

## **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**

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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.

## Appendix 2

### 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.**

<b>1. Pensions Legislation and Guidance</b>
An awareness of the requirements of guidance from Government Actuaries Department (GAD).
<b>2. Pensions Governance</b>
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.
<b>6. Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management</b>
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.
<b>7. Financial Markets and Products</b>
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.
<b>8. Pension Services Procurement, Contract Management and Relationship Management</b>
An awareness of how the fund's suppliers are monitored, including: <ul style="list-style-type: none"> <li>• the Myners principles</li> <li>• the need for strategic objectives for investment consultants.</li> </ul>
An awareness of the nature of the relationship with the investment pool parties and a general understanding of: <ul style="list-style-type: none"> <li>• the extent of influence over the investment pool operator and oversight committee</li> <li>• the terms for terminating a pooling agreement</li> <li>• guidance on the requirement to pool investments.</li> </ul>

