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**TRAINING PLAN 2013/14**

**Report by Chief Financial Officer**

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**PENSION FUND SUB-COMMITTEE**

**12 September 2013**

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**1 PURPOSE AND SUMMARY**

- 1.1 **This report proposes the Training Plan for 2013/14 in line with the agreed Policy Statement and Training Policy for the members of the Pension Fund Committee approved in September 2012.**
- 1.2 In June 2013 the Committee agreed an updated Training Policy and reviewed the training activities under taken during 2012/13.
- 1.3 In line with this Policy the Pension Fund agreed to undertake an annual knowledge and skills self assessment which will identify the key areas for the future years training plan.
- 1.4 The Training Knowledge and Skills Assessment was undertaken in July and is summarised in **Appendix 2**.
- 1.5 The proposed Training Plan for 2013/14 has been included at **Appendix 3** for approval and members are strongly encouraged to actively participate in this to demonstrate their commitment to building the knowledge to support effective decision making.

**2 RECOMMENDATIONS**

- 2.1 **It is recommended that the Committee:-**
  - (a) **Notes the out-come of the Knowledge and Skill Self Assessment for 2012/13;**
  - (b) **Approves the Training Programme for 2013/14 set out in Appendix 3 and agrees that all members should prioritise attendance at these training dates wherever practicable.**

### **3 BACKGROUND**

- 3.1 At the June 2013 Pension Fund Committee a Training Policy (the policy) was updated and agreed. The Policy was prepared and reviewed in line with the best practice guidance. Appendix 1 contains a copy of the agreed Training Policy.
- 3.2 The best practice guidance indicates that the annual report should include an assessment of the Committee in terms of:
- Attainment of the standards set down in CIPFA's knowledge and skills framework; and
  - Achievement of required training outcomes.
- 3.3 One of the key elements of the Policy is that all Members of the Committee, including observer members commit to participating in appropriate training events to ensure that they have the necessary skills required to support them in their decision making role. Officers maintain a log on behalf of members to demonstrate the training activities.

### **4 TRAINING NEEDS ANALYSIS**

- 4.1 The members of the Pension Fund Committee were asked to complete a Knowledge and skills assessment questionnaire. The analyses of these responses is contained in **Appendix 2**.
- 4.2 The responses highlight that members have a reasonable level of confidence in their ability to discharge their responsibilities as a member of the Pension Fund Committee and in their knowledge of the financial markets. However there was a lower level of confidence in the understanding of the regulatory environment for Pension Funds, the LGPS in particular, and also about specific documents, benefits structure of the LGPS and the role of the global custodian. This information has been used to inform the future training programme, and will provide the baseline for Pension Fund Committee to demonstrate progress in relation to the acquisition of skills and knowledge.

### **5 TRAINING PROGRAMME**

- 5.1 An initial training programme has been developed and is included in **Appendix 3**.
- 5.2 The formal training programme will be supplemented by the continuation of the informal meetings prior to the Pension Fund Committee meetings to allow members to be properly briefed by officers and the independent investment adviser on relevant matters prior to the meeting with the Fund Manager.
- 5.3 Additional external training opportunities that occur during the year will augment the proposed training programme. The Corporate Finance Manager will highlight these to the Pension Fund Committee for agreement on relevance and nominations of attendees.

## **6 IMPLICATIONS**

### **6.1 Financial**

- (a) The cost of the delivery of the training programme will be borne by the Pension Fund, and a budget will be developed to provide an annual amount to support ongoing training needs.

### **6.2 Risk and Mitigations**

- (a) The development of a Training Policy and associated training plan and reporting mechanism is part of the framework to ensure effective decision making for the Pension Fund.

### **6.3 Equalities**

- (a) It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report as this policy applies to all elected members and observers of the Committee equally.

### **6.4 Acting Sustainably**

- (a) There are no direct economic, social or environmental issues with this reports which would affect the Council's sustainability.

### **6.5 Carbon Management**

- (a) There are no direct carbon emissions impacts as a result of this report.

### **6.6 Rural Proofing**

- (a) It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **6.7 Changes to Scheme of Administration or Scheme of Delegation**

- (a) No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

## **7 CONSULTATION**

- 7.1 The Head of Corporate Governance, the Head of Audit and Risk, the Head of Strategic Policy, the HR Manager and the Clerk to the Council have been consulted on the report and their comments have been incorporated.

**Approved by**

David Robertson  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
Kirsty Robb	Treasury & Capital Manager, 01835 825249

**Background Papers:****Previous Minute Reference:**

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# **SCOTTISH BORDERS COUNCIL PENSION FUND TRAINING POLICY**

**Finance  
Chief Executives Department  
Version: DRAFT 2013 1.0  
Approved: Pension Fund Committee 18 June 2013**

## 1. Introduction

- 1.1 This training policy documents the Scottish Borders Council Pension Fund (the Fund) responsibilities in relation to members and observer members of the Pension Fund Committee.
- 1.2 The policy has been drawn up:
  - i To identify the level of knowledge and skills required by members, and
  - ii To outline the training arrangements for the Committee and its members
- 1.3 This version of the Training Policy was approved by the Pension Fund Committee of Scottish Borders Council on 18 June 2013.
- 1.4 For the avoidance of any doubt, the term members in relation to this Policy will refer to all members of the Pension Fund Committee irrespective of voting rights, as set out in the amendment to the Scheme of Administration agreed by Council on 26 June 2013.

## 2. Myners Principles

- 2.1 The desirability of pension fund decision making being overseen by persons with the right skills and expertise was recognised in 2001 in the UK Government's *Institutional Investment in the United Kingdom: A Review*, undertaken by Paul Myners and reaffirmed in the *Updating the Myne's Principles: A Response to Consultation* in October 2008.
- 2.2 The revised Myners principles following the 2008 review are the accepted code of practice applying to local government pension funds throughout the United Kingdom and these principles apply to all pension committee members (elected and other appointments) and officers.
- 2.3 The first Myners principle explicitly states that:
  - i Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
  - ii Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.
- 2.4 The best practice guidance from CIPFA in relation to demonstrating this first principle indicates that *"the committee should ensure that it has appropriate skills, and is run in a way designed to facilitate effective decision making. It should conduct skills and knowledge audits of its membership at regular intervals in relation to the scope of its work and the pensions issues that are most relevant. ... The adoption of a training plan and an annual update of training and development needs (including monitoring progress made) would represent good practice in demonstrating that the committee is actively managing the development of its members. A statement should appear in the annual report describing*

*actions taken and progress made.”<sup>1</sup>*

- 2.5 The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 requires administering authorities to report the extent of compliance with this first Myners principle and the Fund does so as part of the Statement of Investment Principles.

### 3. Governance Compliance

- 3.1 Guidance on governance matters and training has been issued between 2009 and 2011 by the Pensions Regulator, CIPFA and the Scottish Public Pensions Agency. This training policy has been drafted in line with the collective guidance.
- 3.2 To underline the Fund’s commitment to the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills, the Committee has adopted the following policy statement:

“The Council recognises the importance of ensuring that all staff and members charged with the financial administration and decision making with regard to the Scottish Borders Council Pension Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

It therefore seeks to utilise individuals who are both capable and experienced and it will provide and arrange training for staff and members of the Pension Fund Committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills”

- 3.3 In addition, the Scottish Public Pensions Agency (SPPA) issued guidance in relation to the Governance Compliance Statement in April 2011, establishing the best practice standard that administering authorities are required to measure themselves against. The standards established for training are as follows:
- i That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.
  - ii That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.
  - iii That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

### 4. Training

- 4.1 On joining the Committee, members must attend a training session to understand the details of roles and responsibilities to allow them to participate in decision making or scrutiny of complex pension issues.
- 4.2 An Induction File will also be provided to members when they start with the Committee, and it will contain key documents relevant to the Fund and other information that is deemed useful. The members will be expected to use this information and have read the key

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<sup>1</sup> CIPFA: Investment decision making and disclosure in the Local Government Pension Scheme. A Guide to the Application of the Myners Principles.

documents.

- 4.3 A training needs analysis will be undertaken for each member of the Committee and this will be used to inform annual training plans. This analysis will be repeated annually to monitor progress and inform the updating of the training plans.
- 4.4 Annual training plans will be prepared for the Committee and members that will be commensurate with their respective roles and responsibilities and will be aligned to the CIPFA Skills and Knowledge Framework contained in **Appendix A**.
- 4.5 A training log will be retained for each member of the Committee in line with the best practice standard.
- 4.6 An informal meeting of the Committee with the Fund's external Investment Adviser immediately prior to the formal meeting will be held to enable all members of the Committee to be appropriately briefed and better prepared to question the Fund Managers in depth following their presentation.
- 4.7 As part of their commitment to good scheme governance, Committee Members, both voting and non-voting, will be expected to attend at least two Committee meetings each year and two training sessions each year. The two training sessions are over and above any training given at the pre-meeting to the Committee.
- 4.8 Training Opportunities for the Committee members will include the following events:
  - i Internal training events;
  - ii Seminars and conferences offered by industry wide bodies, e.g. the LAPF annual conference;
  - iii Seminars and training events offered by the Fund's investment managers and advisors;
  - iv Online training; and
  - v Professional reading.
- 4.9 A record of attendance at meetings and training events will be maintained and published in the Pension Fund Annual Report and Accounts. Officers will identify appropriate training opportunities and bring these to the attention of the Committee.
- 4.10 Due to the training requirements placed on the Committee members, substitute members are not allowed.

## 5. Reporting and Review Arrangements

- 5.1 CIPFA has recommended as good practice that the Pension Fund Annual Report includes a disclosure as to how the CIPFA Knowledge and Skills Framework has been applied for the Fund, what assessment of training needs has been undertaken and what training has been delivered against the identified training needs.
- 5.2 The Annual Training Plans will be presented to the Committee for review and agreement.



## 6. Reimbursement of Expenses

- 6.1 Councillors are remunerated for their expenses through the local government members' responsibility allowances scheme. Other members can apply for reimbursement of reasonable expenses such as travel costs which have been incurred in relation to agreed training.

### CIPFA Knowledge and Skills Framework

1. The training framework is based on the CIPFA Knowledge and Skills Framework guidance which identifies six areas of knowledge and skills required as core technical requirements of those working in public sector pensions finance.
2. The six areas are:
  - i Pension legislative and governance context
  - ii Pensions accounting and auditing standards
  - iii Financial services procurement and relationship management
  - iv Investment performance and risk management
  - v Financial markets and products knowledge
  - vi Actuarial methods, standards and practices.
3. The framework will be used to assess knowledge and identify future training needs to ensure effective decision-making.
4. The levels of knowledge required is categorised as follows:
  - 1 In Depth
  - 2 Understanding
  - 3 Awareness
5. The Framework and Knowledge requirements are summarised as follows:

Training Framework	Sub-Committee Members Knowledge Requirement
Pension legislative and governance context <ul style="list-style-type: none"> <li>• General and scheme pension legislation</li> <li>• Scheme Governance</li> <li>• Pension regulators and advisors</li> <li>• Legislative framework</li> </ul>	3
Pensions accounting and auditing <ul style="list-style-type: none"> <li>• Audit and accounting regulations and requirement</li> </ul>	3
Financial Services procurement and relationship management <ul style="list-style-type: none"> <li>• Understanding public procurement</li> <li>• Supplier risk management</li> </ul>	2
Investment performance and risk management <ul style="list-style-type: none"> <li>• Fund performance</li> <li>• Performance of Advisers</li> <li>• Performance of Committees</li> <li>• Performance of Support Services</li> </ul>	2
Financial markets and product knowledge <ul style="list-style-type: none"> <li>• Investment strategy</li> <li>• Financial markets</li> </ul>	2
Actuarial methods, standards and practices <ul style="list-style-type: none"> <li>• Valuations</li> <li>• Bulk Transfers</li> </ul>	2

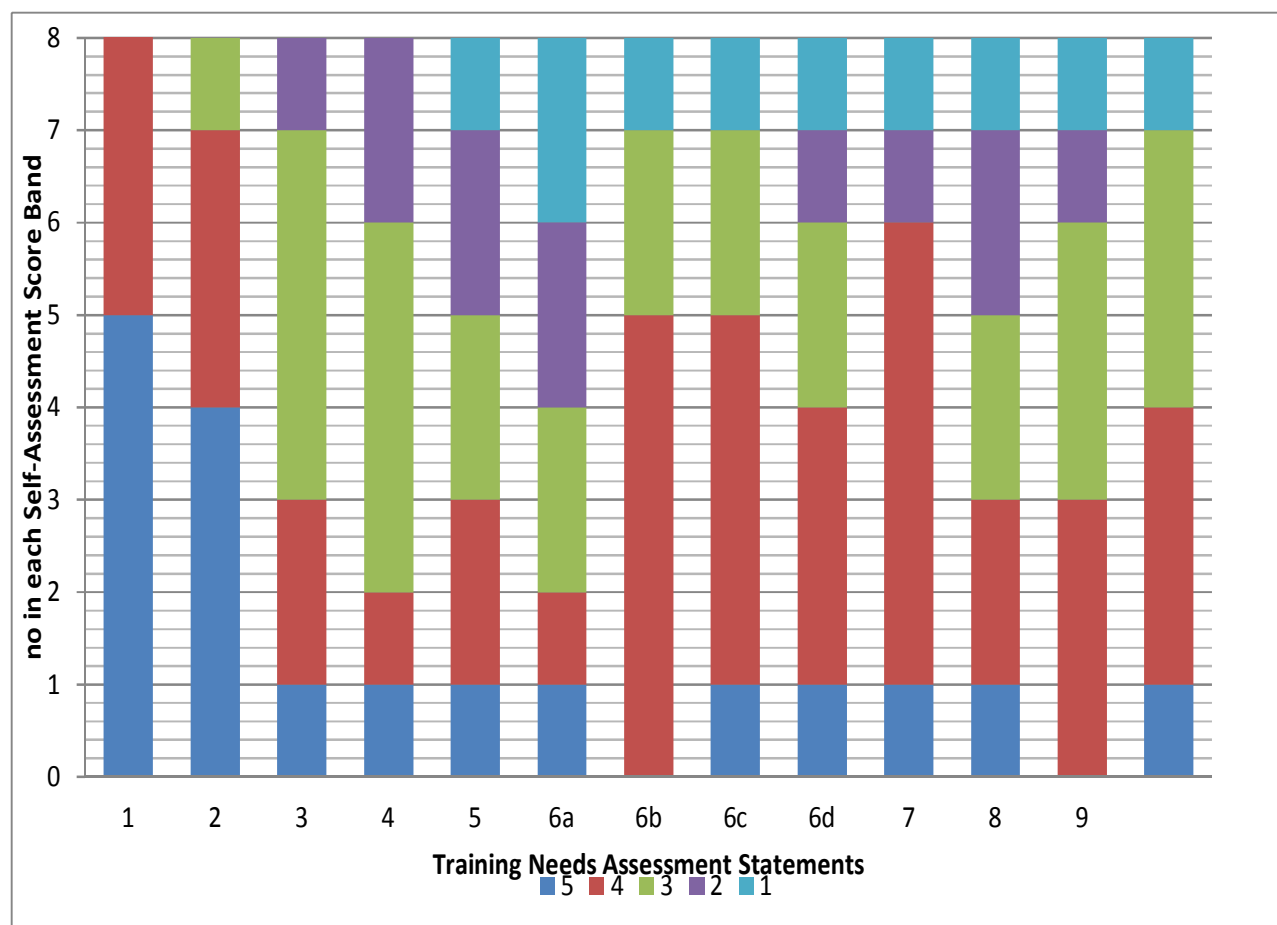
## VERSION CONTROL TABLE

Version	Nature of Amendment	Date of Change	Author
2012 1.0	Creation of Training Policy	30 August 2012	Lynn Mirley
2012 2.0	Approved by Pension Fund Committee	13 September 2012	Lynn Mirley
2013 1.0	Updated for changes to Scheme of Administration	11 June 2013	Lynn Mirley
2013.2	Approved by Pension Fund Committee	18 June 2013	Kirsty Robb

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## Knowledge &amp; Skills Assessment – 2013



## Training Needs Assessment Statements

Statement	Average Score
1 Understanding of responsibilities as a member of the Pension Fund Committee	4.38
2 Knowledge of the financial markets and investment products	3.38
3 Confidence with Pension Fund investment concepts and terminology	3.13
4 Understanding of the regulatory environment for Pension Funds in general	3.00
5 Understanding of the regulatory environment for Local Government Pension Scheme (LGPS) Pension Funds	2.63
6 Awareness of the following key documents:	
a) Governance Statement	3.38
b) Statement of Investment Principles (SIP)	3.50
c) Funding Strategy Statement (FSS)	3.25
d) Annual Report and Accounts for the Pension Fund	3.50
7 Understanding of the LGPS Benefits structure	3.00
8 Understanding of the role of the Global Custodian	3.00
9 Understanding of the role of the Actuary	3.38

<b>Date</b>	<b>Topic(s)</b>	<b>Location</b>
18 Sept 13  Full Day	<b>CIPFA Pensions Network – Scottish Workshop</b>  Limited Places – 1 Member, 2 Officers	Baillie Gifford's Edinburgh
2 & 3 Oct 13 1 & ½ Days	<b>Baillie Gifford's Local Authority Training &amp; Investment Seminar</b>  Note: Limited Places (3 – Members, 2 Observers/Non- voting members & 2 Officers)	Surgeons' Hall, Edinburgh
8 Oct 13 ½ Day	<b>Day 3 – SBC Pension Fund Induction (Re-scheduled)</b> <ul style="list-style-type: none"> <li>• Key Controls</li> <li>• Accounting &amp; Audit Requirements</li> <li>• Pensions Administration – Including Benefits</li> </ul> Training Objective: To continue the introduction to the elements of the CIPFA Knowledge and Skills Framework	Newtown St Boswells
14 Jan 14 ½ Day	<b>Pension Training</b> <ul style="list-style-type: none"> <li>• General regulatory Pension Environment</li> <li>• LGPS regulatory Environment</li> </ul> Training Objective: To increase understanding of regulatory environment highlighted in Knowledge/Skills assessment.	Newtown St'Boswells
19 Mar 14 ½ Day	<b>Pension Training</b> <ul style="list-style-type: none"> <li>• Role of Custodian</li> <li>• Emerging Markets</li> </ul> Training Objective: to increase understanding of role of Custodian highlighted in Knowledge/Skills assessment. Increase knowledge and understanding of possible new areas of investments.	Newtown St'Boswells