

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	19 July 2018
Subject:	Annual Pensions Committee Training Plan and Policy

Summary:

This report sets out the training policy and the annual training plan for the Pensions Committee members for the year to June 2019.

Recommendation(s):

That the committee:

- 1) approve the training policy;
- 2) identify and approve areas for training at the September and February meetings; and
- 3) approve the annual training plan.

Background

1. There is a high level of risk involved in managing and making decisions relating to the Local Government Pension Scheme (LGPS). It is therefore essential that those involved with these tasks have the appropriate knowledge and skills to do so. The need for appropriate knowledge and skills in the management of pension schemes has been a key topic in recent years in both the public and private sector.
2. The introduction of the new Markets in Financial Instruments Directive (MIFID II) in January 2018, has made it is even more important that the Committee are appropriately trained to ensure that the Fund retains its Professional investor status.
3. Members and Officers are required to undertake training to satisfy the obligations placed upon them by the following:
 - Lord Hutton, in his review of Public Sector Pensions, included a key recommendation referring to the need for all Pension Committees and Boards to be properly trained.
 - The Public Service Pensions Act 2013 included a requirement for members of Pensions Boards in the public sector to have an

appropriate level of knowledge, and included a provision that required the Pensions Regulator to issue a Code of Practice relating to this for both Pension Board members and Scheme Managers (the Administering Authority).

- The Chartered Institute of Public Finance and Accountancy (CIPFA) launched a technical guidance for Representatives on Pensions Committees and non-executives (i.e. officers) in the public sector within a Knowledge and Skills Framework (KSF) in January 2010. The framework identifies the skill set for those responsible for pension scheme financial management and decision making. CIPFA followed this up with a Code of Practice which LGPS funds are expected to adhere to, reporting on how their Pension Committee members and officers are meeting the requirements of their Framework in the Annual Report and Accounts. The Pension Committee members' KSF is attached at appendix B.
 - Myners Principles – Scheme Administering Authorities have been required for some time to report on a 'comply or explain' basis their adoption of, and compliance with, the principles. This is set out in the Governance Compliance Statement. The CIPFA document Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom (2012) also details the expectations that the Administering Authority should meet.
4. The Pensions Committee has adopted the key recommendations and principles of the CIPFA Code of Practice, detailed below:
- Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision making and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge and skills.
 - Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme financial knowledge and skills for those in the organisation responsible for financial administration and decision-making.
 - The associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Knowledge and Skills Frameworks.
 - The organisation has designated a named individual to be responsible for ensuring that policies are implemented.

5. For the Lincolnshire Pension Fund, the County Finance Officer (and delegated Section 151 Officer) David Forbes is the designated officer in this regard.
6. To ensure that the Fund complies with the requirements above, a training policy and annual training plan is produced (attached at appendix A) and agreed by the Committee. Evaluation of knowledge and skills is periodically undertaken to ensure any emerging knowledge gaps (due to either regulatory/market change or change in members or key officers) are addressed.
7. The CIPFA KSF (attached at appendix B for reference) covers six areas:
 - i. Pensions Legislative and Governance Context
 - ii. Pensions Auditing and Accounting Standards
 - iii. Financial Services Procurement and Relationship Management
 - iv. Investment Performance and Risk Management
 - v. Financial Markets and Products Knowledge
 - vi. Actuarial Methods, Standards and Practices
8. It is acknowledged that these areas are very wide; however, the framework requires an awareness or understanding in most areas, rather than detailed knowledge. There are also a number of different ways in which this information can be gained by members, such as during normal Committee meetings, training sessions or attendance at conferences or seminars. It is not expected for members of the Committee to have knowledge in all areas of the framework but a collective understanding by the Committee as a whole.
9. The training policy was last agreed at the July 2017 meeting of this Committee. It sets out the policy concerning the training and development of:
 - the members of the Pensions Committee and
 - officers of Lincolnshire County Council responsible for the management of the LGPS.

The training policy is established to aid members of the Pensions Committee in performing and developing their individual roles in achievement of the collective responsibility of the Committee. The requirement of the Committee is to ensure that members are able to demonstrate that, collectively, they have the required knowledge and skills to make appropriate decisions and offer challenge, and that¹, officers are adequately trained and experienced to undertake the day to day operation and management of the Scheme.

9. Following elections every four years (and when there are any other Committee changes), all new members to the Committee are expected to attend the new member induction training, and anyone unable to attend that is offered one-to-one training by the Pension Fund Manager. In addition, all Committee members are expected to attend a basic training course (LGA Fundamentals or equivalent) designed for new members to the Pensions Committee, or as a refresher when required.
10. The Committee training plan presents the topics that will be covered in the normal Committee meetings and also the additional training sessions for the coming year. This will be updated for additional areas that are covered in Committee throughout the year, and will be used to assist in disclosure requirements for training in the Annual Report. The statement of compliance also requires Officers to keep a record of attendance at training courses and conferences by Members. Members are requested to inform Officers should they attend any meetings that are relevant to the Knowledge and Skills Framework.
11. Committee members are asked to approve topics for training for the sessions in September and February and to suggest any further topics that they would like added to the plan. A date of 11th September has been set aside for training in relation to the Fund's asset allocation in a post-pooling world. Training in February 2019 is expected to be centred upon the upcoming Triennial Valuation of March 2019.
12. Committee members that attend external training events, including conferences, should be willing to provide a brief update to the next meeting of the Pensions Committee, covering the following points.
 - Their view on the value of the event and the merit, if any, of attendance;
 - A summary of the key learning points gained from attending the event; and
 - Recommendations of any subject matters at the event in relation to which training would be beneficial to all Committee Members.
13. Furthermore, the Pensions Regulator has an online education portal for public sector pension schemes, which can be accessed through the following link: <https://education.thepensionregulator.gov.uk/login/index.php>. It is expected that all Committee members will complete this within six months of becoming a member of the Committee, and they are asked to send their certificates of completion to the Pension Fund Manager to record.

Conclusion

14. The training policy has been developed to respond to the various requirements laid down in regulations and guidance to ensure that both Committee members and officers are suitably knowledgeable to perform their duties within the Pension Fund. The Committee training plan sets out the areas of training covered for the coming year, and a new plan will be brought each year to the July Committee.
15. Committee members are asked to suggest topics for training sessions to add to the plan.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire Pension Fund Training Policy and Annual Plan
Appendix B	CIPFA Knowledge and Skills Framework

Background Papers

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