

LOCAL PENSION BOARD

6 JANUARY 2016

Subject Heading:

**KNOWLEDGE AND SKILLS
TRAINING STRATEGY**

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SUMMARY

The Pensions Committee at its meeting on the 24 November 2015 agreed to adopt a Training Strategy for the Havering Pension Fund (**Appendix A**) which was produced in conjunction with Hymans Robertson.

The Training Strategy has been developed to assist the Pensions Committee and Local Pension Board (LPB) members in achieving its training objectives and to introduce a means of measuring progress and achievements.

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.

RECOMMENDATIONS

The pension board to note the following:

- 1 The Havering Pension Fund Training Strategy (**Appendix A**).
- 2 The basis for measuring progress and achievement (**Appendix B**).

- 3 It is the responsibility of each committee member, board member and officers to adhere to the training strategy and maintain the required level of knowledge and skills

REPORT DETAIL

Background

1) Regulation - Pensions Committee

- a) The Local Government Pension Scheme (LPGS) (Management and Investment of Funds) Regulations 2009 regulations, paragraph 12(3) states that administering authorities must prepare and publish a statement which states the extent to which an administering authority complies or does not comply with guidance issued by the Secretary of State. Where it does not comply it must state reasons for non-compliance. (This is known as the Myrner's principles).
- b) The first of these principles, Effective decision making, requires that administering authorities should ensure that:
 - Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
 - those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest
- c) Guidance as issued from the Secretary of State will be the guidance as published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in January 2010 called 'Pensions Finance Knowledge and Skills Framework' and then later formalised into a Code of Practice in October 2011, effective from 1 April 2012. This Code of Practice was updated in July 2013 to reflect the Public Service Pensions Bill and effective for financial years beginning on or after 1 April 2014.
- d) The Administering Authority must also disclose in their Annual Report a statement to demonstrate compliance with the code of practice, such as a report on member training undertaken during the year (if not reported elsewhere).

2) Regulations - Local Pension Board

- a) In line with The Public Service Pensions Act 2013 the Pensions Regulator issued a code of practice “Governance and Administration of Public Service Pension Schemes” which requires pension board members by law:
- to be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
 - have knowledge and understanding of the law relating to pensions, and any other matters which are prescribed in regulations.
 - The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.
 - it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
- b) Guidance was also issued by the then Shadow Scheme Advisory Board in February 2015 and includes guidance that states that LPB members:
- should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to its members. Where the Pensions Committee has an existing knowledge and understanding policy already in place, it may be sensible to see if this could be incorporated to cover both the Pensions Committee and the Local Pension Board to avoid unnecessary duplication,
 - will be required to undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses, and
 - are required to be able to demonstrate their knowledge and understanding and to refresh and keep knowledge up to date and required to maintain a written record of training and development.

3) CIPFA Knowledge and Skills Framework – Local Pension Boards

- a) The CIPFA’s Knowledge and Skills Framework for Public Sector Pensions covers six relevant areas of knowledge for members of decision making bodies, namely:
- Pensions Legislative and Governance Context.

- Pensions Accounting and Auditing Standards.
 - Financial Services Procurement and Relationship Management.
 - Investment Performance and Risk Management.
 - Financial Markets and Products Knowledge.
 - Actuarial Methods, Standards and Practices.
- b) CIPFA Knowledge and Skills framework includes a self-assessment of training needs (Appendix B). This will be issued to the LPB members and reissued to members of the Pensions Committee. This will be used to identify the knowledge and skills gap so that training can be targeted to specific areas.
- c) CIPFA has also produced a separate Knowledge and Skills Framework for the Local Pension Board, which includes additional learning needs. **Green text** on the self - assessment form highlights the additional learning needs required for the Local Pension Board members. These have been incorporated into the six core areas listed above.
- d) To assist in achieving the training strategy objectives the fund will aim for full compliance with the CIPFA Knowledge and Skills Framework as shown in the areas above and they will form the core skill sets against which progress and achievement will be measured. The Fund will also aim to comply with the knowledge and skills element of The Pensions Regulator Code of Practice and any other appropriate LGPS guidance relating to knowledge and skills.

4) Progress & Achievement

- a) The CIPFA's Knowledge and Skills Framework self-assessment form will also become a personalised training plan for each member and will be used to document areas of learning and continued development. These will be monitored annually and progress and achievements will be reported in the pension fund annual report.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Deputy Chief Executive Communities and Resources has approved a training budget of £10,000 per annum. This budget is to be shared between the Pensions Committee and the Local Pension Board.

Training costs will be met from the Pension Fund.

Legal implications and risks:

The relevant legislation is set out in the main report.

Human Resources implications and risks:

There is an expectation that Council staff may be required to deliver training either to the Committee, Board or to other staff. The demand for training may require a review of existing staffing structures to assess whether this can be met from existing resources.

Equalities implications and risks:

None arise from this report

BACKGROUND PAPERS

Background Papers List

The Pensions Regulator code of practice No 14

Public Service Pensions Act 2013

CIPFA Knowledge and Skills Framework