

## REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

<b>Training Policy - Review</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  One
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pensions Committee</b> <b>12<sup>th</sup> September 2018</b>		

### 1. INTRODUCTION

- 1.1 This report considers potential improvements and changes to the Pension Fund's Training Policy, which applies to Pensions Committee members, Pension Board members and senior officers responsible for managing the Fund. Recognising that the requirements to attend and document training growing more stringent, the paper puts forward for discussion potential changes to increase the breadth and depth of training on offer whilst ensuring that it remains accessible to all Members.

### 2. RECOMMENDATIONS

#### 2.1 The Pensions Committee is recommended to:

- **Adopt the recommendations for improvements to training delivery set out in Section 8**
- **Consider the options put forward in section 9 to increase the depth and breadth of training available, and agree which should be taken forward and how these should be incorporated into the Policy**

### 3. RELATED DECISIONS

- Pensions Committee (11<sup>th</sup> September 2017) – Updated Training Policy
- Pensions Committee (14<sup>th</sup> January 2015) – Approval of first 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.
- 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.

### 5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 5.1 The Council has established a Pensions Committee to act as the trustee of the Council's pension fund in accordance with legislation. The Committee is responsible

for monitoring performance of the fund, setting and reviewing strategic objectives and appointing administrators, advisers, investment managers and custodians.

- 5.2 The functions of the Pensions Committee are contained within part 3 of the Councils' Constitution. To maintain an overview of pensions training for its' Members, the Pensions Board Members and senior officers is part of this Committee's role.
- 5.3 All other legal implications have been incorporated within the body of this report.

## **6. LGPS TRAINING 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 for both Committee Members and officers. In July 2015 CIPFA also 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.
- 6.2 The introduction of the Markets in Financial Instruments Directive II (MiFID II) requires any supplier dealing with LGPS funds on business within scope of MiFID II to opt up their LGPS clients before they can be considered as professional clients. The opt up process requires a detailed disclosure from funds as to the number of hours of training offered to and taken up by individual Committee Members.
- 6.3 The combined effect of the changes has been to increase the duration, breadth and depth of the training that those responsible for the management of LGPS funds must attend. Carrying out a detailed review of how the Fund delivers training is vital in ensuring that the training offered remains relevant, sufficient and accessible to all those charged with management of the Fund.

## **7. KEY ISSUES IN TRAINING DELIVERY**

- 7.1 One of the key issues for the Fund in delivering training is in ensuring that the training provided offers sufficient breadth and depth whilst fitting in with the many time constraints placed upon Committee and Board members. The Fund currently offers key training sessions at the start of each Committee meeting, which Board members are also invited to attend. However, evening meetings combined with already long agendas constrains the time available for these training sessions.
- 7.2 Feedback suggests that online training options would be very welcome; however, there is currently no LGPS specific online training option available. CIPFA has opened up its online provision for officers, but the training available tends to be very technically focused, and aimed at wider local government finance rather than LGPS Committees and Boards
- 7.3 The time constraints on Board and Committee members mean that many struggle to take full days out to attend events and courses. These are a useful way to bring variety and depth to a training plan but attendance clearly pose a challenge to members with busy day jobs.

- 7.4 Following review of a number of LGPS training policies, a variety of recommendations and options for the structure of training for the Hackney Pension Fund are set out below. The recommendations are changes the Committee are encouraged to adopt to improve training attendance and reporting, whilst the options are put forward for discussion to establish the modes of delivery that best suit members whilst maintaining the required attendance levels. It should be noted that it is vital that Members commit to attendance at training given the increasingly stringent requirements around attendance and record keeping under MiFID II. .

## **8. RECOMMENDATIONS FOR TRAINING DELIVERY**

- 8.1 Individual records should be maintained as part of the Fund's training plan. These will assist in ensuring compliance with MiFID II requirements and will help Members to assess their own training needs on a personal level. Aon have previously developed a suitable recording system for individual training which can be used to record attendance and generate certificates to confirm training undertaken at each year end. Whilst the Fund currently maintains simple records of training needs by role, the lack of personalisation lead to additional work being undertaken to complete the necessary MiFID II disclosures.
- 8.2 Disclosure of upcoming training events should be introduced as a standing item at the Committee. Disclosure of upcoming events to the Committee is listed in the training plan, but has not previously been included as a regular update. Updates could be included within the Quarterly update report.
- 8.3 All members should be encouraged to attend at least one external event per year, preferably LGPS specific. Whilst conference events do not count towards MiFID II training requirements these can still represent a valuable opportunity to build on CIPFA Knowledge and Skills and network with peers, particularly at LGPS-focused events.

## **9. OPTIONS TO IMPROVE DEPTH AND BREADTH OF TRAINING**

- 9.1 Option 1: Maintain current short training sessions at all Committee meetings and commit to one single additional 'Fund Training Day' per year, arranged by officers and delivered by selected advisers as required. Training days feature in a number of funds training plans as a way to deliver more in depth training to Committee and Board members as well as officers. They require commitment from members to attend, but help avoid some of the problems of shorter sessions and allow networking between Committee and Board members and officers.
- 9.2 Option 2: Scale back Committee training to two longer sessions per year, and commit to attend a single 'Fund Training Day' per year. The two longer training sessions would need to be factored into Committee agendas as part of the Business Plan to help manage the length of meetings. This option would allow for in depth training but would raise the risk that members missing those meetings could miss a significant portion of their annual training offer. Again, a number of funds have included longer pre-Committee briefings in their training plans, sometime bringing forward the start time of meetings to accommodate these.

9.3 Option 3: Remove Committee training and commit to two 'Fund Training Days' per year. Whilst this would help manage the length of Committee meetings it would come at additional cost to the Fund in terms of arranging and resourcing the training days, as well as putting individual members at risk of attending no scheduled training if they could not attend the agreed dates. This would also make it difficult to present training relevant to specific committee items as we attempt to do at present.

9.4 As such, options 1 or 2 are preferred.

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**Appendices:**  
Appendix 1 – Pension Fund Training Policy (Updated September 2017)