

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

Training Policy Pension Board 25th October 2017	Classification PUBLIC	Enclosures One
	Ward(s) affected ALL	AGENDA ITEM NO.

1. INTRODUCTION

- 1.1 In January 2015, Members of the Pensions Committee approved the Fund's first formal training policy, following the introduction of expanded knowledge and skills requirements for LGPS Pensions Committee Members, Pension Board members and officers. New guidance from Chartered Institute of Public Finance and Accountancy (CIPFA), new legislation and the Pension Regulator's (tPR) role in overseeing the administration and governance of the scheme all increased the requirements around knowledge and skills in the LGPS and the introduction of a formal training policy helped to ensure that the Fund was meeting these requirements.
- 1.2 This report provides the Pension Board with an update on the Training Policy, introducing a version updated to reflect guidance for administering authorities on governance principles for investment pooling, issued by Aon Hewitt on behalf of the CIPFA Pensions Panel. This version was approved by the Committee on 11th September 2017. The policy applies to Pensions Committee members, Pension Board members and senior officers responsible for managing the Fund.

2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to:
- Note the report
 - Ensure adherence to the Training Policy and maintenance of the required level of knowledge and skills

3. RELATED DECISIONS

- Pensions Committee (11th September 2017) – Updated Training Policy
- Pensions Committee (27th June 2017) – Updated Governance Policy and Compliance Statement
- Pensions Committee (14th January 2015) – Approval of Training Policy

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

- 4.1 The responsibilities for the Pension Fund are complex and varied covering the whole spectrum of investments, administration and financial management. Training across all aspects of the Pension Fund and understanding the factors that impact it help

those charged with governance to make effective decisions, including having an understanding of the financial impact of such decisions.

- 4.2 Having a formally approved and transparent training policy in place is good practice and helps ensure those persons charged with governance and management of the Pension Fund understand what is expected of them. The costs associated with delivering this Policy are immaterial compared with the potential costs of failing to ensure that the Fund is properly managed. Additionally, many of the training sessions are provided free of charge or at minimal cost.

5. COMMENTS OF THE INTERIM DIRECTOR, LEGAL

- 5.1 The Council has established a Pension Board in accordance with Regulations 106 – 109 of the Local Government Pensions Scheme Regulations (“LGPS Regulations 2013”). The Pension Board’s role is to assist the Council as the administering authority in:
- Securing compliance with the LGPS Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme
 - Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme
 - ensuring the effective and efficient governance and administration of the Scheme and any connected scheme
- 5.2 The functions of the Pension Board are contained within part 3 of the Councils’ Constitution. Ensuring that legal requirements concerning the knowledge and understanding of Pension Board members are met is part of the Board’s role.
- 5.3 All other legal implications have been incorporated within the body of this report.

6. BACKGROUND/TEXT OF THE REPORT

National Requirements

- 6.1 In recent years CIPFA has placed much greater focus on the requirement for appropriate knowledge and skills in the management of LGPS Funds and has issued a range of guidance on the subject. The Pensions Committee has been a keen supporter of ensuring that training forms part of the Committee’s role and receives a training session at each Committee meeting in advance of the main business meeting.
- 6.2 The Public Service Pensions Act 2013 (PSPA) required each administering authority in the LGPS to introduce a Pension Board by 1 April 2015. 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 Both the Pensions Committee and the Pensions Board have reviewed and approved the Code of Compliance from the Pensions Regulator, which carries a specific section on the Knowledge and Understanding, and it is worth including as a reminder the requirements set out there:
1. Are there policies and arrangements in place to support Pension Board members in acquiring and retaining knowledge and understanding?

2. Has a person been designated to take responsibility for ensuring the framework is developed and implemented?
3. Is the Fund providing assistance to pension board members to determine the degree of knowledge and understanding required?
4. Are the roles and responsibilities of Pension Boards and members of Pension Board clearly set out in scheme documentation?
5. Are Pension Board members aware of their legal responsibility in terms of knowledge and understanding?
6. Have all Pension Board members got access to copies of the scheme rules and relevant Fund documentation?
7. Is there an up-to-date list of the Fund specific documents with which Pension Board members need to be conversant in?
8. Are all Pension Board members investing sufficient time in their learning and development?
9. Does the Fund offer pre-appointment training for new Pension Board members or mentoring by existing members?
10. Is there a process in place for regularly assessing the Pension Board members' level of knowledge and understanding is sufficient for their role, responsibilities and duties?
11. Are records of learning activities being maintained?
12. Have the Pension Board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?

6.4 A large proportion of the requirements are covered by the updated Training Policy attached as an appendix to this report. Evidence of training is included within the Pension Fund Report and Accounts for both Pensions Committee and Pensions Board, in training records maintained by the Financial Services section and in the annual self-assessment questionnaire which Pensions Committee and Pensions Board members are asked to complete annually.

6.5 In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the knowledge and skills frameworks already in place. The updated Framework details the knowledge and skills required by Pension Board members to enable them to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

6.6 The Framework covers eight areas of knowledge and skills identified as the core requirements (which includes all those covered in the existing Committee and officers frameworks):

- Pensions legislation
- Public sector pensions governance
- Pension accounting and auditing standards
- Pensions administration
- Financial services procurement and relationship management

- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practice

6.7 CIPFA guidance released in October 2016 updates these principles for a pooled investment environment, providing guidance for administering authorities on the governance arrangements and the knowledge and skills required in relation to the operation of the new asset pools and funds' relationships with them. The Fund's training policy has been updated in line with this guidance, alongside planned updates to the Terms of Reference for the Committee to ensure that the Fund's relationship with the London CIV, its chosen asset pool, is formalised within the Council's constitution.

London Borough of Hackney Pension Fund Training Policy

6.8 The Training Policy details the proposed training strategy for members of the Pensions Committee, the Pensions Board and senior officers responsible for the management of the Fund. The Training Policy has been created and subsequently updated 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.

6.9 Pensions Committee members, Pension Board members and senior officers will continue to be provided with ongoing opportunities to attend training events to assist them to adhere to the policy.

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