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Pensions Committee

Friday 25 March 2022

10:00

Oak Room, County Buildings, Stafford

John Tradewell
Director for Corporate Services
17 March 2022

A G E N D A

PART ONE

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the meeting held on 11 February 2022** (Pages 1 - 2)
4. **Minutes of the Pensions Panel held on 1 March 2022** (Pages 3 - 10)
5. **Staffordshire Pension Fund Business Plan 2022/23** (Pages 11 - 28)
Report of the Director for Corporate Services
6. **Staffordshire Pensions Committee Training Needs Analysis and Training Policy 2022/23** (Pages 29 - 44)
Report of the Director for Corporate Services
7. **Exclusion of the Public**

The Chairman to move:

‘That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of schedule 12A of the Local Government Act 1972 indicated below’

PART TWO

8. **Exempt minutes of the meeting held on 11 February 2022** (Pages 45 - 52)
(Exemption paragraph 3)
9. **Exempt minutes of the Pensions Panel held on 1 March 2022** (Pages 53 - 62)
(Exemption paragraph 3)
10. **Local Government Pension Scheme Regulations - Debt Write-off** (Pages 63 - 66)
(Exemption paragraph 3)
Report of the Director for Corporate Services
11. **Local Government Pension Scheme Regulations - Admission of New Employers to the Fund** (Pages 67 - 70)
(Exemption paragraph 3)
Report of the Director for Corporate Services
12. **LGPS Central Limited 2022/23 Business Plan & Budget and Chair's Update on the LGPS Central Ltd General Meeting held on 22 February 2022** (Pages 71 - 124)
(Exemption paragraph 3)
Verbal update by the Chair and the Director for Corporate Services (LGPS Central Limited 2022/23 Business Plan and Budget provided for information)
13. **Strategic Asset Allocation and Investment Strategy Review 2022** (Pages 125 - 138)
(Exemption paragraph 3)
Report of the Director for Corporate Services
14. **Actuarial Valuation 2022** (Pages 139 - 176)
(Exemption paragraph 3)
Presentation from Hymans Robertson

Membership

Mike Allen (Co-Optee)	Bob Spencer
Philip Atkins, OBE	Mike Sutherland (Chairman)
Nigel Caine (Co-Optee)	Stephen Sweeney
Mike Davies (Vice-Chairman)	Samantha Thompson
Colin Greatorex	Michael Vaughan (Co-Optee)
Derrick Huckfield	Mike Wilcox
Phil Jones (Co-Optee)	

Note for Members of the Press and Public

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**Minutes of the Pensions Committee Meeting held on
11 February 2022**

Attendance	
Philip Atkins, OBE	Mike Sutherland (Chairman)
Mike Davies	Stephen Sweeney
Colin Greatorex	Samantha Thompson
Bob Spencer	

Also in attendance: Rob Birch and Corrina Bradley (Pensions Board Members).

Apologies: Nigel Caine (Co-optee), Derrick Huckfield, Phil Jones (Co-optee), Michael Vaughan (Co-optee) and Mike Wilcox.

PART ONE

13. Declarations of Interest

There were no declarations of interest on this occasion.

14. Minutes of the meeting held on 17 December 2021

RESOLVED – That the minutes of the meeting of the Pensions Committee held on 17 December 2021 be confirmed and signed by the Chairman.

15. Minutes of the Pensions Panel held on 30 November 2021

RESOLVED – That the minutes of the meeting of the Pensions Panel held on 30 November 2021 be received.

16. Exclusion of the Public

RESOLVED – That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

PART TWO

The Committee then proceeded to consider reports on the following issues:

17. Exempt minutes of the meeting held on 17 December 2021
(Exemption paragraph 3)

18. Exempt minutes of the Pensions Panel held on 30 November 2021

(Exemption paragraph 3)

19. Staffordshire Pension Fund Climate Reports

(Exemption paragraph 3)

20. Staffordshire Pension Fund Climate Change Roadmap

(Exemption paragraph 3)

21. Staffordshire Pension Fund Climate Change Strategy

(Exemption paragraph 3)

Chairman

Minutes of the Pensions Panel Meeting held on 1 March 2022

Attendance

Philip Atkins, OBE (Chairman)	Mike Sutherland
Mike Davies	Stephen Sweeney
Colin Greatorex	

Also in attendance: Rob Birch (Observer), Nigel Caine (Observer), Iain Campbell (Hymans Robertson), Carolan Dobson (Independent Advisor), John Mayhew (Observer) and Philip Pearson (Hymans Robertson).

PART ONE

38. Declarations of Interest

There were no declarations of interest on this occasion.

39. Minutes of meeting held on 30 November 2021

RESOLVED – That the minutes of the Meeting of the Pensions Panel held on 30 November 2021 be confirmed and signed by the Chairman.

40. Dates of Future Meetings

RESOLVED – That the dates of future meetings of the Panel, as set out below, be noted:

- Wednesday 8 June 2022 (2pm)
- Tuesday 6 September 2022
- Tuesday 6 December 2022
- Tuesday 7 March 2023

(Note: All meetings are scheduled to start at 9.30am unless indicated otherwise).

41. Annual Investment Strategy for Pension Fund Cash 2022/23

The Panel received a joint report of the Director for Corporate Services and the County Treasurer seeking approval to the Staffordshire Pension Fund's ('the Fund'), Annual Investment Strategy (AIS) for the investment of internally managed cash.

They were informed that, under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, Administering

Authorities were required to include policies for how they would manage Pension Fund cash as part of their Investment Strategy Statement (ISS). However, the Fund considered it good practice to prepare a separate Annual Investment Strategy (AIS) for cash balances, with reference made to it within the ISS.

The Panel noted that the Pension Fund had a small strategic asset allocation to cash of 1%, recognising that cash balances were needed for the day-to-day management of the Pension Fund. This cash was managed by Officers in the County Council's Treasury and Pension Fund Team, to provide liquidity and pay bills as they arose. The management of this cash would continue to remain with the Fund and would not be transferred to LGPS Central Ltd under the LGPS pooling agenda.

The cash held increased from time to time, pending investment in other major asset classes e.g., property and private debt. The proposed AIS therefore needed to allow for such situations occurring and the Panel would need to review the strategic asset allocation benchmark to cash on a quarterly basis, together with any associated ranges.

The proposed main objectives for the AIS were to invest cash prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The objective when investing cash was to strike an appropriate balance between risk and return, thereby minimising the risk of incurring losses from defaults but also taking into account the risk of receiving unsuitably low investment income.

To allow for the practical management of the treasury transactions each day, it was proposed that the change in investment limits and the choice over the investments made be delegated to the County Treasurer (S151 Officer), who chairs the County Council's Treasury Management Panel. Outside of this, the Pensions Panel would need to assess any specific requirements and consider any changes that may be required to the AIS.

The Panel noted that DLUHC Guidance on Local Government Investments specified the types of financial instruments that local authorities could invest in. The Fund's AIS had followed the county Council's AIS in dividing investments between Standard and Non-Standard Investment categories. Standard Investment categories included investments that were made with approved counterparties and did not require further approval from the County Treasurer (S151), as Chair of the Treasury Management Panel or the Pensions Panel. These investments tended to be for a period of less than a year and were the most frequently used. In the case of the Pension Fund, Standard Investments were made with the UK Government (central government or local authority, parish council or community council); short-term money market funds (MMFs); and the Fund's banking provider (currently Lloyds Bank). The Non-Standard Investments included: Covered

Bonds, issued by banks and building societies against mortgage assets and guaranteed by a separate group of companies; Repos (Repurchase Agreements), comprising the purchase of securities with the agreement to sell them back at a higher price in the future; UK Government Gilts; and Collective Investment Schemes.

With regard to risk, the Panel were informed that cash was only a small component of the overall investments of the Fund and the wider aspects of risk were considered in the ISS, where cash was shown to form a small part of the Fund's Strategic Asset Allocation. Looking at cash in isolation, treasury management usually recognised that the two prime risk areas were security and liquidity. It was considered that focussing primarily on these two risks was appropriate for the Fund's relatively low 1% allocation to cash, for day-to-day cash management purposes. However, the AIS provided the flexibility to consider higher yields using Non-Standard Investments. Should the Pensions Panel decide to make a higher strategic allocation to cash at some point in the future, where seeking a higher return would become more important, the balance of risk and reward would need to be revisited and the AIS reviewed.

The Panel noted that the main circumstances where a revised strategy would be prepared included a significant change in:

- the Fund's Strategic Asset Allocation;
- the economic environment;
- the financial risk environment; and
- the regulatory environment.

In response to a question from Carolan Dobson as to why it was proposed that any change in investment limits or the investment counterparties set out in the AIS, be delegated to the County Treasurer (S151), rather than to the Panel or the County Treasurer in consultation with the Chairman of the Panel, the Assistant Director for Treasury and Pensions explained that this was for operational reasons. On a day to day basis, due to fluctuating cash balances, it was impractical to have to seek the approval of the Panel or consult with the Chair in advance of investing cash, if changes to limits or investments with new counterparties were warranted. All temporary cash investments would only be made within the framework of the AIS, which has been approved by the Panel.

The Assistant Director agreed to raise this matter with the Director for Corporate Services and the County Treasurer and report back should any change to the previously agreed process be considered necessary.

In response to a question from Cllr Greatorex regarding the rate of interest on cash balances held with Lloyds Bank, the Director indicated that the rate currently stood at 0.4% pa.

RESOLVED – That the Staffordshire Pension Fund’s (‘the Fund’), Annual Investment Strategy (AIS) for the investment of internally managed cash in 2022/23, be approved.

42. Staffordshire Pension Fund performance and portfolio of investments at 31 December 2021

The Director for Corporate Services submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund’s investments, as at 31 December 2021.

The Panel were informed that, at 31 December 2021, the Fund had a market value of £7.0 billion, its highest reported value to date. Over the quarter the Fund returned 5.1%, which was a marginal underperformance of 0.1% versus the Fund’s Strategic Asset Allocation benchmark return of 5.2%. The best performing asset class relative to its benchmark was Private Equity, returning 9.7% over the quarter against a benchmark return of 3.0%. Property was a detractor from performance along with the overallocation to cash during the quarter.

The Panel also noted that the Fund had outperformed its Strategic Asset Allocation benchmark return over a 3, 5 and 10-year period. Annualised returns over 10 years were 10.7% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

RESOLVED - That the Pension Fund Investment performance and the portfolio of investments for the quarter ended 31 December 2021 be noted.

43. Responsible Investment & Engagement (RI&E) Report Quarter 4 2021

The Director for Corporate Services submitted a summary of activity during the quarter by the Fund’s investment managers, in fulfilment of their corporate governance and socially responsible investment obligations, including details of their voting activity on corporate resolutions for companies held in their portfolios.

The Panel also received the Fund’s Climate Stewardship Plan (Appendix 1); and the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2).

The Panel were informed that, in February 2022, the Pensions Committee approved the Fund’s first Climate Change Strategy (CCS) which sets out the Fund’s approach to managing the risks and opportunities presented by climate change, with the ultimate aim of achieving a net-zero carbon

investment portfolio by 2050. To guide and monitor the Fund's decarbonisation roadmap, a series of 2030 targets were included in the CCS. A new Climate Stewardship Plan for 2022/23 was approved by the Pensions Committee, alongside the Fund's CCS, in February 2022. Engagement activity would be reported against the new Climate Stewardship Plan, from the June 2022 Pensions Panel.

The Panel were informed that, as the Fund appointed external investment managers, engagement with individual companies was delegated to those managers and the investment managers of pooled funds, in which the Fund also invested (e.g., LGPS Central Funds) and jointly as part of LAPFF. Information on manager engagement and voting was requested routinely as part of the quarterly reporting the Fund received from each of the managers. In Q4 2021 engagement topics included:

- Meeting with a major online retailer to discuss human rights issues, such as warehouse safety and controls around facial recognition.
- A conference call with a scientific technologies company over governance issues and human rights issues. The manager gained reassurances that there were procedural measures in place to ensure their products did not end up in the wrong hands.
- Filing a shareholder proposal at a pharmaceutical companies' AGM requesting public disclosure of how government funding was being considered in the pricing of its Covid 19 vaccine.
- Meeting with a multi-national bank to discuss its climate strategy.

With regard to the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report, the Director highlighted the United Nations 17 Sustainable Development Goals and the engagements which LAPFF had undertaken in respect of achieving progress towards those goals.

With regard to the Quarterly Stewardship Report from LGPS Central Limited, the Panel were informed that there was no report this quarter and that LGPS Central's Stewardship activities for the quarter ending December 2021 would be covered within their Annual Statement of Compliance for the UK Stewardship Code, which was submitted annually in April, and would be reported to the June 2022 Pensions Panel.

The Panel raised the issue of the Russian invasion of Ukraine and enquired as to the level of exposure the Fund had to Russian markets and what instructions should be given to Fund Managers with regard to those funds. In response, the Director indicated that exposure to those markets was less than 0.1% of the Fund's total value, through its global passive investments. In view of the concerns expressed by Members, it was agreed that a letter

would be sent to all the Fund's Investment Managers to make them aware that the Panel were uncomfortable in making further investments in Russian and Belarusian markets.

The Director also indicated that discussions were taking place with LGPS Central on the same issue.

RESOLVED – (a) That the contents of the Responsible Investment and Engagement (RI&E) report, including the Climate Stewardship Plan (Appendix 1), and the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2), be noted.

(b) That the Director for Corporate Services be requested to write to the Fund's Investment Managers to make them aware that the Panel expressed their views that, whilst not an instruction to divest, until such a time as reasonably practicable, they wish to use their inference to strongly discourage any further investment in Russia and Belarus. This should be for the foreseeable future and is in response to the terrible atrocities being committed against Ukraine.

44. Exclusion of the Public

RESOLVED - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

PART TWO

The Panel then proceeded to consider reports on the following issues:

45. Exempt Minutes of the Meeting held on 30 November 2021
(Exemption paragraph 3)

46. Staffordshire Pension Fund performance and manager monitoring for the quarter ended 31 December 2021
(Exemption paragraph 3)

47. Strategic Asset Allocation review and monitoring
(Exemption paragraph 3)

- a) Economic and Market Update
- b) Strategic Asset Allocation review outcome
- c) Review of Position as at 31 December 2021

48. Property

(Exemption paragraph 3)

- a) Property Portfolio Investment Strategy for 2022/23
- b) Property investment recommendations

Chairman

PENSIONS COMMITTEE – 25 MARCH 2022

Report of the Director for Corporate Services

Staffordshire Pension Fund Business Plan 2022/23

Recommendation of the Chairman

1. That the Pensions Committee approves the Staffordshire Pension Fund Business Plan for 2022/23 and notes the key challenges.

Background

2. For reasons of best practice and good governance, it is important for the Pensions Committee to consider and approve an annual Business Plan for the Pension Fund. This report reviews progress against the current financial year's Business Plan (Appendix A - 2021/22) and provides the proposed Business Plan for the following financial year (Appendix B – 2022/23).

Pensions Business Plan 2021/22 – Progress Update

3. With the previous year's disruptive impact of the Covid-19 pandemic having subsided to some degree, the world of pensions settled into its relatively new normal. And so once again, it is extremely pleasing to be able to report good progress against the current year's Business Plan; this is detailed in Appendix A.
4. As well as continuing to do the 'day job' and the increasing challenges that this continues to present, the majority of the Treasury & Pensions Team faced additional challenges as they predominantly worked from home for a second year. Fortunately, morale remained high across the Team, and this enabled the ongoing delivery of a high level of service provision to all stakeholders, as well as delivering several Key Development Activities from the 2021/22 Business Plan. These include:
 - Tendering for an Administration System provider, to incorporate an external hosting platform service, and testing and implementing the new system within the same 12-month timeframe. The go-live date in March 2022 is well ahead of the original scheduled date in late 2022. This achievement is reflective of the team's hard work and persistence and also the support received from County Council colleagues, in a number of areas, including ICT, IGU and Audit.
 - After several years of back and forth between the Pension Fund and HMRC, the exercise relating to the under / overpayment of Guaranteed Minimum Pensions (GMP) has been completed. The remedial work has been undertaken by an extremely experienced member of the Team, who has saved the Fund £000's relative to what an external provider might have cost.

- Officers across the Team have put a Covenant Monitoring Process in place which brings together key pieces of financial information, about any Employer in the scheme, where there are concerns around their ongoing participation in the Fund. This will enable more informed conversations to be held with such Employers.
 - A Strategic Asset Allocation and Investment Strategy review has been undertaken ahead of the 2022 Actuarial Valuation. The same investment modelling work was used to inform the development of a Climate Change Strategy for the Fund, which was published in March 2022.
5. Several planned activities for 2021/22 were brought forward from 2020/21, as the Covid-19 pandemic delayed progress. As some of these activities were also dependent on the outcome of the Administration System procurement, these will now be picked up in 2022/23. These include:
- Living as Stated / Address Tracing Exercise;
 - Task Design in Altair for Deaths and Concurrency;
 - Use of the interactive dashboard or alternative provision in Altair Insights; and
 - Promotion of My Pension Portal (MPP) to Retired Members.

Full details will be included in the final outturn report which will be presented to the Pensions Committee at their meeting in June 2022.

Performance Standards 2021/22

6. The Committee have been made aware in previous year's reports of the challenges implicit in administering the LGPS, since the introduction of the 2014 scheme and the regulatory complexity that brings with it. Working from home has meant the Team has had continued challenges to face this year and with a raft of new and changing legislation, either to implement or to plan for, there is always more to do.
7. Inevitably, there will always be room for improvement in performance and there will always be good reason why performance in certain areas may not be at an optimum level. Throughout 2021/22, the Treasury & Pensions Teams have been very aware of the challenges and have made excellent progress in meeting the competing demands across the service. The change in working arrangements have continued to emphasise the need to review all processes and 2021/22 has been no exception with reviews of the Transfers In / Transfers Out process and the Death Grants process being completed. Even more encouraging is that individuals are coming forward with their own ideas about how things can be made to work more efficiently, sure signs of a well-motivated Team.
8. Fortunately, staff turnover over the last 12 months has been quite low. Opportunities to promote some of the younger and newer team members

have been taken wherever possible. External and internal recruitment exercises have also been carried out and whilst the level of applicants has fallen dramatically, several successful appointments have been made. External training opportunities in Pensions have also been taken up by a number of the Team.

9. A full set of performance statistics will be provided as part of the Outturn reporting for the June Committee.

Pensions Business Plan 2022/23

10. The Business Plan for 2022/23 is, once again, split into 2 distinct sections. The first section deals with Key Development Activities, which aim to make the way we work more efficient and effective. The second section deals with the activities that we need to undertake as part of the day job, but which impact us significantly at certain points in the year or which happen as a by-product of another activity e.g., finalising the year end data. Once again, several of last year's development activities have now been re-categorised into Business-as-Usual activity, including the Employer Covenant Monitoring and the Employer Practitioner Workshops, which have been held virtually on several days throughout the year.
11. Several areas that the Treasury & Pensions Team have identified as Key Development Activities in 2022/23 include:
 - Continuing to collect retrospective data from Employers and plan for the implementation of remedial action arising from the McCloud / Sergeant judgement (& possibly Goodwin);
 - Dealing with the additional data and checking requirements arising from the 2022 Actuarial Valuation;
 - Embedding the new Pensions Administration System & preparing for the Department of Work & Pensions new Pensions Dashboard;
 - Developing a Cyber Security Policy; and
 - Implementing the new Investment Strategy following the review of Fund's Strategic Asset Allocation.

Pensions Administration – Key Development Activities

McCloud

12. Committee Members will be aware from previous reports of the McCloud / Sergeant judgement and the resultant government consultation, in respect of the remedy for making good the potential for claims of age discrimination across UK Pension Schemes. Whilst the government have published their response to the consultation for unfunded schemes, they have still yet to publish such for the LGPS.

13. Whilst a project to collect data for the c54,000 Scheme Members who have post 2014 service has begun, it has very quickly become apparent that getting the right data and uploading it to the administration system is not going to be an easy task. Administration systems still need to be configured and whilst that will take away the need for most of the manual recalculation work, the real challenge is still around the collection of data.
14. Once the response to the consultation has been published and we have updated administration software and the data, the next challenge of recalculation and rectification will begin.

2022 Actuarial Valuation

15. Any year where an Actuarial Valuation takes place will always dominate the flow and the nature of the workload across the service. Whilst many of the year end tasks are the same, they are multiplied in volume and there is a greater need to work more closely with the Actuary and the Employers to ensure the timely and efficient processing of data, which as always needs to be accurate.
16. Pensions Committee meetings will include a series of milestones for key decisions in relation to the Actuarial Valuation to be made and appropriate Training will be provided. Key documents such as the Funding Strategy Statement (FSS) will also need to be updated and consulted on, in light of the valuation outcomes.

Pensions Administration System and Pensions Dashboard

17. Whilst the go-live date for the new administration system was 16 March 2022, there are several enhancements, that the Team will need to familiarise themselves with, as well as some new modules that the hosted version also supports. These include Altair Insights which includes a Disclosure Reporting module. Insights will also enable detailed reporting on service standards and breaches. A My Pensions Portal (MPP) Working Group will also be set up. The group will not only promote greater use of the on-line portal across scheme membership but will also work to understand the implications of the greater functionality MPP can bring to the service i.e. subject to meeting certain criteria, there is the potential for an individual to retire themselves.
18. Committee members will likely be aware of the Department of Work and Pensions (DWP) intentions to launch their Pensions Dashboard during 2023. A consultation on this matter has recently closed and whilst the implications and onboarding date for the LGPS are still unclear, it is inevitable that this will create additional workload for the service across the different Teams.

Cyber Security Policy

19. Officers will work with County Council colleagues to understand more around the cyber risks the Fund is exposed to, both directly and indirectly through its

own systems and those of its third-party suppliers. The aim is to document the findings, together with the risks and the way in which they are mitigated in the form of a Cyber Security Policy for the Fund. This will hopefully provide all stakeholders with a greater level of understanding and a degree of assurance.

Pensions Investment – Key Development Activities

Strategic Asset Allocation Review and Implementation

20. In 2021/22, Hymans Robertson were asked to undertake a review of the Fund's Investment Strategy alongside some preliminary Asset Liability Modelling (ALM) work for the 2022 Actuarial Valuation. This was to ensure that the types of assets the Fund might choose to invest in going forward would not have a detrimental impact on the level of contributions that Employers might be asked to pay.
21. Whilst the review concluded that the Fund's current Investment Strategy had a good chance of delivering the desired outcomes, it also demonstrated that improvements were possible. The improvement will involve the Fund moving away from Equities into more income producing assets, such as Property, Infrastructure, Private Debt and Multi-Asset Credit, which should all be considered in tandem with the Climate Change Strategy.
22. So, 2022/23 will see the start of conversations and investment activity around the implementation of the new Investment Strategy, should it be approved by Committee at today's meeting. The Team will be kept extremely busy in working through the different considerations and elements for each asset class with Hymans, and once decisions have been made by the Pensions Panel, the Team will be responsible for the practical implementation of those decisions, which will likely involve a number of asset transitions and due diligence being carried out on a number of new investment products.

Cost and Resources

23. The Pension Fund currently has six main areas of 'resource/cost':
 - Pension's administration and accounting (internal);
 - Governance (internal and external);
 - Advice from actuary and consultants/advisors (external);
 - Legal support (internal and external);
 - Investment management (external); and
 - Custody (external).
24. Several costs are very difficult to anticipate for example, costs for investment advice and legal support vary depending on the level of activity. Investment Management fees vary dependent of the value of assets under management (AUM) and the level of manager performance, impacting on the payment of performance related fees. Therefore, it is likely that there could be considerable variation in the final outturn position. The level of Investment Manager fees paid is also likely to increase, as the Fund's Strategic Asset

Allocation moves it away from more traditional asset classes e.g., equities into more expensive alternative asset classes e.g. Infrastructure, and this has been reflected in the budget going forwards.

25. CIPFA reporting guidance states it is good practice to produce a three-year budget and Table 1 illustrates our best estimate of the likely budget costs for the three years commencing 2022/23. Clearly, given the difficulty outlined in the previous paragraph these are indicative costs only and as such, will be subject to further variation with changes over time.
26. The indicative costs have been produced using the information we have available at the current time, with reasonable assumptions made about growth in AUM and levels of activity. However, even small changes in activity levels combined with other factors, such as increases in the governance and running costs of LGPS Central Limited or contra to that, reduced investment manager fees, as a direct or indirect result of asset pooling, could create significant variations from these figures.

Table 1 - Indicative Pension Fund Costs 2022-2025

Cost Heading	2022/23	2023/24	2024/25
	£000	£000	£000
Pensions Administration	3,000	3,060	3,130
Governance*	1,500	1,580	1,660
Audit	90	90	100
Actuarial Fees	250	80	200
Legal Fees	260	260	270
Investment Advice	90	90	100
Investment Management Fees**	18,660	19,910	20,680
Property Expenses (ex-legal)	4,620	4,760	4,900
Monitoring and Custody	70	70	70
Other expenses	410	420	430
Total	28,950	30,320	31,540

**Includes the running costs of LGPS Central*

*** the above does not include the cost of transition which will be taken from the capital value of assets.*

27. The LGPS Central Limited Strategic Business Plan and Budget for 2022/23, was presented to Shareholders for approval on 22 February 2022. Whilst the full implications of this for Partner Funds is still being analysed through the cost / savings model, the Fund's estimated share of the budget is included in the Governance costs in the table above. As the budget is directly linked to

inflation this may result in larger increases in the coming years. Whilst, the LGPS Central costs includes an element of fixed cost, that the Fund must pay by virtue of being a Shareholder of the company, many other elements of cost will be dependent on a number of variables, including the services being provided to the Fund by the company e.g., manager monitoring as well as the assets invested in the sub-funds being offered by the company.

28. Transition costs arising from changes in asset class or investment manager are not included in the table above, as these are deducted from the capital value of the assets being transitioned.
29. Actuarial Fees have increased in 2022/23 which is to be expected given the 2022 Actuarial Valuation and the additional work required by the Actuary for that.
30. Property expenses have increased in the last few years, predominantly due to the increase in vacant property expenses caused by the Covid-19 pandemic. As restrictions are removed and new lettings are once again on the increase, the property market appears to be returning to relative normality and voids are gradually reducing. However, in order to be prudent, and to account for inflationary pressures, any cost reductions have not been reflected in the budget.
31. The increase in Investment Manager Fees is as a direct result of increasing the Fund's allocation to alternative asset classes, such as Infrastructure, Private Equity and Private Debt, as opposed to low fee Passive Equities. As always, value for money from investment management is more important than simple minimisation of costs.
32. Due to the uncertainty around a number of costs, which has been highlighted in the previous paragraphs, it is not proposed to use these estimated costs for 'budget monitoring' purposes per-se but to use them as an indication. Whilst they will be compared to the budget forecast post 31 March, as part of the outturn report, the Committee is asked to consider them alongside cost comparisons, benchmarking and trends to ensure that value for money is being delivered. A more detailed report on comparative outturn costs for 2021/22 will be brought to the Committee in June 2022.

Risk

33. The primary risks to the continued delivery of a pension's administration, accounting and investment monitoring service to the high standards achieved are;
 - Having a team of staff, sufficiently resourced, with the right experience to cope with changes to Government Legislation E.g. McCloud and the Pensions Dashboard;
 - The ability to deal with an increasing number of Employers and the challenge and complexities their different requirements present;

- The increasing fragmentation of payroll provision and the requirement for accurate and timely data;
- The current geopolitical and inflationary environment; and ultimately
- The need to ensure that the correct Pensioner Members are paid on time with the correct amount.

These, and other risks, are further analysed in the Pension Fund's Risk Register, the latest version of which will be presented in full to the June 2022 meeting of this Committee.

34. **Equalities implications:** There are no direct equality implications arising from this report.
35. **Legal implications:** There are no direct legal implications arising from this report albeit LGPS Regulations do have an impact on the business.
36. **Resource and Value for money implications:** Resource and value for money implications are considered in the report.
37. **Risk implications:** There are no direct risk implications, but the report does contain some actions to address risks identified in the risk register.
38. **Climate change:** There are no direct climate change implications arising from this report.
39. **Health Impact Assessment screening:** There are no health impact assessment implications arising from this report.

John Tradewell
Director for Corporate Service

Contact: Melanie Stokes,
Assistant Director for Treasury & Pensions
Telephone No: (01785) 276330
Background Docs: None

Area of Service	Key Development Activity	Progress
LGPS Pensions Administration	Undertake an external review of Additional Voluntary Contribution providers	Partially Achieved Recommendations from external provider received. Review and implementation of recommendations 2022/23
	Commence a Living as Stated / Address Tracing Exercise to improve the accuracy of deferred & pensioner membership data	Deferred to 2022/23 Activity put on hold pending outcome of tender for Administration System
	Undertake soft market testing for 3 rd party postal arrangements & providers	Deleted as an Activity Post has continued to reduce post pandemic and lower volumes unlikely to result in cost or efficiency savings.
	Planning for the implementation of remedial action arising from the McCloud / Sergeant judgement (& possibly Goodwin) to include collection of retrospective data from Employers	Partially Achieved DLUHC McCloud consultation response for LGPS pending. Internal Project team set up and data collection from Employers ongoing
2022 Actuarial Valuation	Agree timing of key decision-making milestones & detailed delivery plan with Actuary (plus appropriate Training)	Achieved in 2021/22 New key-decision making / input milestones to be determined for 2022/23 as part of Actuarial Valuation process
Pensions Administration System	Tender for Administration System provider, to incorporate external hosting platform service *	Achieved in 2021/22 System go-live 16 March 2022
	*Subject to tender, review task design (in Altair) for Deaths & Concurrency	Deferred to 2022/23 following successful implementation of externally hosted Administration System
	*Subject to tender, review use of interactive dashboard (in Altair)	Deferred to 2022/23 following successful

		implementation of externally hosted Administration System
Contracting Out Reconciliation	Finalise under/overpaid pensioner members following responses to enquiries with HMRC	Achieved in 2021/22 Over / underpayments finalised and adjustments made for all affected scheme members
Governance	Undertake Training Needs Analysis and produce Training Plan for Pensions Committee and Local Pensions Board Members	Achieved in 2021/22 Planned and just-in-time Training delivered plus subscribed to Aspire the Hymans' On-line learning platform, Aspire. 2022/23 TNA carried out versus new CIPFA Knowledge & Skills Framework
	Assess the output from the Scheme Advisory Board's Good Governance Review and consider implementation of any actions identified.	Partially Achieved Gap Analysis presented to Pensions Committee in September 2021. Awaiting further implementation Guidance from CIPFA / SAB
	Tender for external Legal Services provider	Partially Achieved Legal Services Unit unable to provide additional resource to support tender process in 2021/22. SPF to be founder member of new LGPS Legal Services Framework in 2022/23 and tender thereafter.
	Finalise development of Employer Covenant Monitoring Process and implement regular funding reviews, through use of Hymans online funding tool, HEAT, financial metrics etc	Achieved in 2021/22 Moved to BAU Activity 2022/23 onwards
Communications	Promote and encourage the use of Member Self Service / My	Deferred to 2022/23 following successful

<p>- Scheme Members</p>	<p>Pension Portal (MPP) to Retired Scheme Members (with the aim of issuing the majority of P60s and payslips electronically)</p>	<p>implementation of externally hosted Administration System. Internal MPP working group to be established</p>
<p>Communications - Employers</p>	<p>Develop a series of regular / shorter virtual Employer Practitioner Workshop(s) e.g Breaches, Ill-health retirement, IDRPs & consider targeted workshops for different Employer Groups</p>	<p>Achieved in 2021/22 Moved to BAU Activity 2022/23 onwards</p>
<p>Pension Fund Investment</p>	<p>Appoint Independent Investment Advisor to Pensions Panel</p>	<p>Deferred to 2022/23 Wider review of Advisory structure pending</p>
	<p>Continue to monitor processes, reconcile data and report performance impact following asset transitions into LGPS Central e.g. Global Sustainable Equities, Multi-Asset Credit planned for 2021/22</p>	<p>Achieved in 2021/22 Moved to BAU Activity 2022/23 onwards</p>
	<p>Develop a Pension Fund Climate Strategy and Climate Stewardship Plan</p>	<p>Achieved in 2021/22 Annual updates 2022/23 onwards</p>
	<p>Develop investment reporting in line with the Task Force for Financial Disclosure (TCFD) requirements</p>	<p>Achieved in 2021/22 Annual updates 2022/23 onwards</p>
	<p>Retain Tier 1 UK Stewardship Code signatory status</p>	<p>Partially Achieved Application being prepared for submission to FRC prior to 30 April / 30 October 2022 deadlines.</p>
	<p>Understand the implications for the LGPS as a result of the Department of Work & Pensions - Taking action on climate risk: improving governance and reporting by occupational pension schemes (likely to apply from 2023)</p>	<p>Deferred to 2022/23 To be confirmed, subject AUM > £5bn and application to LGPS</p>
	<p>Review the ongoing appropriateness of the Fund's Investment Strategy and Strategic Asset Allocation, ahead of 2022 Actuarial Valuation & in line with the Pension Fund's new Climate Strategy</p>	<p>Achieved in 2021/22 Review carried out with implementation of recommendations from 2022/23 onwards</p>

Area of Service	Resource Intensive – Business as Usual Activity	Period
LGPS Pensions Administration	Review Pensions Services staffing levels and structure	1 April – 30 September
	Finalise Year end data	1 April - 30 July
	Publish Deferred Annual Benefit Statements	1 May – 31 August
	Publish Active Annual Benefit Statements	1 July – 31 August
	Maintain high level of KPIs / Service Standards	Ongoing – monthly reporting
	Record Keeping Data Integrity Checks and continual improvement in quality of data across the Scheme generally	Ongoing
Pensions Administration System	Continue to implement i-Connect with a range of smaller / larger Employers to achieve an overall target as close to 100% of Active Fund Membership data being submitted monthly	Ongoing
	Continue to develop new working practices with Third Party Payroll Providers following the introduction of i-Connect	Ongoing
Governance	Continue to review published policies e.g. Administration Policy	Ongoing
	Further develop Employer Administration policies / guides / practices and promote such to relevant Employers e.g. Ill-Health Retirement	Ongoing
	Assess the impact of any Regulatory Changes and communicate such to all interested parties and stakeholders **	Ongoing
Communications with Members and Employers	Continue to review and refine website content	Ongoing
	Continue to develop the role of the Employer Focus Peer Group and the Employer Focus Newsletters	Ongoing
	Review Employer compliance with Administration Strategy	Ongoing
The Pensions Regulator	Continually review compliance with The Public Service Scheme Code of Practice and Public Service Regulatory Strategy in relation to Disclosure of Data	Ongoing

	Maintain Improve common and conditional data scores	Ongoing
	Maintain and review Breaches Log and improve reporting to tPR	Ongoing
Pension Fund Investment	Produce Pension Fund Annual Report and Accounts in line with CIPFA's updated guidance	1 April – 30 September

**Including but not limited to: McCloud, Exit Payment Cap, Further Reform and LGPS Asset Pooling

Area of Service	Key Development Activity	Timetable
LGPS Pensions Administration	Review / Implement any recommended actions arising from the external review of Additional Voluntary Contribution providers	30 September 2022
	Commence a Living as Stated / Address Tracing Exercise to improve the accuracy of deferred pensioner & pensioner membership data (This was put on hold in 2021/22 pending the Administration System Tender)	31 March 2023
	Following the collection of retrospective data from Employers, continue to plan and implement required remedial actions arising from the McCloud / Sergeant judgement (& possibly Goodwin)	Ongoing. Awaiting publication of DLUHC consultation response & administration system provider updates
	Evaluate viability of using Digital Proof of Life for Overseas Pensioners, prior to undertaking tender	31 December 2022
	Review Pensions Services staffing levels and structure to future proof and address succession planning	31 December 2022
2022 Actuarial Valuation	Agree timing of key decision-making milestones & detailed delivery plan with Actuary (plus appropriate Training)	31 October 2022
	Collaboratively work with Actuary and Employers to ensure all valuation work and the processing of data is carried out in a timely, informative, and efficient way	31 May 2022
Pensions Administration System	Review task design in Altair for Deaths & Concurrency	30 September 2022
	Review use of interactive dashboard or alternative provision within Altair Insights	30 September 2022
	Review use of Altair Insights and Disclosure reporting in Altair	30 September 2022
	Understand implications of Pensions Dashboard and data requirements	31 March 2023
Governance	Following receipt of recommended guidance etc, implement actions from Scheme Advisory Board's Good Governance Project, as identified in September 2021 Gap Analysis	31 March 2023

Area of Service	Key Development Activity	Timetable
	Develop a Cyber Security Policy	31 March 2023
	Provide Founder Member support for the Norfolk (LGPS National) Framework for Legal Services and Tender for an appropriate external Legal Services provider once the framework is live.	31 March 2023
Communications – Scheme Members	Set-up a My Pensions Portal (MPP) Working Group	30 April 2022
	Promote and encourage the use of Member Self Service / My Pension Portal (MPP) to Retired Scheme Members (with the aim of issuing the majority of P60s and payslips electronically)	31 March 2023 and ongoing
	Consider feasibility of running Member Webinars and/ or use of video content on website e.g. for MPP	31 March 2023
	Review range of Member Communications i.e. Active and Deferred Scheme Member newsletters and In Contact for Pension Scheme Members	31 December 2022
	Tender for printing contract for Member Communications	31 March 2023
The Pensions Regulator (TPR)	Review compliance with TPR <i>Single Code of Practice</i> as applicable to the LGPS	31 March 2023 (if published)
Pension Fund Investment	Appoint Independent Investment Advisor to Pensions Panel	31 December 2022
	Implement recommendations from Strategic Asset Allocation Review across liquid Asset Classes (i.e. Equities and Bonds) focussing on any implications for the Climate Change Strategy	31 March 2023 and beyond
	Continue to monitor processes, reconcile data and report performance impact following asset transitions into LGPS Central e.g. Global Sustainable Equities, Multi-Asset Credit	31 March 2023 and beyond
	Re-apply to Financial Reporting Council for UK Stewardship Code signatory status	31 October 2022
	Understand the implications for the LGPS as a result of the	To be confirmed.

Area of Service	Key Development Activity	Timetable
	Department of Work & Pensions - Taking action on climate risk: improving governance and reporting by occupational pension schemes (likely to apply from 2023)	Subject to AUM > £5bn and application to LGPS
Area of Service	Resource Intensive – Business as Usual Activity	Period
LGPS Pensions Administration	Review Pensions Services staffing levels and structure	1 April – 30 September
	Finalise Year end data and submit valuation data to the Scheme Actuary	1 April - 30 July
	Publish Deferred Annual Benefit Statements	1 May – 31 August
	Publish Active Annual Benefit Statements	1 July – 31 August
	Maintain high level of KPIs / Service Standards	Ongoing – monthly reporting
	Record Keeping Data Integrity Checks and continual improvement in quality of data across the Scheme generally	Ongoing
Pensions Administration System	Continue to implement i-Connect with a range of smaller / larger Employers to achieve an overall target as close to 100% of Active Fund Membership data being submitted monthly	Ongoing
	Continue to develop new working practices with Third Party Payroll Providers following the introduction of i-Connect	Ongoing
Governance	Continue to review published policies e.g. Administration Policy	Ongoing
	Further develop Employer Administration policies / guides / practices and promote such to relevant Employers e.g. Ill-Health Retirement	Ongoing
	Annual review of Employer Covenants. Use of internal monitoring process, Hymans online funding tool, HEAT, financial metrics etc	Ongoing
	Assess the impact of any Regulatory Changes and communicate such to all interested parties and stakeholders **	Ongoing
Communications with Members	Continue to review and refine website content	Ongoing

and Employers		
	Continue to develop the role of the Employer Focus Peer Group and the Employer Focus Newsletters	Ongoing
	Continue to develop a series of regular / shorter virtual Employer Practitioner Workshop(s) e.g Breaches, Ill-health retirement, IDRPs & targeted workshops for different Employer Groups	Ongoing
	Review Employer compliance with Administration Strategy	Ongoing
The Pensions Regulator (TPR)	Continually review compliance with The Public Service Scheme <i>Code of Practice 14</i> and Public Service Regulatory Strategy in relation to Disclosure of Data	Ongoing
	Maintain Improve common and conditional data scores	Ongoing
	Maintain and review Breaches Log and improve reporting to tPR	Ongoing
Pension Fund Investment	Produce Pension Fund Annual Report and Accounts in line with CIPFA's updated guidance	1 April – 30 September
	Annual Review of Climate Change Strategy, Task Force for Climate Related Financial Disclosure (TCFD) Reporting and Climate Stewardship Plan	1 December – 31 March

**Including but not limited to: McCloud, Exit Payment Cap, Further Reform and LGPS Asset Pooling

PENSIONS COMMITTEE – 25 MARCH 2022

Report of the Director for Corporate Services

TRAINING NEEDS ANALYSIS & TRAINING POLICY 2022/23

Recommendation of the Chair

1. That the Pensions Committee:
 - (i) notes the results of the 2021/22 Training Needs Analysis (TNA) at Appendix 2 in relation to the requirements of the CIPFA Knowledge and Skills Framework (CIPFA KSF);
 - (ii) approves the resultant 2022/23 Training Plan in paragraph 11; and
 - (iii) approves the Staffordshire Pension Fund's revised Training Policy, attached at Appendix 4.

Background

2. Section 248A of the Pensions Act 2004, as amended by the Public Services Pensions Act 2013, requires that trustees of occupational pension schemes should be trained and have knowledge and understanding of the law relating to pensions, the role of trustees, the principles of scheme funding and investment, and the management and administration of pension scheme benefits.
3. In May 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated Knowledge and Skills Framework (KSF) for LGPS Committee Members and LGPS Officers, together with a separate Code of Practice (an electronic copy can be provided to Members on request). This was a recommendation from the Good Governance Project although the CIPFA KSF is something that the Staffordshire Pensions Committee has adopted for several years now, to demonstrate its own good governance.
4. The CIPFA KSF is designed to be used by LGPS Officers and the scheme's decision-making bodies (i.e. Pension Committee) as a framework in the assessment of knowledge and skills, the delivery and recording of training, and ultimately the development of knowledge and understanding of all those with a responsibility to manage and administer an LGPS Fund.
5. The CIPFA KSF identifies eight core technical areas where Pensions Committee Members are expected to have a general awareness and understanding of the key elements in each area. Fund Officers are expected to have a greater depth of knowledge of the areas relevant to their role. The eight core areas are:
 - Pensions Legislation and Guidance
 - Pensions Governance
 - Funding Strategy and Actuarial Methods
 - Pensions Administration and Communications

- Pensions Financial Strategy, Management, Accounting, Reporting and Audit Standards
 - Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management
 - Financial Markets and Products
 - Pension Services Procurement, Contract Management and Relationship Management.
6. Local Pensions Board Members still have a separate and mandatory CIPFA KSF, however, as the revised Pensions Committee and Senior Fund Officer CIPFA KSF is more detailed and granular, it makes sense for Board members to complete the same TNA and training.

2021/22 Training Needs Analysis (TNA)

7. All Pensions Committee Members, Local Pensions Board Members and Senior Fund Officers were asked to complete a new TNA during November 2021. As one would expect, there are differences in individual Members' levels of knowledge and experience, however as stated in the CIPFA KSF it is the collective knowledge of the Pensions Committee and Local Pensions Board that should be relied upon. The TNA response rate for the Pensions Committee was 69% (9 out of a possible 13), for the Pensions Board it was 60% (3 out of a possible 5) and for Senior Fund Officers it was 80% (4 out of a possible 5).
8. The summary of the collective TNA results for the Pensions Committee, the Local Pensions Board and Senior Fund Officers are provided in Appendix 2. It is pleasing to see a generally good level of collective knowledge across all 8 areas and reassuring that Senior Fund Officers are reporting significant levels of knowledge across all areas of activity.
9. The results of the TNA will be used to inform the delivery of general and specific, more targeted, training going forwards and will be reviewed again in late 2022. The specific areas/questions with the lowest combined scores are shown in Appendix 3, and it is intended to incorporate these areas in training sessions during 2022/23.

2022/23 Training Plan

10. As with all training plans, some flexibility in terms of times and methods of delivery will be required. Where appropriate, training will be incorporated into scheduled Committee and Board meetings in June, September, December and March and two dedicated training sessions for both Committee and Board members will be held in July and November. Joint training opportunities within the LGPS Central pool, and outside of scheduled training, may also be offered from time to time.
11. Having considered the detailed results from the 2021/22 TNA, training proposed for 2022/23 is likely to include the following:
- June / September / December 2022 – ongoing training on the **2022 Actuarial Valuation**;

- June / September 2022 - Portfolio Evaluation Limited and CEM Benchmarking –refresher training at Committee on **Performance Measurement, Cost Benchmarking and Risk Management**;
- July / September / November 2022 – **Pensions Legislation and Guidance, Pensions Governance and Pension Services Procurement, Contract Management and Relationship Management Administration** – including guidance from the Government Actuaries Department, DLUHC, the Pensions Regulator. What are the Myners principles? - What does this all say? What does it involve? and What are the current issues?;
- September / November / December 2022 and March 2023 - **Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management and Financial Markets and Products** – the review of the Fund’s Strategic Asset Allocation will result in a number of changes to the current Investment Strategy and there will be a programme of implementation across individual asset classes and investment products within financial markets; and
- October – December 2022 – Local Government Association offer 3-day **Pensions Fundamentals** training, which is routinely offered to all new Pensions Committee and Local Pensions Board members.

Aspire Online Learning Academy

12. As well as the free access to the Pensions Regulators Trustee Toolkit

<https://trusteetoolkit.thepensionsregulator.gov.uk/>

Pensions Committee and Local Pensions Board Members, have been provided with access to Hymans Robertson’s online LGPS Learning Academy, called Aspire, which covers all of the key areas of the CIPFA KSF. This can be accessed by following the link below:

<https://aspire.hymanslearning.co.uk/learn>

13. Whilst it has been pleasing to see many Pensions Committee and Local Pensions Board Members accessing the modules on Aspire over the last few months, it is fair to say that take up could be improved. Members who have not yet found the time to work through any of the Aspire modules are encouraged to do so, given it is a valuable and tailored LGPS training resource that will enhance wider LGPS knowledge and understanding, in accordance with the Fund’s Training Policy.

Training Policy

14. As with all areas of Pensions, it is best practice and further demonstrates good governance to set out the Pension Fund’s approach to the Training of all individuals charged with the oversight of the Fund, by having a policy on such. The Staffordshire Pension Fund’s Training Policy is attached at Appendix 4 for approval.

15. This is a revised policy which incorporates the requirements of the updated CIPFA KSF, including a set of seven statements which the Pensions Committee is asked to formally adopt. These can be found on pages 2 and 3 of the Training Policy at Appendix 4.

John Tradewell
Director for Corporate Services

Contact Melanie Stokes, Assistant Director for Treasury & Pensions
Telephone No. (01785) 276330

Background Documents:

CIPFA Knowledge and Skills Framework
CIPFA Code of Practice on Knowledge and Skills
Scheme Advisory Board Good Governance Report
Hymans Robertson Online Learning Academy
The Pensions Regulators Trustee Toolkit

Equalities Implications: There are no direct equalities implications arising from this report.

Legal Implications: There are no direct legal implications arising from this report.

Resources and Value for Money Implications: All Training Costs will be paid for by the Staffordshire Pension Fund

Risk Implications: There is a risk of inappropriate decisions being made if Pensions Committee members do not have an appropriate level of knowledge and understanding.

Climate Change Implications: There are no major climate change implications arising from this report.

Health Impact Assessment screening – There are no health impact assessment implications arising from this report.

**Staffordshire Pensions Committee and Staffordshire Local Pensions Board
Results of 2022 Training Needs Analysis**

On a scale from 1 to 5 where:

1 = No knowledge

2 = Limited knowledge and understanding

3 = Basic understanding

4 = Broad ability to comprehend and apply knowledge

5 = Sound understanding and ability to ask challenging questions

Area of Knowledge	Average score out of 5			
Averages	Pensions Committee & Co-optees	Local Pensions Board	Senior Fund Officers	Combined
1. Pensions legislation and guidance	3	3.55	4.43	3.41
2. Pensions Governance	3.18	4.16	4.57	3.65
3. Funding Strategy and Actuarial Methods	3.14	4.17	4.59	3.66
4. Pensions Administration and Communications	3.11	3.79	4.57	3.56
5. Pensions Financial Strategy, Management, Accounting, Reporting and Audit Standards	3.08	4.25	4.5	3.64
6. Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management	3.09	3.77	4.04	3.42
7. Financial Markets and Products	2.92	2.64	4	3.19
8. Pension Services Procurement, Contract Management and Relationship Management	2.95	2.79	4.40	3.31

**Staffordshire Pensions Committee and Staffordshire Local Pensions Board
Results of 2022 Training Needs Analysis**

The specific areas with the lowest cumulative scores.

1. Pensions Legislation and Guidance
An awareness of the requirements of guidance from Government Actuaries Department (GAD).
2. Pensions Governance
An awareness of statutory and other guidance in relation to pension scheme governance, including DLUHC statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.
6. Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management
An awareness of the Myners principles and the need to set targets for the committee and to report against them.
An awareness of the range of support services provided to the committee, who supplies them and the nature of the performance monitoring regime.
An awareness of the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI) and whether the fund is a signatory of these.
7. Financial Markets and Products
An awareness of the restrictions placed by legislation on the investment activities of LGPS funds.
A general understanding of MiFID II requirements relating to the knowledge of decision makers.
A general understanding of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.
An awareness of how the fund interacts with the taxation system in the UK and overseas in relation to investments.
8. Pension Services Procurement, Contract Management and Relationship Management
An awareness of how the fund's suppliers are monitored, including: <ul style="list-style-type: none"> • the Myners principles • the need for strategic objectives for investment consultants.
An awareness of the nature of the relationship with the investment pool parties and a general understanding of: <ul style="list-style-type: none"> • the extent of influence over the investment pool operator and oversight committee • the terms for terminating a pooling agreement • guidance on the requirement to pool investments.



Staffordshire Pension Fund

Training Policy

1 April 2022



A. Introduction

This policy provides details of the training strategy for the Staffordshire Pension Fund (the Fund).

It confirms the Training commitment of the Fund and sets out the arrangements for the training and development of:

- Members of the Staffordshire Pensions Committee (including co-opted members);
- Members of the Staffordshire Pensions Panel;
- The Local Pensions Board; and
- Senior Officers involved in the day to day management of the Staffordshire Pension Fund ('the Fund')

This policy will be published and be made available to all stakeholders on the Fund's website.

<https://www.staffspf.org.uk/Governance/Policies/Training-policy/Training-policy.aspx>

B. Legislation

Section 248A of the Pensions Act 2004, as amended by the Public Services Pensions Act 2013, requires that trustees of occupational pension Schemes should be trained and have knowledge and understanding of the law relating to pensions, the role of trustees, the principles of scheme funding and investment and the management and administration of pension scheme benefits.

Whilst there is a legal requirement for a prescribed level of knowledge and understanding for members of a Local Pension Board, this legal requirement does not apply to members of a Pensions Committee and Pensions Panel; albeit there is a clear need for them to have knowledge and understanding to enable them to make informed and consistent decisions.

Accordingly, the Pensions Committee have agreed to adopt the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on LGPS Knowledge and Skills (the Code) and the Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers. (CIPFA KSF).

The CIPFA KSF therefore applies to all Members of the Pensions Committee, Pensions Panel and the Local Pensions Board. It also applies to Senior Officers of the Fund. Advisors are also expected to meet the objectives of the Fund's policy.

C. Code of Practice on LGPS Knowledge and Skills 2021

The Code of Practice and the CIPFA KSF were updated in May 2021 '...to embed the requirements for the adequacy, acquisition, retention and maintenance of the appropriate knowledge and skills...' The Department of Levelling Up, Housing and Communities (DLUHC) is also expected to issue statutory guidance, following the conclusions of the Good Governance Review, with clearer expectations for all parties who have a role in the LGPS, or who are involved with the management of the LGPS.

The Staffordshire Pensions Committee approved this Training Policy at its meeting on 25 March 2022 and in doing so adopted the following statements, as recommended by the Code:

1. This LGPS administering authority adopts the key principles of the Code of Practice on LGPS knowledge and skills.
2. This LGPS administering authority recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.

3. This LGPS administering authority has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS
4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA LGPS Knowledge and Skills Framework.
5. This LGPS administering authority will ensure that it has adequate resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary knowledge and skills.
6. This LGPS administering authority will report annually on how their knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.
7. This LGPS administering authority has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the administering authority's knowledge and skills policy statement, and, where they are a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

D. Aims and objectives

Staffordshire County Council recognises its responsibilities as the Administering Authority to the Staffordshire Pension Fund on behalf of its stakeholders which include:

- Over 120,000 current and former Employee Members of the Fund;
- Over 500 Employers in the Fund; and
- Local taxpayers.

The Administering Authority's objectives in relation to this policy are to ensure that:

- Those persons charged with the financial management and decision-making about the Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them;
- Those persons responsible for the day-to-day administration and running of the Fund have the appropriate level of knowledge and skills required to discharge their duties and responsibilities;
- Those persons responsible for providing governance and assurance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based; and
- Members of the Local Pensions Board have sufficient knowledge and understanding to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the LGPS and/or any failure to meet the standards and expectations set out the Regulators Codes of Practice.

All Members and Officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To achieve these objectives, the Fund will have regard to the following publications:

- CIPFA Technical Knowledge and Skills Framework for Local Pension Boards;
- CIPFA Code of Practice on LGPS Knowledge and Skills
- CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers
- Public Service Pensions Act 2013
- The Pensions Regulator's (TPR) Codes of Practice for Public Service Schemes.
- Local Government Pension Scheme (LGPS) Pension Board Guidance
- MIFID II
- DLUHC Statutory Guidance

Staffordshire County Council fully supports the use of the CIPFA KSF and the Pension Regulators Codes of Practice. These documents will form the basis of the training strategy using a rolling training plan together with regular monitoring and reporting.

John Tradewell, the Director for Corporate Services (Scheme Administrator) at Staffordshire County Council is the Fund's designated named individual responsible for ensuring that this Training Policy is implemented. However, the practical arrangements for organising and ensuring the delivery of timely and appropriate training has been delegated to the Assistant Director for Treasury and Pensions.

The Council's approach to training will be supportive in nature with the intention of providing Committee, Panel and Local Pension Board Members with regular sessions that will contribute to their level of skills and knowledge.

E. Areas of knowledge and understanding required

There are eight core technical areas where appropriate knowledge and skills should be achieved and maintained. They are:

1. Pensions Legislation and Guidance

A knowledge of the framework of legislation and guidance and the way in which it affects the management and operational aspects of the Local Government Pension Scheme.

2. Pensions Governance

Understanding the requirements of the current and evolving governance framework for the LGPS as well as wider pensions industry frameworks that apply and impact the governance of the LGPS.

3. Funding Strategy and Actuarial Methods

To understand the work of the Actuary and the way in which actuarial information impacts both the finances of the Scheme and the Scheme Employers.

4. Pensions Administration and Communications

To understand the complex nature of administering scheme benefits and contributions and the industry wide requirements of disclosure and data quality, to ensure decisions made are in compliance with the regulations.

5. Pensions Financial Strategy, Management, Accounting, Reporting and Audit Standards

To understand the way LGPS pension funds are resourced, budgeted, and accounted for and the role internal and external auditors play in assuring the administering authority complies with statutory requirements.

6. **Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management**

To gain an understanding of investment risks (including emerging risks), asset allocation and its impact on investment performance, investment pooling arrangements (including the transition of assets into the pool).

7. **Financial Markets and Products**

An understanding of the workings of financial markets and the investment vehicles available in relation to the Fund's investment strategy and how these are utilised in investment pools.

8. **Pension Services Procurement, Contract Management and Relationship Management.**

An understanding of procurement requirements, including the availability of LGPS specific frameworks, to enable the appointment of third party providers that facilitate efficient and effective pensions operations.

F. Degree of knowledge and understanding required.

All Committee, Panel, Local Pension Board Members and Senior Fund Officers must have a knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to a level appropriate for them to be able to carry out their individual roles, responsibilities and duties and to exercise properly their delegated responsibility, on behalf of the Staffordshire Pension Fund.

The different degrees of knowledge and understanding are prescribed in the CIPFA KSF as:

For Pensions Committee and Local Pension Board Members:

- an *awareness*, i.e. recognition that the subject matter exists
- a *general understanding*, i.e. understanding the basics in relation to the subject matter
- a *strong understanding*, i.e. a good level of knowledge in relation to the subject matter (but not necessary at a detailed level).

For Senior Fund Officers

- a *strong understanding*, i.e. a good level of knowledge in relation to the subject matter (but not necessary at a detailed level)
- a *detailed level of knowledge* in relation to the subject matter
- an *expert level of knowledge* in relation to the subject matter

G. Acquiring, reviewing and updating knowledge and understanding

Pensions Committee, Panel and Local Pension Board members should invest sufficient time in their learning and development alongside their other responsibilities and duties.

Newly appointed Pensions Committee, Panel and Local Pension Board members should be aware that their legal responsibilities and duties as a member of those bodies begin from the date they take up their post. They should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration of the scheme and relevant pensions law. *The Pension Regulator's Code of Practice No:14 Governance and Administration of Public Service Pension Schemes (2015)* clearly states these requirements.

Pensions Committee, Panel and Local Pension Board members should undertake personal responsibility to complete a Training Needs Analysis (TNA) and annually review their skills, competencies and knowledge to identify any gaps or weaknesses.

H. Training Plan

The Training Needs Analysis (TNA) will be the primary method of assessing the knowledge and skills of both the individual Member or Officer and more widely, the collective knowledge and skills of the Pensions Committee, Panel and Local Pensions Board and this will be used for an annual assessment. The TNA results will be used to help develop the training plan for the following year to ensure any knowledge gaps are removed as far as possible, given other areas of general training being provided.

Training will be delivered through a variety of methods including:

- In-house training provided by Officers or external trainers;
- Training as part of a formal meeting;
- External training events;
- Circulation of reading material;
- Shared training with other Funds or frameworks;
- Attendance at seminars and conferences;
- On-line training toolkit provided by the Pensions Regulator;
- Hymans Robertson ASPIRE on-line training portal; and
- Self-improvement and familiarisation with regulations and documents.

Where appropriate, training will be provided jointly for the Pensions Committee, Panel and Local Pensions Board members and Officers.

A training schedule will be developed by Officers in consultation with the Pensions Committee, Panel and Local Pensions Board to achieve the following:

- maintain a general awareness to ensure member's have an ongoing understanding and knowledge of developments and current issues in the pensions' arena;
- training is delivered to ensure appropriately timed training is provided in relation to "hot topics"; and
- individual and collective training needs are assessed and delivered.

In order to identify whether the objectives of this Training Policy are being met, the Administering Authority will maintain a Training Log which records any training delivered, as well as the attendance of Pensions Committee, Panel and Local Pensions Board members at training events and learning activities.

I. Key risks

The key risks to the delivery of this Policy are outlined below. Pensions Committee members, with the assistance of the Local Pensions Board and Officers, will monitor these and other key risks and consider how to respond to them:

- Changes to the Committee, Panel and/or Local Pensions Board membership and/or Officer's potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by Committee and / or Panel and / or Local Pension Board members and/or other Officers resulting in a poor standard of decision making, administration and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being of an acceptable standard.

J. Reporting

A report will be presented to the Pensions Committee and the Local Pensions Board on an annual basis setting out:

- the training provided/attended in the previous year at an individual level;
- commentary on how this compares to the Training Plan; and
- any actions required, such as a review of the Training Plan.

This information will also be included in the Fund's Annual Report and Accounts. The Fund's Pensions Committee, Panel and Local Pensions Board members will be provided with details of forthcoming seminars, conferences and other relevant training events.

K. Costs

All training costs will be met directly by the Staffordshire Pension Fund.

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Further Information

If you require further information about anything in, or related to, this Training Policy, please contact:

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Staffordshire County Council, 1 Staffordshire Place, Tipping Street, Stafford, ST16 2DH

Email: melanie.stokes@staffordshire.gov.uk

Telephone: (01785) 276330

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