The requirements are very similar to those set out in the Code of Practice on Public Sector Pension Finance Knowledge and Skills.

- 6.3 The training session will therefore provide members with an overview of what the triennial valuation measures and how it is carried out. The training session is being provided by the Fund's actuary Hymans Robertson, who are carrying out the valuation.

7. DRAFT FUTURE PROGRAMME

The draft programme of future training for the Municipal Year 2016/17 is included in the business plan for the Pension Fund, taking into consideration key projects and also assessing the training needs of the Pensions Committee and Pensions Board following analysis of the returns from the self-assessment process.

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Background papers
None