



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Pensions Committee
Date:	13 July 2023
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 2024.

Recommendation(s):

That the committee:

- 1) approve the training policy;
- 2) discuss and agree the proposed areas for training future 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. The Good Governance Review, where the draft recommendations were brought to this Committee in 2021, is expected to be put into statutory guidance in this financial year. This is expected to include a mandatory level of training for Pensions Committee members that will be required to be reported in the Annual Report. The Lincolnshire Fund is ahead of the requirements for this, already having a level of mandatory training required.

4. Members and Officers are currently 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). It is expected that the Good Governance Review, being undertaken by the Scheme Advisory Board, will require similar mandatory training for all Committee members.
 - 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, which was refreshed in July 2021. 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.
5. 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.
6. For the Lincolnshire Pension Fund, the Executive Director of Resources, Andrew Crookham, is the designated officer in this regard.
 7. 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.
 8. The CIPFA KSF (attached at appendix B for reference) covers eight areas:
 1. Pensions legislations and guidance
 2. Pensions Governance
 3. Funding strategy and actuarial methods
 4. Pensions administration and communications
 5. Pensions financial strategy, management accounting, report and accounts
 6. Investment strategy, asset allocation, pooling, performance and risk management
 7. Financial markets and products
 8. Pensions services procurement, contract management and relationship management
 9. 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, 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.

LGPS Online Learning Academy (LOLA) - Upgrade

10. The Fund's Investment Consultant Provider, Hymans Robertson, has created an online training platform, to assist Funds to meet the knowledge and understanding requirements of the CIPFA KSF, and therefore the requirements under MiFIDII. The Fund subscribed to this last year.
11. The online platform, LGPS Online Learning Academy (LOLA) was created and designed to support the training needs of Pension Committees, Pension Boards and Fund Officers, and supplement training plans for all LGPS funds.

12. Hymans Robertson have been updating the offering, and the latest version of LOLA is now available to transition to. The key changes on the LOLA version 2.0 are:
 - Eight core modules, rather than the previous six.
 - A fund only 'channels' area on the platform. This is where additional training material or fund specific policies can be uploaded.
 - Modules have been streamlined and are now shorter and quicker to complete.
 - The printable and accessible slides, and jargon buster have been moved to the new additional resource section (underneath the video), to provide a slimmer, easy to follow user experience.
 - Additional videos have been created to populate the new learning plan set up, to keep users up to date and aware of each module's requirement.
 - Introduction of badges to increase user engagement.
13. In addition, external training can be recorded on the platform, to be extracted for quarterly meetings, annual reports or if requested by TPR. This area is being developed further this year to improve the report.
14. The date for transition has yet to be agreed with Hymans Robertson, and the Committee will be informed once this has been done.
15. Users will be expected to work through all modules in the new plan, as previous LOLA progress will not count towards the new learning plan. However, any external training recorded will automatically transfer over.
16. Whilst some members may have completed the previous modules, continued learning of both core and fund specific topics are expected from the Pension Regulator, Scheme Advisory Board, and other interested parties such as members and employers. Therefore, there is an expectation that users would 'redo' the core learning plan at least annually or biennially.
17. The deadline for moving to the new plan is 14 December 2023.

Training Policy

18. The training policy was last agreed at the July 2022 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.

19. 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 can demonstrate that, collectively, they have the required knowledge and skills to make appropriate decisions and offer challenge, and that officers are adequately trained and experienced to undertake the day-to-day operation and management of the Scheme.
20. 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 before the date of their first Pensions Committee meeting, where possible, and anyone unable to attend that is offered one-to-one training by the Head of Pensions. In addition, all Committee members are required to:
 - Complete the on-line training program set out within the Hymans Robertson LGPS Online Learning Academy (LOLA) within twelve months of joining the Committee, to keep up-to-date with new modules or current issues as required, and to refresh all modules at least every two years;
 - complete the on-line training of the Pensions Regulator at <https://education.thepensionregulator.gov.uk/login/index.php> within six months of joining the Committee (and send their certificates to the Head of Pensions); and
 - undertake, as a Committee, regular training as set out in the annual training plan.
21. The Committee training plan presents the topics that will be covered in the normal Committee meetings 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.
22. Members of the Committee attended the training sessions and Committee meeting held at Border to Coast's offices in Leeds on 8 June. Feedback from this is that it was very useful to have the direct contact with employees of Border to Coast, and that this should become a regular event. Following consideration, an annual visit to Border to Coast's offices has been built into the training policy, and this will be held separately to any Committee meetings. It will be a full day training session to assist both Committee and Board members to gain a better understanding of the structure and governance of the company and asset pooling generally, and to receive training across the areas of investments and stewardship.

24. Under the new Committee meeting structure there is now an element of training offered at each meeting, and relevant topics will be suggested at the prior meetings to ensure all training is relevant and appropriate. Committee members are asked to agree the topic for training for the meeting in September (Investments and RI) and October (Admin and Governance) and to consider any other areas that they feel training would be beneficial. It is suggested that one area that might be considered for the September meeting is Private Market Investments as Morgan Stanley, the Alternatives manager, will be presenting their annual update to the Committee and could be asked to extend that with a training session.
25. Committee members are encouraged to attend external training events, including conferences, and details of these are shared in the monthly letter. Attendees 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.

Conclusion

26. 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.
27. Committee members are asked to approve the training policy and plan, and to agree training requirements for forthcoming meetings.

Consultation

a) Risks and Impact Analysis

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

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation 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

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

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