

Local Members Interest	
Nil	

PENSIONS COMMITTEE – 15 JUNE 2018

Report of the Director of Finance and Resources

TRAINING PLAN & TRAINING POLICY

Recommendation of the Chair

1. That the Pensions Committee;
 - (i) note the results of the Training Needs Analysis (TNA) at Appendix 2 in relation to the CIPFA Knowledge and Skills Framework (CIPFA KSF) and note the 2018/19 Training Plan in paragraph 6; and
 - (ii) approve the Staffordshire Pension Fund's Training Policy attached at Appendix 3.

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. At their meeting on 8 December 2017, the Pensions Committee reaffirmed their commitment to the CIPFA Knowledge and Skills Framework (CIPFA KSF) and the adoption of a high level Training Plan covering the 8 key knowledge areas of the CIPFA KSF. For reference, these are listed below:
 - Pensions Legislative
 - Pensions Governance
 - Pensions Administration (Local Pensions Board only)
 - Pensions Accounting and Auditing Standards
 - Pensions Services, procurement and relationship management
 - Investment performance and risk management
 - Financial markets and products knowledge
 - Actuarial methods, standards and practices
4. Committee Members also agreed to complete a Training Needs Analysis (TNA) assessing their perceived knowledge against the 8 key areas. As one would expect, there are differences in individual Members' knowledge but based on the responses received (c50%) then as a collective the Committee is well on its way to having a basic understanding in terms of their knowledge across the 8 key areas. This is not unreasonable given the relatively short tenure of several new Committee Members. The collective summary results of the TNA for the Committee and for the Local Pension Board are provided in Appendix 2. This

information will be used to inform the delivery of general and specific more targeted training going forwards and will be reviewed again in 2019.

2018/19 Training Plan

6. Training for Pensions Committee Members in 2018/19 is planned to consist of a number of elements. Some of these are in response to the results of the TNA and some are dictated by the areas that need to be focused on in the short to medium term e.g 2019 Actuarial Valuation. As with all training plans, some flexibility in terms of times and methods of delivery will be required:
 - Portfolio Evaluation Limited – will deliver just in time training at this Committee on **Performance Measurement**;
 - 13 July 2018 - CEM Benchmarking will be talking about **Cost Benchmarking** and the Local Authority Pension Fund Forum (LAPFF) and Legal and General Investment Management (LGIM) will discuss their roles in delivering the Fund's policy on **Responsible Investment**;
 - Hymans Robertson will attend the September Pensions Committee to help review **Funding Objectives** and at the December and March Committees will consider the **2019 Actuarial Valuation**;
 - October – December 2018 – Local Government Association offer 3 day **Pensions Fundamentals** training; and
 - 16 November 2018 – Hymans Robertson will prepare Members to review the Fund's **Strategic Asset Allocation (Investment Strategy)** and explain how this links to the **Funding Strategy**.
7. Members, who have not already done so, may also wish to have a look at the Pension Regulators toolkit. This is an online training programme covering many of the key areas of the CIPFA KSF (with the main exception being investments). This can be accessed by following the link below:
<https://trusteetoolkit.thepensionsregulator.gov.uk/>

Training Policy

8. As with all areas of Pensions, it is considered to be best practice and demonstrate good governance to set out the Pension Fund's attitude towards 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 3 for approval.

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Background Documents: CIPFA Knowledge and Skills Framework

Appendix 1

1. **Equalities Implications:** There are no direct equalities implications arising from this report.
2. **Legal Implications:** There are no direct legal implications arising from this report.
3. **Resources and Value for Money Implications:** The resource and value for money implications are embodied within the report.
4. **Risk Implications:** The risk implications are dealt with in the body of the report
5. **Climate Change Implications:** There are no major climate change implications arising from this report.
6. **Health Impact Assessment screening** – There are no health impact assessment implications arising from this report.

Appendix 2

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	
		Pensions Committee	Local Pension Board
1. Pensions Legislation			
1.1	A general understanding of the pensions legislative framework in the UK.	3.00	3.50
1.2	An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	2.50	3.50
1.3	An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	2.50	2.83
1.4	A regularly updated appreciation of the latest changes to the scheme rules.	2.50	3.00
		2.63	3.21
2. Pension Governance			
2.1	Knowledge of the role of the administering authority in relation to the LGPS.	3.00	3.50
2.2	An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	2.63	3.50
2.3	Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	2.50	3.67
2.4	Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.	3.13	3.67
2.5	Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	2.38	3.50
2.6	Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.	2.00	4.00
2.7	A detailed knowledge of the duties and responsibilities of pension board members.	2.75	4.17
2.8	Knowledge of the stakeholders of the pension fund and the nature of their interests.	2.75	3.50
2.9	Knowledge of consultation, communication and involvement options relevant to the stakeholders.	2.50	3.83
2.10	Knowledge of how pension fund management risk is monitored and managed.	3.13	3.50
2.11	Understanding of how conflicts of interest are identified and managed.	2.88	3.50
2.12	Understanding of how breaches in law are reported.	3.25	4.00
		2.74	3.69

3. Pensions Administration			
3.1	An understanding of best practice in pension's administration, eg performance and cost measures.	3.00	3.17
3.2	An understanding of the required and adopted scheme policies and procedures relating to: <ul style="list-style-type: none"> • Member data maintenance and record-keeping processes • Internal dispute resolution • Contributions collection • Scheme communications and materials 	2.63	3.50
3.3	Knowledge of how discretionary powers operate.	2.50	2.67
3.4	Knowledge of the pension's administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).	3.00	2.83
3.5	An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	2.50	2.00
3.6	An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	2.50	2.83
		2.69	2.83

4. Pensions accounting and auditing standards			
4.1	Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	2.63	3.17
4.2	Understanding of the role of both internal and external audit in the governance and assurance process.	3.00	3.50
4.3	An understanding of the role played by third party assurance providers.	2.50	3.00
		2.71	3.22

5. Pensions services procurement and relationship management			
5.1	Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.	2.75	3.00
5.2	A general understanding of the main public procurement requirements of UK and EU legislation.	2.88	3.00
5.3	Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.	2.63	2.83
5.4	An understanding of how the pension fund monitors and manages the performance of their outsourced providers.	3.00	3.50
		2.81	3.08

6. Investment performance and risk management			
6.1	Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	2.75	3.50
6.2	Awareness of the Myners principles of performance management and the approach adopted by the administering authority.	2.25	3.33
6.3	Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	2.38	2.67

2.46	3.17
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7. Financial markets and products knowledge			
7.1	Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property).	3.13	3.50
7.2	Understanding of the role of these asset classes in long-term pension fund investing.	3.13	3.50
7.3	Understanding of the primary importance of the fund's statement of investment principles and the investment strategy decision.	3.00	3.33
7.4	A broad understanding of the workings of the financial markets and of the investment vehicles available to the pensions fund and the nature of the associated risk.	2.88	3.50
7.5	An understanding of the limits placed by regulation on the investment activities of local government pension funds.	2.75	2.83
7.6	An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.	2.13	2.50
		2.83	3.19

8. Actuarial methods, standards and practices			
8.1	A general understanding of the role of the fund actuary.	2.88	3.50
8.2	Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.	2.75	3.50
8.3	Awareness of the importance of monitoring early and ill health retirement strain costs.	3.00	3.50
8.4	A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	3.13	3.67
8.5	A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.	2.63	2.83
8.6	A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	2.63	2.67
		2.83	3.28

Average Combined Score by segment (Low to High)

6. Investment performance and risk management	2.70
3. Pensions Administration	2.74
1. Pensions Legislation	2.82
4. Pensions accounting and auditing standards	2.88
5. Pensions services procurement and relationship management	2.90
7. Financial markets and products knowledge	2.96
8. Actuarial methods, standards and practices	2.98
2. Pension Governance	3.04