

REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

Knowledge and Skills Policy - Review

Pensions Committee
23rd November 2021

Classification
PUBLIC

Ward(s) affected

ALL

Enclosures

one

AGENDA ITEM NO.

6

1. INTRODUCTION

- 1.1 This report outlines improvements and changes to the Pension Fund's Knowledge and Skills Policy (previously called Training Policy) following updates to the CIPFA Code of Practice on LGPS Knowledge and Skills, and the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers.

2. RECOMMENDATIONS

2.1 The Pensions Committee is recommended to:

- Approve the updated Hackney Pension Fund Knowledge and Skills Policy as set out at Appendix 1.

3. RELATED DECISIONS

- Pensions Committee (14th January 2015) – Approval of first Training Policy
- Pensions Committee (11th September 2017) – Updated Training Policy
- Pensions Committee (12th September 2018) – Training Policy Review.

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND 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 its management help those charged with governance to make effective decisions, many of which can have a significant financial impact on the Fund.
- 4.2 Having a formally approved and transparent training policy in place is good practice, meets the professional requirements of CIPFA 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 Scheme Manager of the 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 set the overall strategic objectives for the Fund, to review the Fund's policy and strategy documents on a regular cycle and to maintain an overview of pensions training for its Members are parts of this Committee's role. There are also legal requirements that are outlined in the draft Knowledge and Skills Policy that must be adhered to.

6. **BACKGROUND TO THE REPORT**

- 6.1 The Hackney Pension Fund Knowledge and Skills Policy (previously called the Training Policy) provides all Pensions Committee Members, Pension Board Members and senior officers of the Fund with a clear framework setting out how they acquire and retain knowledge and skills required to perform their individual roles. The ultimate aim of the Policy is to ensure that those responsible for the management, delivery, governance and decision making in the Hackney Pension Fund have the appropriate levels of knowledge and skills.
- 6.2 The Knowledge and Skills Policy was originally approved in January 2015 and it was last updated in September 2017. The latest formal review of this policy was delayed due to the impending release by CIPFA of their updated Code of Practice on LGPS Knowledge and Skills alongside their Framework for Pension Committee Members and Officers. As the Code has now been issued (June 2021), the Policy has been reviewed and updated to meet the requirements of the new Code and ensure that the knowledge and skills of our key decision makers fit within best practice as well as legal requirements.

7. **PROPOSED KNOWLEDGE AND SKILLS POLICY**

- 7.1 The proposed Knowledge and Skills Policy is attached as Appendix 1. Many of the original elements of the Policy remain largely unchanged. The Policy outlines:
- the Fund's knowledge and skills objectives
 - legislative and guidance requirements relating to having the appropriate knowledge and skills, and how these will be applied for the Hackney Pension Fund. In particular it is worth noting the legal requirements relating to MiFIDII and the Pensions Act 2004, as well as CIPFA's Code of Practice.
 - how knowledge and skills will be monitored and reviewed
 - how training will be provided
 - how the policy objectives will be measured on an ongoing basis, and the reporting of these.
- 7.2 The key updates made to the Policy include:
- renaming the Policy as the Knowledge and Skills Policy to better reflect the wording of the latest CIPFA Knowledge and Skills Code and Framework, and recognising that the requirements are wider than just delivering training.
 - including new objectives to better articulate what is being aimed for.
 - expanding the 'to whom this Policy applies' section to reflect the levels of knowledge requirement in the new Code for Committee and Board

members and senior officers. Greater clarity is included on the higher level of knowledge required by the Pensions Committee Chair and also on who the officers covered by the Policy are.

- Adding more detail on the legislative requirements relating to Knowledge and Skills for the Committee and Board.
- Adding the five key principles from CIPFA's Code of Practice.
- Updating the eight knowledge areas to those included in the new CIPFA Framework.
- Incorporating reference to the need for appropriate non-technical skills for Committee Members, Pension Board members and senior officers to effectively discharge their duties.
- Adding details about the collective nature of the Committees' knowledge requirement, in line with CIPFA's suggestion in the Code that it is appropriate to consider the knowledge and skills of a committee as a collective.
- Adding a statement of compliance as set out as a requirement in the new CIPFA Code.
- Providing details of the availability of training to other key stakeholders – such as the internal auditors, audit committee members and Chief Finance Officers of non-administering authority employers participating in the Fund. This is another expectation from CIPFA's new Code and Framework. This also clarifies that training can be provided to Scheme Employers too.
- Updating how the Fund will identify if the Policy objectives are being met
- Confirming that the designated officer is the Group Director, Finance and Corporate Resources.
- A contents section has also been added to the Policy to make it easier to navigate. Given the volume of changes to this Policy it has been provided as a clean version only.

7.3 The Committee is asked to approve the updated Policy.

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LIST OF APPENDICES

Appendix 1 - Knowledge and Skills Policy