



Havering

LONDON BOROUGH

HAVERING PENSION FUND

**BUSINESS PLAN/REPORT ON THE WORK
OF THE
PENSIONS COMMITTEE
DURING
2015/16**

INTRODUCTION

The Havering Pension Fund (the Fund) provides benefits to Council employees (except teachers). The performance of the Fund impacts on the cost of Council services through the cost of employer contributions. It is therefore beneficial to issue a Business Plan/Annual report to all Council Members on the Havering Pension Fund and the work of the Pensions Committee.

The Business Plan looks forward over the next three years and will be reviewed and updated annually.

This report also covers the period 1st April 2015 to 31 March 2016 and outlines:

- The work of the Pensions Committee
- Key issues arising during the course of the year

The financial position of the Havering Pension Fund for 2015/16 is featured as part of the formal Annual Report of the Fund itself and not included here. The Annual Report is prepared later in the year when the pension fund accounts have been finalised.

BACKGROUND TO THE PENSION FUND

The Council is an Administering Authority under the Local Government Pension Scheme Regulations and as such invests employee and employer contributions into a Fund in order to pay pension benefits to scheme members. The Fund is financed by contributions from employees, employers and from profit, interest and dividends from investments.

The Pension Fund has a total of 35 employers, of which the London Borough of Havering is the largest. The other employers in the fund are made of up of 27 Scheduled bodies (Academies and Further Education bodies) and 7 Admitted bodies (outsourced contracts).

The Council has delegated the responsibility for investment strategy and performance monitoring to the Pensions Committee.

The Fund's Actuary (Hymans Robertson) carried out a triennial valuation during 2013/14 based on data as at 31 March 2013. The main purpose of the valuation is to calculate the funding position within the Fund and set employer contribution rates for 2014 to 2017. The valuation prior to this date was undertaken at 31 March 2010 and a comparison of funding levels can be seen below:

Summary

Valuation date	31 March 2010	31 March 2013	Estimated Inter - valuation 30 Sept 2014
Total Liabilities	£589m	£752m	£792m
Market Value of Assets	£361m	£461m	£529m
Surplus/(deficit)	(£228m)	(£291m)	(£263m)
Funding Level	61.3%	61.2%	66.8%

The table shows that whilst the 2013 funding level has not changed from 2010 the value of the deficit has increased. This is primarily driven by the change in the value of the liabilities which has been calculated on a set of assumptions used by the Fund's Actuary. The asset returns were higher than expected but not enough to offset the growth in liabilities.

In addition to the Triennial valuation the Fund's Actuary carried out an inter-valuation update. This funding update is provided to illustrate the estimated development of the funding position from 31 March 2013 to 30 September 2014. As the above table shows, as at 30 September 2014, the funding level has increased to 66.8%. This is largely as a result of higher than expected investment returns and an additional cash contribution paid into the Fund by the Council in March 2014. The funding update does not allow for changes in individual members' data since the 2013 valuation, so the accuracy of this calculation is expected to decline over time as the period since the last valuation increases.

The next valuation will commence from 1 April 2016 based on data as at 31 March 2016. This will determine the employer contribution for the April 17 to March 2020 and the funding level.

The Fund has seven fund managers (who have specific mandates) and performance is monitored against an agreed benchmark. The Fund has adopted a benchmark for the whole of the fund of Gilts + 1.8% (net of fees).

Havering Pension Fund uses the services of The WM Company to provide comparative statistics on the performance of this Fund.

The performance of the Fund is measured against a tactical and a strategic benchmark. The tactical benchmark is a combination of all the individual benchmarks set for each manager. The strategic benchmark for the overall fund is a liability benchmark of FTSE A Gilts over 15 years plus 2.9% (net of fees) p.a. The main factor in meeting the strategic benchmark is market performance.

In 2015/16, the overall return on the Fund's investments was **1.4%** (2014/15 13.4%). This represented an under performance of **-0.8%** against the tactical benchmark (2014/15 outperformance of 1.7%) and an under performance of **-6.9%** against the strategic benchmark (2014/15 under performance of -12.9%).

The long term strategy of the fund was to reduce exposure to equities and invest in Multi Asset strategies. The following table reflects the asset allocation split and targets against their individual fund manager benchmarks:

Asset Class	Target allocation	Investment Manager/ product	Segregated /pooled	Active/ Passive	Benchmark and Target
UK/Global Equity	12.5%	Baillie Gifford (Global Alpha Fund)	Pooled	Active	MSCI All Countries Index plus 2.5%
	6.25%	State Street Global Asset	Pooled	Passive	FTSE All World Equity Index
	6.25%	State Street Global Asset	Pooled	Passive	FTSE RAFI All World 3000 Index
Multi Asset Strategy	15%	Baillie Gifford (Diversified Growth Fund)	Pooled	Active	UK Base Rate plus 3.5%

Asset Class	Target allocation	Investment Manager/ product	Segregated /pooled	Active/ Passive	Benchmark and Target
	20%	GMO Global Real return (UCITS)	Pooled	Active	OECD CPI g7 plus 3 - 5%
Absolute Return	15%	Ruffer	Segregated	Active	LIBOR+
Property	5%	UBS	Pooled	Active	IPD All balanced (property) Fund's median +
Gilt/Investment Bonds	17%	Royal London	Segregated	Active	<ul style="list-style-type: none"> • 50% iBoxx £ non- Gilt over 10 years • 16.7% FTSE Actuaries UK gilt over 15 years • 33.3% FTSE Actuaries Index-linked over 5 years. Plus 1.25%*
Infrastructure	3%	State Street Global Assets –Sterling liquidity Fund Cash is invested pending identification of a local infrastructure project.			

*0.75% prior to 1 November 2015

UBS, SSgA, GMO and Baillie Gifford manage the assets on a pooled basis. Royal London and Ruffer manage the assets on a segregated basis. Performance is monitored by reference to the benchmark and out performance target.

Fund Managers are invited to present at the Pensions Committee Meeting every six months. On alternate dates, they meet with officers for a formal monitoring meeting. The exception to this procedure are the pooled Managers (SSgA, UBS, Baillie Gifford and GMO) and Ruffer who will attend two meetings per year, one with Officers and one with the Pensions Committee. However, if there are any specific matters of concern to the Committee relating to the Managers performance, arrangements will be made for additional presentations.

During 2015/16 The Havering Pension Fund joined the London CIV and the assets under management with Baillie Gifford for the Diversified Growth Fund was transferred to the London CIV on the 15 February 2016. Further mandates are expected to be transferred during 2016/17 in order to meet the Department of Communities and Local Government Investment reforms and mandatory pooling of assets.

FUND GOVERNANCE STRUCTURE

Day to day management of the Fund is delegated to the Chief Executive. Investment strategy and performance monitoring of the Fund is a matter for the Pensions Committee which obtains and considers advice from the authority's officers, and as necessary from the Fund's appointed professional adviser, actuary and performance measurers who attend meetings as and when required.

The terms of reference for the committee are:

- To consider and agree the investment strategy and statement of investment principles (SIP) for the pension fund and subsequently monitor and review performance
- Authorise staff to invite tenders and to award contracts to actuaries, advisers and fund managers and in respect of other related investment matters
- To appoint and review the performance of advisers and investment managers for pension fund investments
- To take decisions on those matters not to be the responsibility of the Cabinet under the Local Authorities (Functions and Responsibilities)(England) Regulations 2000 relating to those matters concerning pensions made under Regulations set out in Sections 7, 12 or 24 of the Superannuation Act 1972

The membership of the Pensions Committee reflects the political balance of the Council and following the formation of a new coalition on the 22 October 2015, the Conservative Group linked with the newly formed East Havering Residents Group, the Pensions Committee members are as follows:

Cllr John Crowder (Chair) – Conservative Group
 Cllr David Johnson (Vice Chair) – UKIP
 Cllr Melvin Wallace - Conservative Group
 Cllr Eric Munday – Conservative Group
 Cllr Roger Westwood – Conservative Group
 Cllr John Mylod – Residents' Group
 Cllr Stephanie Nunn – Residents' Group
 Cllr Clarence Barrett – East Havering Residents' Group
 Union Members (Non-voting) - John Giles (Unison), Andy Hampshire (GMB)
 Admitted/Scheduled Body Representative (voting) – Heather Foster-Byron – Employer Representative

Fund Administrator	London Borough of Havering
Actuary	Hymans Robertson
Auditors	PricewaterhouseCoopers LLP (PWC)
Performance Measurement	WM Company
Custodians	State Street Global Services

Investment Managers	Royal London Asset Management (Investment Bonds) UBS (Property) State Street Global Assets (UK/Global Equities – passive) Ruffer LLP (Multi Asset) Baillie Gifford (Global Equities) Baillie Gifford (Multi Asset diversified Growth Fund) Barings (Multi Asset Dynamic Asset Allocation Fund) until August 2014. GMO Global Real Return (UCITS) Fund (GRRUF) from January 2015) London CIV (Baillie Gifford Diversified Growth fund)
Investment Advisers	Hymans Robertson
Legal Advisers	London Borough of Havering Legal Services provide legal advice as necessary (specialist advice is procured as necessary)

PENSION COMMITTEE MEETINGS 2015/16

The Committee met a number of times during 2015/16 and **Annex A** sets out the coverage of matters considered, but the key issues that arose in the period are shown below:

Key issues arising in the period

- **Agreed 2014/15 Pension Fund Accounts**

- **Annual Report**

The Pension Fund Annual Report 31 March 2015 was produced and agreed in line with the LGPS (Administration) regulations.

- **Governance Compliance Statement**

In line with the 2008 Local Government Pension Scheme (LGPS) the Committee undertook an annual review of the Pension Fund's Governance Compliance Statement.

- **Statement of Investment Principles**

Agreed the revised version in light of some changes made to the Bond and Passive Mandates.

- **Communications Strategy**

Agreed the Communications Strategy for 2016 to 2018

- **Pension Fund Cash Management Policy**

Agreed revisions to the Policy

- **Pension Fund Risk Register**

Agreed the adoption of Risk Register

- **Whistleblowing Requirements of the Pensions Act**

An annual review was undertaken and no issues were reported.

- **Business Plan**

The Pension Fund Business Plan for 2015/16 was agreed incorporating the work of the pension committee members.

- **Admitted Bodies**

Admitted Caterlink and Accent Catering to the Fund

- **Reviewed Fund Managers quarterly performance**

- **Reviewed performance of the Pension Fund's Custodians, Investment Advisor and Actuary.**

- **Collective Investment Vehicle (CIV)**

The Committee received updates on the progress of transitioning assets to the London CIV.

PENSION COMMITTEE MEETINGS 2016/17 AND ONWARDS

In addition to the annual cyclical work programme as shown in **Annex B** there are a number of issues that are likely to be considered by the Pensions Committee in the coming year and beyond:

- Outcome of the Triennial Valuation 2016
- Funding Strategy Statement
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- Guidance manual for officers on requirements & actions necessary to admit new employers into the fund
- Continued training and development
- London CIV Pooling updates
- DCLG Pooling outcomes
- DCLG Investment Regulation changes, including the publication of an Investment Strategy Statement (replaces Statement of Investment Principles)
- Topical issues discussed as appropriate

INTERNAL & EXTERNAL RESOURCES

The Pensions Committee is supported by the Administrating Authorities' Finance and Administration services (oneSource) and the associated costs are therefore reimbursed to the Administrating Authority by the Fund. The costs for these services form part of the Administrative and Investment Management expenses as reported in the Pension Fund Statement of Accounts. Estimates for the medium term on Administration and Investment Management expenses follow in this report.

The Pensions Administration service consists of an establishment of 9.1 full time equivalent posts.

The Finance service that supports the pension fund consists of an establishment of 2 full time equivalent posts.

FINANCIAL ESTIMATES

In June 2014 The Chartered Institute of Public Finance & Accountancy (CIPFA) produced guidance on how to account for Management costs in order that improvements in cost comparisons can be made across all funds. Management costs are now split between three cost categories as follows:

Administrative Expenses

Includes all staff costs associated with Pensions Administration, including Payroll.

	2014/15 Actual	2015/16 Estimate £000's	2015/16 Actual £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Administration & Processing	411	356	429	430	430	430
Other Fees	7	6	6	6	6	6
Other Costs	32	32	77	80	80	80
TOTAL	450	394	512	516	516	516

Investment Management expenses

These costs will include any expenses incurred in relation to the management of fund assets. The 2014/15 figure has been restated to reflect adoption of CIPFA's Guidance on Management costs.

	2014/15 Actual (restated)	2015/16 Estimate £000's	2015/16 Actual	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Fund Manager Fees	2571	900	2743	2700	2700	2700
Custodian Fees	34	35	40	40	40	40
Performance Measurement services	13	13	13	13	13	13
TOTAL	2618	948	2796	2753	2753	2753

Governance and Oversight

These costs include all costs that fall outside of the other two categories and include legal, advisory, actuarial and training costs. Staff costs associated with the financial reporting and support services to the Committee is included here.

	2014/15 Actual	2015/16 Estimate £000's	2015/16 Actual	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Financial Services	142	142	142	142	142	142
Actuarial Fees	28	20	35	50	30	30
Audit Fees	20	21	21	21	21	21
Member training	2	10	0	10	10	10
Advisor Fees	61	50	50	50	50	50
CIV/SAB Levy	-	-	76	30	30	30
Local Pension Board	13	25	11	15	15	15
Pensions Committee	-	-	20	20	20	20
TOTAL	266	268	355	338	318	318
OVERALL TOTAL	3334	1610	3663	3607	3607	3607

Please note the following regarding the above figures

- Takes no account of any inflationary increases
- Management and custody fees are charged according to the fund value; therefore an average figure has been applied for 2016/17 onwards.
- Based on 2015/16 fund and staffing structures.
- Local Pension Board budget has been reduced to show the training costs separately as this will be shared with the Pensions Committee.
- 2016/17

TRAINING AND DEVELOPMENT STRATEGY

Changes to the Local Government Pension Scheme (LGPS) Regulations required Administering Authorities to establish a Local Pension Board (LPB) by no later than 1 April 2015.

The Pensions Regulator Code of Practice which came into force on 1 April 2015 includes a requirement for members of the Pension Committee/LPB to demonstrate that they have an appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Committee/LPB.

LGPS (Amendment) (Governance) Regulations 2015 states that Administering Authority must have regard to guidance issued by the Secretary of State. Guidance was issued by the Shadow Scheme Advisory Board in January 2015 and states that the Administering Authority should make appropriate training available to assist LPB members in undertaking their role. It was always the plan to adopt a training strategy that will incorporate Pension Committee member training with LPB members to keep officer time and training costs to a minimum.

A joint training strategy has been developed and was agreed by the Pensions Committee on the 24 November 2015 and presented to the Local Pension Board at its meeting on the 6 January 2016. The Training Strategy can be found in **Annex C.**

The Pension Committee of the London Borough of Havering Pension Fund fully supports the intentions behind CIPFA's Knowledge and Skills Code of Practice and has agreed to formally adopt its principles. The Training Strategy formally sets out the arrangements the London Borough of Havering Pension Fund will take in order to comply with the principles of the CIPFA Code of Practice.

Pension Committee and Board members are expected to achieve a minimum level of training credits and the CIPFA's Knowledge and Skills self-assessment training questionnaire will be used to record credits attained and identify gaps in the knowledge and skills of the members.

Long membership of the committee is encouraged in order to ensure that expertise is developed and maintained within. The Council recommend that the membership of the Pension Committee remain static for the life of the term in Council, unless exceptional circumstances require a change.

PROVISION OF TRAINING

A training budget has been agreed for the provision of training for £10,000 but this will be re-evaluated as appropriate. Training costs will be met from the Pension Fund.

The majority of training and development is cyclical in nature, spanning the four year membership of the committee. Associated training and development will be given when required which will be linked to the Pension Fund meeting cyclical coverage for 2016/17 as shown in **Annex B.**

In addition to the cyclical training and development that the Committee will have over the lifetime of their membership, training will be provided in the areas where it has been specifically requested or has been identified as required. Special pension committee meetings will be arranged from time to time to discuss matters that fall outside of the cyclical meetings.

The Fund uses the three day training courses offered by the Local Government Employers which is specially targeted at elected members with Pension Fund responsibilities. All new members are encouraged and given the opportunity to attend.

Members receive briefings and advice from the Fund's Investment adviser at each committee meeting.

Members and Officers also attend seminars arranged by Fund Managers or other third parties who specialise in public sector pensions.

The Fund is a member of the CIPFA Pensions network which gives access to an extensive programme of events, training/workshops, weekly newsletters and documentation, including briefing notes on the latest topical issues.

The Pension Fund Accountant also attends quarterly forum meetings with peers from other London Boroughs; this gives access to extensive opportunities of knowledge sharing and benchmarking data.

Training and development took place during 2015/16 to ensure that Members of the Committee were fully briefed in the decisions they were taking.

Training logs are maintained and attendance and coverage can be found in **Annex D**.

The Pensions Regulator has launched an e-learning programme and this has been made available for members to use.

Training will be targeted as appropriate.

PENSIONS COMMITTEE MEETINGS HELD DURING 2015/16

ANNEX A

MONTH	TOPIC	ATTENDED BY
23 June 2015	<ul style="list-style-type: none"> • Pension Fund Performance Monitoring for the quarter ending 31 March 2015, received presentations from Multi Asset managers GMO (Global Real Return) and Baillie Gifford (Diversified Growth Fund) and from Baillie Gifford (Global Equity). • Noted the introduction of a Pension fund Risk Register. • Noted the Business Plan/Annual report on the work of the Pensions Committee during 2014/15. • Agreed to the admittance of Caterlink Ltd to the Havering Pension Fund • Considered changes to the investment strategy - agreed to reduce holdings with the Global Alpha fund to increase holdings in passive equities and the adoption of a fundamental tracking index and agreed to change the outperformance target for the bond mandate. 	Cllr John Crowder (chair) Cllr David Johnson(vice chair) Cllr Roger Westwood Cllr Melvin Wallace Cllr Clarence Barrett Cllr Ray Morgon
22 September 2015	<ul style="list-style-type: none"> • Pension Fund Performance Monitoring for the quarter ending 30 June 2015, received presentations from Royal London (Bonds Manager) and Ruffer (Multi Asset Manager). • Noted Pension Fund Accounts for the year ending 31 March 2015. • Agreed the Pension Fund Annual Report for the year ending 31 March 2015. • Agreed to adopt the changes made to the Bond Manager Investment Guidelines in light of their previous decision to change the target. 	Cllr John Crowder (chair) Cllr David Johnson(vice chair) Cllr Melvin Wallace Cllr Roger Westwood Cllr Clarence Barrett Cllr Ray Morgon Cllr Stephanie Nunn John Giles (UNISON) Heather Foster-Byron (employer representative)
24 November 2015	<ul style="list-style-type: none"> • Agreed the Communications Strategy for the three year period 2016 to September 2018. • Noted the views of officers on the performance of the Fund's Actuary for the period April 2014 to September 2015. • Noted the views of officers on the performance of the Fund's Custodian for the period October 2014 to September 2015. • Noted the views of officers on the performance of the Fund's Investment Advisor for the period October 2014 to September 2015. • Considered and agreed the changes to the Statement of Investment Principles • Noted the results of the Whistle Blowing Annual review and that no breaches 	Cllr John Crowder (chair) Cllr David Johnson(vice chair) Cllr Melvin Wallace Cllr Roger Westwood Cllr Clarence Barrett Cllr Ray Morgon Cllr Stephanie Nunn John Giles (UNISON) Heather Foster-Byron (employer representative)

PENSIONS COMMITTEE MEETINGS HELD DURING 2015/16

ANNEX A

MONTH	TOPIC	ATTENDED BY
	<p>had been reported</p> <ul style="list-style-type: none"> • Considered and agreed changes as necessary to the Governance Compliance Statement. • Considered and agreed the Havering Pension Fund Training Strategy • Verbal update on DCLG Asset pooling 	
15 December 2015	<ul style="list-style-type: none"> • Pension Fund Performance Monitoring for the quarter ending 30 September 2015, received presentations from Baillie Gifford (Global Alpha Fund), (Diversified Growth Fund) and State street Global Assets (UK/Global Passive Manager). • Considered and agreed the revisions to Pension Fund Cash Management Policy • Considered a verbal request from officers regarding a request from UBS (Property manager) to purchase additional units. Hymans was asked to produce a briefing note and circulate to members before approval was given for the further investment to proceed. • Verbal update on DCLG asset pooling 	Cllr John Crowder (chair) Cllr David Johnson(vice chair) Cllr Melvin Wallace Cllr Roger Westwood Cllr Clarence Barrett Cllr Ray Morgon Cllr Stephanie Nunn
15 March 2016	<ul style="list-style-type: none"> • Pension Fund Performance Monitoring for the quarter ending 31 December 2015, received presentation from Royal London (Bonds Manager), UBS (Property Manager). • Agreed to the admittance of Accent Catering to the Havering Pension Fund 	Cllr David Johnson (chair) Cllr Wendy Brice- Thompson (sub for Cllr Crowder) Cllr Melvin Wallace Cllr Roger Westwood Cllr John Mylod (sub for Cllr Nunn) Cllr Ray Morgon Cllr Clarence Barrett John Giles (UNISON) Andy Hampshire (GMB)

- Please note that three members constitute a quorum.
- Target dates for issuing agendas were met.

INDICATIVE PENSIONS COMMITTEE CYCLICAL MEETINGS AND COVERAGE 2015/16					
	14 JUNE 2016	20 SEPTEMBER 2016	22 NOVEMBER 2016	13 DECEMBER 2016	14 MARCH 2017
Formal Committees with Members	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of March: <ul style="list-style-type: none"> a) GMO (Multi Asset) ▪ Business plan/ Annual report on the work of the committee ▪ Pension Fund Audit Plan 2015/16 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of June: <ul style="list-style-type: none"> ▪ Royal London (Bonds) ▪ Ruffer (Multi Asset Absolute Return) ▪ Pension Fund Accounts 15/16 ▪ Pension Fund Annual Report 	<ul style="list-style-type: none"> ▪ Annual review of Custodian ▪ Annual review of Adviser ▪ Annual review of Actuary ▪ Review of Governance Policy ▪ Whistleblowing Annual Assessment ▪ Risk Register Review ▪ Funding Strategy Statement 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of September: <ul style="list-style-type: none"> a) SSGA (Passive Global Equity) 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of December: <ul style="list-style-type: none"> a) Royal London (Bonds) b) UBS (Property)
Officer Meeting	Meeting: 11 May 16 <ul style="list-style-type: none"> ▪ Royal London (Bonds) ▪ SSGA (Passive Equity Manager) 	Meeting: 17 Aug 16 <ul style="list-style-type: none"> ▪ UBS (Property) ▪ WM presentation Meeting ▪ Advisor Review ▪ Custodian Review 	No officer meeting	Meeting: 3 Nov 16 <ul style="list-style-type: none"> ▪ GMO (Multi Asset Manager) ▪ Royal London (Bonds) 	Meeting: 01 Feb 17 <ul style="list-style-type: none"> ▪ Ruffer (Multi Asset Absolute Return)
Training	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training

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LGPS Knowledge & Skills Training Strategy

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- 5 CIPFA Requirements
- 6 Guidance from the Scheme Advisory Board
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Introduction

This is the Training Strategy for the London Borough of Havering Pension Fund.

It sets out the strategy agreed by the Pension Committee and the Local Pension Board concerning the training and development of the members of the

- Pension Committee (the “Committee Members”);
- members of the local pension board (the “Board members”) and
- officers of the London Borough of Havering Pension Fund responsible for the management of the Fund (the “Officers”).

The Training Strategy is established to aid the Committee Members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to challenge and act effectively within the decision making responsibility put upon them. A code of practice and a framework of knowledge and skills has been developed by CIPFA which LGPS Funds are expected to sign up to.

The Public Service Pensions Act 2013 also requires London Borough of Havering Council to set up a Local Pension Board. The Act requires the Pensions Regulator to issue a code of practice relating to the requirements of the knowledge and understanding of Board members. Guidance on the knowledge and understanding of Local Pension Boards in the LGPS has also been issued by the Shadow Scheme Advisory Board in January 2015. Although this has not been designated as statutory guidance it should be held as good guidance and should be acknowledged.

The objective of the CIPFA knowledge and skills framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers to the Pension Committee whilst the guidance for local pension boards issued by the Shadow Scheme Advisory Board is to assist the individual Board members in undertaking their role to assist the Scheme Manager (the London Borough of Havering Pension Fund) in the effective governance and administration of the local government pension scheme.

The training desired to achieve the additional knowledge and skills will be contained in the appropriate training plan(s)

Strategy Objectives

The Fund objectives relating to knowledge and skills are to:

- Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
- Ensure the pension fund is effectively governed and administered;
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and are well based and regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government are met.

To achieve these objectives –

The Committee Members require an understanding of:

- Their responsibilities as an administering authority of a local government pension fund;

- The fundamental requirements relating to pension fund investments;
- The operation and administration of the pension fund;
- Controlling and monitoring the funding level; and
- Taking effective decisions on the management of the London Borough of Havering Pension Fund.

Board members are conversant with–

- The Regulations and any other regulations governing the LGPS
- Any document recording policy about the administration of the Fund
- and have knowledge and understanding of:
 - The law relating to pensions; and
 - Such other matters as may be prescribed

To assist in achieving these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework and Code of Practice to meet the skill set within that Framework. Attention will also be given to the guidance issued by the Shadow Scheme Advisory Board, the Pensions Regulator and guidance issued by the Secretary of State. So far as is possible, targeted training will also be provided that is timely and directly relevant to the Committee's and Board's activities as set out in the Fund's 3-year business plan. For example, funding training will be given immediately preceding the Committee or Board meeting that discusses the Funding Strategy Statement.

Board members will receive induction training to cover the role of a local pension board and understand the duties and obligations of a LGPS administering authority, including funding and investment matters.

All those with decision making responsibility in relation to LGPS pension matters and Board members will:

- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified; and
- seek to maintain their knowledge.

Application of the training strategy

This Training Strategy will apply to all Committee Members and representatives with a role on the Pension Committee and to all the Board members. Other officers involved in the management and administration of the Fund will have their own sectional and personal training plans and career development objectives.

Purpose of training

The purpose of training is to:

- Equip people with the necessary skills and knowledge to be competent in their role;
- Support effective and robust decision making;
- Provide individuals with integrity;
- Meet the required needs in relation to the Fund's objectives.

Summary

This training strategy:

- Assists in meeting the Fund's objectives;
- Meets the business plan;
- Will assist in achieving delivery of effective governance and management;
- Will equip those responsible with appropriate knowledge and skills;
- Promote ongoing development of the decision makers;
- Lead to demonstrating compliance with the CIPFA Knowledge and Skills Framework;
- Lead to demonstrating with statutory requirements and associated guidance

Meeting the business plan

Timely and relevant

There will be times in the year when different circumstances will require specific training. For example, funding training can be provided just prior to the Committee meeting that discusses the Funding Strategy Statement.

It is vital that training is relevant to any skills gap or business need and training should be delivered in a manner that fits with the business plan.

The training plan will therefore be regularly reviewed to ensure that training will be delivered where necessary to meet immediate needs to fill knowledge gaps.

Delivery of Training

Training resources

Consideration will be given to various training resources available in delivering training to the Committee Members, Board members or officers in order to achieve efficiencies. These may include but are not restricted to:

For Pension Committee and Local Pension Board Members	For Officers
<ul style="list-style-type: none"> • In-house* • Self-improvement and familiarisation with regulations and documents • The Pension Regulator's e-learning programme • Attending courses, seminars and external events • Internally developed training days and pre/post Committee/Board sessions* • Shared training with other Funds or Frameworks* • Regular updates from officers and/or advisers* • Circulated reading material 	<ul style="list-style-type: none"> • Desktop / work based training • Attending courses, seminars and external events • Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI) • Internally developed sessions • Shared training with other Funds or Frameworks • Circulated reading material

*These may be shared training events for Pension Committee and Local Pension Board members

Training Plans

To be effective, training must be recognised as a continual process and will be centred on 3 key points

- The individual
- The general pensions environment
- Coping with change and hot topics

Training Plans will be developed at least on an annual basis, as per the Business Plan. These will be updated as required taking account of the identification of any knowledge gaps, changes in legislation, Fund events (e.g. the triennial valuation) and receipt of updated guidance.

Induction Training will be provided for all new officers with pensions responsibilities, members of the Pension Committee and Local Pension Board. This will involve covering the requirements of the Training Strategy alongside guidance and information on the requirements of their roles..

External Events

As information on events becomes available, members will be advised by email.

After attendance at an external event, Committee Members and Board members will be expected to provide verbal feedback at the following Pension Committee/Board meeting 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 other Pension Board members.

Officers attending external events will be expected to report to their direct line manager with feedback covering the following points:

- Their view on 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 other officers.

On-going development

Maintaining knowledge

In addition to undertaking on-going assessment in order to measure knowledge and skills against the CIPFA requirements and identify knowledge gaps, Officers, Committee Members and Board members are expected to maintain their knowledge of on-going developments and issues through attendance at external events and seminars.

Appropriate attendance at events for representatives of the Pension Committee and Board will be agreed by the appropriate chairman.

If an event occurs and appropriate, members will be advised by email.

The Committee/Board will approve an appropriate level of credits for attendance at an event in relation to the type of event, its content and relevance to knowledge maintenance.

In any event, attendance at events/seminars (which may include some internal training sessions) that are not direct training courses focussed on the CIPFA Knowledge Skills Framework or issued guidance but enhance and improve related on-going and emerging pension knowledge will count as one credit for each session of up to a half day.

Where the Committee/Board members have work related experience or previous knowledge through former membership of a Committee or Board will be able to count this as credits in their own assessment and score accordingly.

There is a practical recognition that it will take a newly appointed member a reasonable period to attain the required full level of knowledge and understanding and hence the training and continued development will span the duration of the role.

Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision is to be made by the Pension Committee in the near future or is subject to review by the Local Pension Board. These will also count as credits in maintaining knowledge.

As a measure of training given or knowledge level officers, Committee Members and Board members are expected to have a minimum level of training credits. These are as follows -

Relevant Group	Knowledge Skills - level of attainment	The expected minimum level of credits over the 4 year term of office
Officers	Own sectional and personal development objectives	Own sectional and personal development objectives
Pension Committee and Local Pension Board Members	32 credits	8 credits

These will be measured and monitored annually by Pension Fund Accountant and reported in the Pension Fund Annual Report. Please see the appendix Knowledge and Skills – self assessment of training needs for basis of scoring.

CIPFA Requirements

CIPFA Knowledge & Skills Framework

In January 2010 CIPFA launched technical guidance for Elected Representatives on Pension Committees and non-executives in the public sector within a knowledge and skills framework. The Framework covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

The Knowledge and Skills Framework sets the skill set for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS Funds.

CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

First published in October 2011 and redrafted in July 2013, CIPFA's Code of Practice embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

The Pension Committee of the London Borough of Havering Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This Training Strategy formally sets out the arrangements the London Borough of Havering Pension Fund will take in order to comply with the principles of the CIPFA Knowledge and Skills Code of Practice.

Guidance from the Scheme Advisory Board

General Principles

The Shadow Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's code of practice and published in January 2015 guidance in a local government context for administering authorities to support them in establishing their local pension board and this includes a section to enable it to help Board members to meet their knowledge and understanding obligations.

Knowledge and understanding must be considered in the light of the role of a Local Pension Board and the London Borough of Havering will make appropriate training available to assist and support Board members in undertaking their role.

Pension Committee Members

Although the CIPFA knowledge and skills framework complements the code of practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of a Pension Committee. However it will be seen as good practice and governance if members of a Pension Committee use the knowledge and skills requirements set at a similar benchmark as the Local Pension Board.

Degree of Knowledge and Understanding

The role of the Local Pension Board is to assist the administering authority. To fulfil this role, Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or codes of practice.

Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the London Borough of Havering Fund in enough detail to know where they are relevant and where it will apply.

Acquiring, Reviewing and Updating Knowledge and Understanding

Board members should commit sufficient time in their learning and development and be aware their responsibilities immediately they take up their position. London Borough of Havering will therefore provide induction training for all new Board members which will also be available to new Committee Members.

Flexibility

It is recognised that a rigid training plan can frustrate knowledge attainment when it is required for a particular purpose or there is a change in pension's law or new responsibilities are required of Board members. Learning programmes will therefore be flexible to deliver the appropriate level of detail required.

Training records and certification

Progress and achievement

Personalised training plans will be used to document and address any knowledge gaps and update areas of learning where required and assist in the acquisition of new areas of knowledge in the event of change.

Progress and achievement will be certificated at least on an annual basis individually to all Committee Members, Board members and officers. These will detail:

- The current assessment of an individual's acquired knowledge;
- Their progress against achieving the credits from other internal/external training or events; and

- All training courses and events attended by them to date.

Risk

Risk Management

The compliance and delivery of this training strategy is at risk in the event of –

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

These risks will be monitored by officers within the scope of this training strategy and be reported where appropriate.

Budget

Cost

A training budget will be agreed and costs will be met from the Pension Fund.

PENSIONS COMMITTEE MEMBER TRAINING 2015/16

ANNEX D

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
15 April 2015	DG publishing – “Question Time”: The future of Local authority Pension Funds	London	KSF 1	Free	Cllr Stephanie Nunn
21 April 2015	GMO Investor Conference	Hilton London Tower Bridge, 5 more London Place	KSF 5	Free	Cllr John Crowder (Chair) Cllr Stephanie Nunn
24 April 2015	Local Government Association – Shadow Scheme Advisory Board event – Update on what the SSAB has been doing since Summer 2013 and priorities for the future	Local Government House, Smith Square, London	KSF 1	Free	Cllr Stephanie Nunn
23 June 2015	Hymans - Investment Strategy Principles and Fundamental Indexation vs. Market Cap	Town Hall - prior to Pensions Committee meeting	KSF 5	Included in investment adviser fees	Cllr John Crowder (Chair) Cllr David Johnson (vice chair) Cllr Melvin Wallace Cllr Roger Westwood Cllr Ray Morgon Cllr Clarence Barrett Cllr Philip Hyde (Observer)
12 Aug 2015	Officers - Local Pension Board Induction covered: <ul style="list-style-type: none"> o Brief overview of the havering Pension fund o How the scheme is funded o Governance Structure 	Town Hall – Prior to Local Pension Board meeting	KSF 1,2,4,5 & 6	Officer Time	Cllr David Johnson (vice chair) Cllr Stephanie Nunn

APPENDIX A

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
	<ul style="list-style-type: none"> ○ Key parties in the Fund ○ Investment Monitoring ○ Strategy documents ○ Valuation ○ LPB reporting requirements 				
22 September 2015	Officers - Pension Fund Accounts Briefing covered: - overview of the Pension Fund Accounts	Town Hall – prior to Pensions Committee meeting	KSF 2	Officer Time	Cllr John Crowder (Chair) Cllr Ray Morgon Cllr Clarence Barrett John Giles
13 October 2015	CIPFA Pensions Network Autumn workshop, covered: <ul style="list-style-type: none"> ○ National Framework Update ○ Pension fund KPI's ○ Funding the cost of LGPS Administration costs ○ Local Pension Boards – story so far ○ Local Pension Board Regulator update 	London -Sponsored by Amundi	KSF 1	Pre-paid space (part of subscription)	Cllr John Crowder (Chair) (limited pre-paid places – offered to chair only)
16 October 2015	Local Government Association – Pooled investments	Local Government House, Smith Square, London	KSF 1	Free	Cllr John Crowder (Chair) – chair only invited
19 November 2015	SPS Conferences - Local Authority Pension Fund Investment Strategies covering: <ul style="list-style-type: none"> ○ Pooling (GMO) ○ Investment collaboration ○ Performance measurement 	Le Meridian, London	KSF 4,5 & 6	Free	Cllr Stephanie Nunn

APPENDIX A

DATE	TOPIC COVERED	LOCATION	KSF	COST	ATTENDED BY
	within LGPS (WM) <ul style="list-style-type: none"> ○ Looking ahead to 2016 actuarial valuation 				
26 November 2015	DG publishing – “Question Time”: Collaboration & the London CIV	London	KSF 1	Free	Cllr Stephanie Nunn
6 January 2016	Hymans- Fund’s Actuary delivered - TUPE Transfer Training, covered: <ul style="list-style-type: none"> ● What is TUPE ● Pension Protection & Regulations ● Admission bodies documents & securities ● Cessations 	Town Hall – prior to Local Pension Board meeting	KSF 6	£3,500	Cllr John Crowder (chair) Cllr Ray Morgon Cllr Stephanie Nunn Cllr Melvin Wallace
17 March 2016	SPS Conferences - Local Authority Pension Fund Investment Strategies covering: <ul style="list-style-type: none"> ○ LGPS Pooling update ○ Topical Investment Themes ○ LGPS Funding ○ LGPS Panel Session – Other pension fund priorities 	Le Meridian, London	KSF 4,5 & 6	Free	Cllr Stephanie Nunn Cllr David Johnson