
TRAINING PLAN 2017/18

Report by Chief Financial Officer

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

22 June 2017

1 PURPOSE AND SUMMARY

- 1.1 This report compares the actual 2016/17 attendance for Pension Fund Committee and Board Members to the requirements detailed in the current Training Policy approved in June 2016 and proposes key areas of training for 2017/18 in-line with the policy and based on the Skills Knowledge assessment recently undertaken.**
- 1.2 In December 2016 the Pension Fund Committee and Board agreed the completion of the Pension Regulator Trustee Toolkit should be a mandatory requirement for all members. The Training Policy has been updated to reflect this and a copy of the revised policy is contained in Appendix 1.
- 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 Assessments were undertaken in May 2017 and summarised in Appendix 2.
- 1.5 The proposed Training areas for 2017/18 are summarised in para 6.2 for approval and members are strongly encouraged to actively participate in all training events to demonstrate their commitment to building the knowledge to support effective decision making.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Joint Pension Fund Committee and Board:**
 - (a) Notes the outcome of the Knowledge and Skills Self-Assessment; and**
 - (b) Agrees the revised Training Policy in Appendix 1**
 - (c) Notes the mandatory requirement for completion of the Pension Fund Regulator Trustee**
 - (d) Approves the Training areas for 2017/18 set out in para 6.2 and agrees that all members should prioritise attendance at training events wherever practicable.**

3 BACKGROUND

- 3.1 At the June 2015 joint meeting of the Pension Fund Committee and Board, the Training Policy (the policy) was updated and agreed. A further discussion in December 2016 agreed to include within the policy the mandatory requirement to undertake the Pension Regulator Trustee toolkit. The Policy has been updated to reflect this and was prepared in line with the best practice guidance. A copy of the revised policy is contained in Appendix 1.
- 3.2 The best practice guidance indicates that the annual report should include an assessment of the Committee in terms of:
 - (a) Attainment of the standards set down in CIPFA's knowledge and skills framework; and
 - (b) Achievement of required training outcomes.
- 3.3 One of the key elements of the Policy is that all Members of the Pension Fund Committee and the Board 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 POLICY ANNUAL UPDATE

- 4.1 The 2016/17 training programme approved at the June 2016 Pension Fund Committee and Board covered the following:
 - (a) Financial Markets and Investment Products.
 - (b) Role of the Custodian.
 - (c) General Pension Fund Regulatory environment.
 - (d) LGPS Regulatory environment
- 4.2 All training events were open to members of the Pension Fund Committee and Pension Fund Board.
- 4.3 The table over shows the six training events offered and areas covered. All areas identified in June 2016 were covered. The Regulatory environment, relating to the topics, was highlighted and incorporated within the individual topics covered.

Organiser	Training Provided
SBC Internal	Long Lease property, Private Credit and Index Linked gilts investments
Baillie Gifford	Investments - various
Local Government Chronical	Infrastructure investments, Investment issues, Fiduciary duties, Pooling England & Wales
Local Government Pension Scheme (Scot) Officers Group	Role of Custodian, legislation and Pension Administration, Infrastructure investment and Environmental, Social & Governance Policy (ESG)
Pension & Lifetime Savings Assoc	Investment Governance and investments
SBC Internal	Fiduciary Responsibilities

- 4.4 The target is to have members of the Pension Fund Committee and Board attend at least two training sessions each year. The table below shows the attendance rates for both:

No of Events	Committee Members		Board Members	
	%	No of Members	%	No of Members
Over 4	28.6%	2	37.5%	3
3	42.8%	3	62.5%	5
2	14.3%	1		0
Less than 2	14.3%	1		0

- 4.5 All Members of the Pension Fund Board have fully met the training requirements. The full training requirements have not been met by all Members of the Pension Fund Committee. Members are recommended to prioritise their attendance at training sessions wherever possible to ensure they can participate in the complicated activities of the committee with the benefit of detailed knowledge imparted through these sessions.

- 4.6 A further target within the Training Policy was that every member attended at least 2 Committees per year. The table below shows the attendance rates for both the Pension Fund Committee and Board Members:

No of meetings	Committee Members		Board Members	
	%	No of Members	%	No of Members
4	28.6%	2	12.5%	1
3	42.8%	3	50%	4
2	14.3%	1	25%	2
Less than 2	14.3%	1	12.5%	1

- 4.7 86.7% of the total Members of the Pension Fund Committee and Board have met the attendance requirements. Due to illness and conflicting commitments two members did not meet the required attendance level.

5 TRAINING NEEDS ANALYSIS

- 5.1 To ensure training needs are met for all members of the Pension Fund Committee and Board, a knowledge and skills assessment questionnaire has been completed by them. An analysis of this is contained in Appendix 2 for those returns completed. This information has been used to inform the future training programme.
- 5.2 Due to the level of new members on the Pension Fund Committee the training needs analysis for 2017/18 will form the base line measurement for future improvement. The Board have shown an increase in the level of skills and knowledge from 2016/17 analysis in all areas.

6 TRAINING PROGRAMME

- 6.1 To facilitate completion of the Pension Regulator Trustee Toolkit drop in sessions will be available to all members. The drop in sessions will assist members with any modules they are requiring assistance to complete and will take place during August and September.
- 6.2 The areas highlighted from the returned skills assessments are shown in the table below. These will form the training requests to the development of the next two IGG Group training events. The IGG Group training events programme will be supplemented by in-house training events for areas not covered.

Topic	Training Objective
Financial Markets and Investment Products	To increase understanding of current markets and investment products and also highlight new investment products and markets
Role of Custodian	To increase knowledge and understanding of the role of custodian
General Pension Fund Regulatory environment	To increase general knowledge and awareness of the regulatory environment for general Pensions.
LGPS regulatory environment	To increase general knowledge and awareness of the regulatory environment for LGPS's

- 6.3 The formal training events will also be supplemented by the continuation of the informal meetings prior to the Pension Fund Investment and Performance 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.
- 6.4 Additional external training opportunities that occur during the year will augment the proposed training programme. The Capital and Investment Manager will highlight these to the Pension Fund Committee and the Board for agreement on relevance and nominations of attendees.

7 IMPLICATIONS

7.1 Financial

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.

7.2 Risk and Mitigations

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.

7.3 Equalities

It is anticipated that there is 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.

7.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability.

7.5 Carbon Management

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

7.6 Rural Proofing

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

7.7 Changes to Scheme of Administration or Scheme of Delegation

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

8 CONSULTATION

- 8.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted on the report and their comments will be incorporated.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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

Background Papers:

Previous Minute Reference: 16 June 2016 – Pension Fund Committee

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SCOTTISH BORDERS COUNCIL PENSION FUND TRAINING POLICY

**Finance
Chief Executives Department
Version: Draft
Draft: Pension Fund Committee 22 June 2017**

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 and Board.
- 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 2015.
- 1.4 For the avoidance of any doubt, the term members in relation to this Policy will refer to all members of the Pension Board and the Pension Fund Committee irrespective of voting rights, as set out in the amendment to the Scheme of Administration agreed by Council on 2 April 2015.

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."*¹

- 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 2014 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 following policy statement has been adopted:

"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 and Board 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 or Board, 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 All members must within 6 months of joining the Committee or Board complete the Pension Regulator Trustee Toolkit.
- 4.3 An Induction File will also be provided to members when they start with the Committee or Board, 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

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

documents.

- 4.4 A training needs analysis will be undertaken for each member of the Committee and Board 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.
- 4.5 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**.
- 4.6 A training log will be retained for each member in line with the best practice standard.
- 4.7 For the Pension Fund Investment and Performance Sub Committee an informal meeting of the Sub Committee with the Fund's external Investment Adviser immediately prior to the formal meeting will be held to enable all members of the Sub Committee to be appropriately briefed and better prepared to question the Fund Managers in depth following their presentation.
- 4.8 As part of their commitment to good scheme governance, Members, 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 Pension Fund Investment and Performance Sub-Committee.
- 4.9 Training Opportunities for the Committee and Board 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.
- 4.10 The Pension Regulator online toolkit ([tpr.gov.uk/public-service schemes](http://tpr.gov.uk/public-service-schemes)) is recommended for all Committee and Board Members and completion of modules will be noted in the training register.
- 4.11 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 and Board.
- 4.12

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 and Board 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.

APPENDIX A

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

VERSION CONTROL TABLE

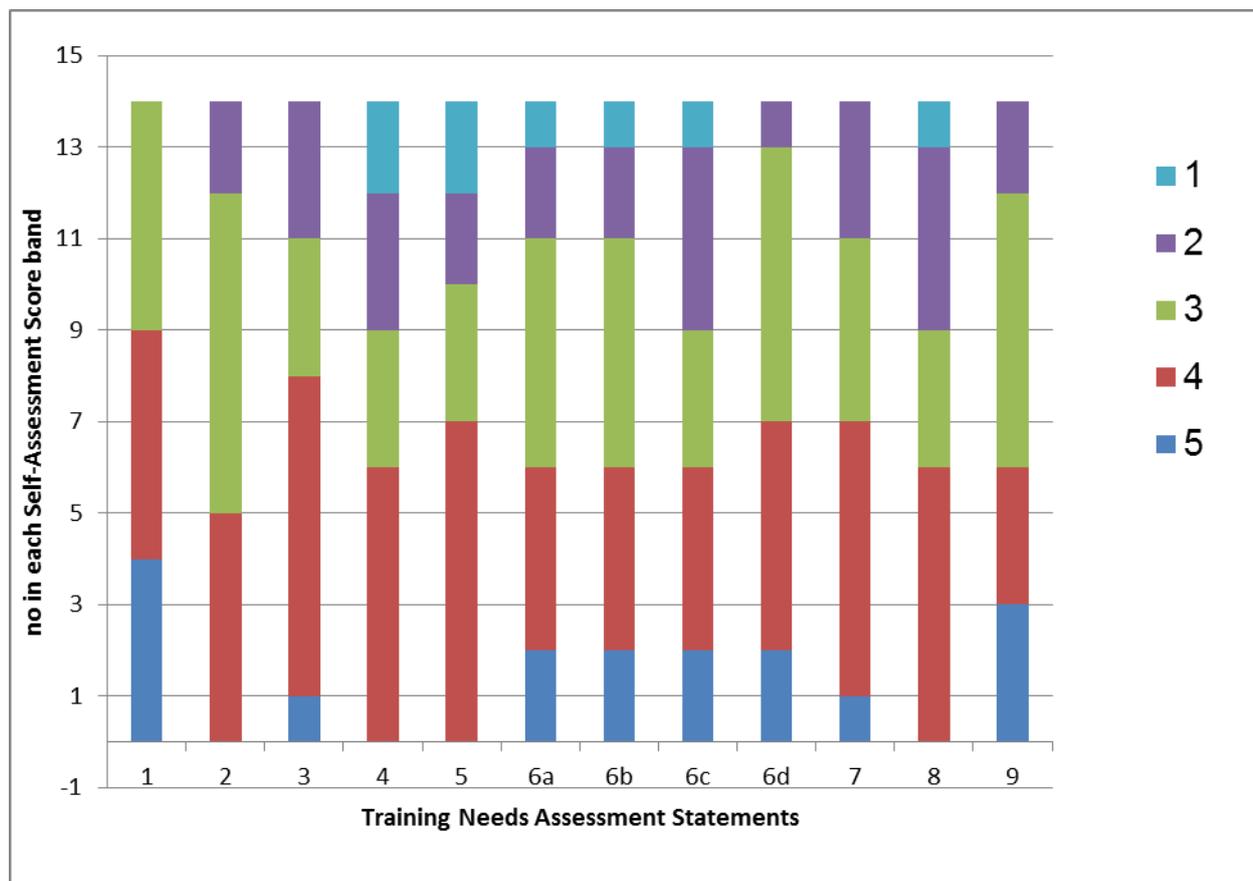
Version	Nature of Amendment	Date of Change	Author
2012 1.0	Creation of Training Policy	30 August 2012	Lynn Mirley
2012 2.0	Approved by Pension Fund Committee	13 September 2012	Lynn Mirley
2013 1.0	Updated for changes to Scheme of Administration	11 June 2013	Lynn Mirley
2013.2	Approved by Pension Fund Committee	18 June 2013	Kirsty Robb
2015.1	Update for revised Governance structure	18 June 2015	Kirsty Robb
2017.1	Inclusion of mandatory completion of Pension Regulator Trustee Toolkit	15 June 2017	Kirsty Robb

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APPENDIX 2

Knowledge & Skills Assessment – 2017



Training Needs Assessment Statements

Statement	Members Average Score
1 Understanding of responsibilities as a member of the Pension Fund Committee	3.92
2 Knowledge of the financial markets and investment products	3.21
3 Confidence with Pension Fund investment concepts and terminology	3.42
4 Understanding of the regulatory environment for Pension Funds in general	2.92
5 Understanding of the regulatory environment for Local Government Pension Scheme (LGPS) Pension Funds	3.07
6 Awareness of the following key documents:	
a) Governance Statement	3.28
b) Statement of Investment Principles (SIP)	3.28
c) Funding Strategy Statement (FSS)	3.14
d) Annual Report and Accounts for the Pension Fund	3.57
7 Understanding of the LGPS Benefits structure	3.57
8 Understanding of the role of the Global Custodian	3.00
9 Understanding of the role of the Actuary	3.50