PENSIONS COMMITTEE – 31 MARCH 2023

Report of the Director of Finance

TRAINING NEEDS ANALYSIS & TRAINING POLICY 2023/24

Recommendation of the Chair

1. That the Pensions Committee:

    (a) notes the results of the 2023/24 Training Needs Analysis (TNA) at Appendix 1 in relation to the requirements of the CIPFA Knowledge and Skills Framework (CIPFA KSF);

    (b) approves the resultant 2023/24 Training Plan; and

    (c) notes the Staffordshire Pension Fund's Training Policy, attached at Appendix 2.

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). Whilst this was a recommendation from the Good Governance Project, the CIPFA KSF is something that the Staffordshire Pensions Committee has adopted for several years now, to demonstrate its own good governance and commitment to training.

4. The CIPFA KSF is designed to be used by LGPS Officers and the scheme's decision-making bodies (i.e. Pensions 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.

2022/23 Training

7.   Throughout 2022/23, training formed part of Pensions Committee meetings, as the Actuary took Members through the actuarial processes and assumption setting for the 2022 Actuarial Valuation of the Fund. Two focussed joint training days also took place, which covered Pensions Legislation and Guidance and Pensions Governance, Investing in Private Equity, the Nolan and Myners' Principles and the importance of Cyber Security.

8.   13 attendees across the Pensions Committee, Local Pensions Board and Officers attended the Local Government Association's Pensions Fundamentals Training in October through December 2022, which acted as a useful introduction to some and a refresher to others. On-line access also continued to be provided to the Hymans Robertson Aspire Training Platform and the Pension Regulators Toolkit.

2023/24 Training Needs Analysis (TNA)

9.   All Pensions Committee Members, Local Pensions Board Members and Senior Fund Officers were asked to complete a TNA during February 2023. It is to be expected that 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.

10.   The TNA response rate for the Pensions Committee was 67% (8 out of a possible 12), for the Pensions Board it was 67% (2 out of a possible 3) and for Senior Fund Officers it was 75% (3 out of a possible 4). The summary of the collective TNA results for the Pensions Committee, the Local Pensions Board and Senior Fund Officers are provided below and in Appendix 1.

11.   Despite the relatively low overall response rate, it is reassuring that there is a good level of collective knowledge across all 8 areas, with Senior Fund Officers reporting significant levels of knowledge across all areas of activity. It is pleasing to see an increase in scores for those areas where training was provided in 2022/23, such as Funding Strategy and Actuarial Methods and Investment strategy, asset allocation, pooling, performance and risk management.

12. 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 2023. The specific areas with the lowest combined scores are shown in Appendix 1, and it is intended to incorporate these areas in training sessions during 2023/24.

2023/24 Training Plan

13. 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.

14. Having considered the detailed results from the 2023/24 TNA, training proposed for 2023/24 is likely to include the following:

   - June / September 2023 - Portfolio Evaluation Limited and CEM Benchmarking –refresher training at Committee on **Performance Measurement, Cost Benchmarking and Risk Management;**

   - July / September / November 2023 –**Procurement, Contract Management and Relationship Management Administration** – Overview of public sector procurement and its impact and application to the LGPS. Outline of the range of contracts and relationships and the way these are managed across the Pension Fund.

   - September / November / December 2023 and March 2024 – **Strategic Asset Allocation, including Investment Structure implementation, Pooling, and Financial Markets and Products** – the review of the Fund's Strategic Asset Allocation will result in several 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 2023 – 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

15. 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 the key areas of the CIPFA KSF. This can be accessed by following the link below:

16.   Whilst it has been pleasing to see many Pensions Committee and Local Pensions Board Members periodically accessing the modules on Aspire, it is fair to say that take up and routine use 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 can assist Members in keeping up to date with topical issues whilst also enhancing their wider LGPS knowledge and understanding; in accordance with the Fund's Training Policy.

17.   Hymans have recently refreshed ASPIRE so that it offers more but shorter learning modules, which align with the CIPFA KSF. They have also updated many of the videos, jargon busters and knowledge checks. Badges are also awarded to users depending on the number of questions correctly answered.

Training Policy

18.   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 2 for approval.

19.   The policy incorporates the requirements of the latest CIPFA KSF and includes a set of seven statements which the Pensions Committee formally adopted at their meeting on 25 March 2022. These can be found on pages 2 and 3 of the Training Policy.

LGPS National Knowledge Assessment

20.   Hymans conducted their second LGPS National Knowledge Assessment in 2022. The high-level results of which are shown in the diagram below.

21. Although only 16 LGPS Funds participated, this National Knowledge Assessment showed an increase in knowledge throughout the various key pension areas, which was in common with Staffordshire's own findings. The main difference in the Staffordshire versus the National results was that nationally Board members tended to score higher. However, given that Staffordshire has Board member vacancies and some relatively new board members, this is not surprising. Nationally Governance was the highest scoring area, compared to Staffordshire where it was Pensions financial strategy, management, accounting, reporting and audit standards. Again, this is not surprising given it is an area on which training in the previous year had focused.

22. Overall, Staffordshire Members appear to have a higher level of knowledge compared to their peers nationally, which is pleasing to see. However, the Staffordshire TNA is based on self-assessment, and not the more rigorous multiple-choice assessment of participants' knowledge and understanding of key pension areas, used by the National Knowledge Assessment.

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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.

**Staffordshire Pensions Committee and Staffordshire Local Pensions Board
Results of 2023/24 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	Committee & Co-optees	Board	**Combined**	Officers
1. Pensions legislation and guidance	3.44	3.50	3.47	4.67
2. Pension Governance	3.56	3.50	3.53	5.00
3. Funding strategy and actuarial methods	3.78	3.50	3.64	4.67
4. Pensions administration and communications	3.56	3.50	3.53	4.67
5. Pensions financial strategy, management, accounting, reporting and audit standards	4.22	4.00	4.11	5.00
6. Investment strategy, asset allocation, pooling, performance and risk management	4.00	4.00	4.00	4.67
7. Financial markets and products	4.11	3.00	3.56	4.67
8. Pension services procurement, contract management and relationship management	3.78	2.00	2.89	4.33
% responses	0.67	0.67	0.67	0.75

The specific areas with the lowest cumulative scores for Committee and Board Members.

1. Pensions Legislation and Guidance
A General understanding of Pensions Framework other legislation that is relevant in managing an LGPS fund, relating to benefits, administration, funding, governance, communications and investment. An awareness of LGPS discretions.

2. Pensions Governance
An awareness of the LGPS general constitutional framework, fund-specific governance and service delivery arrangements, including the roles of the Pensions Committee, Pensions Panel, Pensions Board and Director of Finance.

4. Pensions administration and communications
An awareness of the LGPS regulations' main features and requirements relating to: • administration and communications strategies • entitlement to and calculation of pension benefits • transfers in and out of the scheme • employee contributions • the delivery of administration and communications including cost and performance measurement.

8. Pension Services Procurement, Contract Management and Relationship Management

An awareness of the main public procurement requirements of UK and EU legislation. A general understanding of the fund's main suppliers and the risks associated with them. An awareness of the nature of the relationship with the investment pool parties.