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## **TRAINING PLAN 2018/19**

**Report by Chief Financial Officer**

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### **JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD**

**14 June 2018**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report compares the actual 2017/18 attendance for Pension Fund Committee and Board Members to the requirements detailed in the current Training Policy approved in June 2017 and proposes key areas of training for 2018/19 in-line with the policy and based on the Skills Knowledge assessment recently undertaken.**
- 1.2 In line with this Policy, the Pension Fund agreed to undertake an annual knowledge and skills self-assessment to identify the key areas for the future years training plan.
- 1.3 The Training Knowledge and Skills Assessments were undertaken in April 2018 and summarised in Appendix 2.
- 1.4 The proposed Training areas for 2018/19 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 enhancing the governance of the Pension fund and to support effective decision making.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Joint Pension Fund Committee and Board:**
  - (a) Notes the Training Policy in Appendix 1**
  - (b) Notes the outcome of the 2017/18 training programme and the attendance levels for training and meetings**
  - (c) Notes the outcome of the Knowledge and Skills Self-Assessment for 2018/19; and**
  - (d) Approves the Training areas for 2018/19 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 2017 joint meeting of the Pension Fund Committee and Board, the Training Policy (the policy) was updated and agreed. A copy of the policy is contained in Appendix 1.
- 3.2 The best practice guidance indicates that the annual report should include an assessment of the performance 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 2017/18 training programme approved at the June 2017 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 four training events offered and areas covered. All areas identified in June 2017 were covered. The Regulatory environment, relating to the topics, was highlighted and incorporated within the individual topics covered.

<b>Organiser</b>	<b>Training Provided</b>
SBC Internal	Fiduciary responsibilities & ESG
Local Government Chronical	Infrastructure investments, Investment issues, Fiduciary duties, Pooling England & Wales
Local Government Pension Scheme (Scot) Officers Group	Role of Custodian, Introduction to LGPS, Governance & Fiduciary duty, Triennial valuations. Investment strategies and Corporate Governance/Stewardship.
Pension & Lifetime Savings Association	Investment governance and investments

- 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
4		-		-
3	57.1	4	25	2
2	28.6	2	50	4
Less than 2	14.3	1	25	2

- 4.5 85.7% Members of the Pension Fund Committee and 75% of the Pension Fund Board have fully met the training requirements. 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 The training policy introduced in June 2017 the additional requirement for all Members of the Pension Fund Committee and Pension Fund Board to fully complete the Pension Regulators Trustees Toolkit within 6 months of taking up the role. The toolkit has been completed by 5 members of the Committee and 7 members of the Board. The remaining members are currently working towards fully completing the toolkit with a target completion date of August 2018.

- 4.7 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	57.1	4	12.5	1
3	42.9	3	50.0	4
2	-	-	12.5	-
Less than 2	-	-	25.0	3

- 4.8 80.0% of the total Members of the Pension Fund Committee and Board have met the attendance requirements. Following the Local elections in May 2017 a number of meetings dates were rearranged resulting in some members being unable to 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 The completed knowledge and skills assessment returns for 2018 have shown an improvement from the 2017 returns in all areas.

## 6 TRAINING PROGRAMME

- 6.1 The areas highlighted for further training, from the returned skills assessments, are shown in the table below. These will form the training requests to the development of the next IGG Group training event. The IGG Group training event will be supplemented by in-house training events for areas not covered.

<b>Topic</b>	<b>Training Objective</b>
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 Benefits Structure	To increase and understanding of the benefits structure of the LGPS Fund.

- 6.2 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.
- 6.3 Additional external training opportunities that occur during the year will augment the proposed training programme. The Pension and Investment Manager will highlight these to the Pension Fund Committee and the Board for agreement on relevance and for the 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	Pension and Investment Manager, 01835 825249

**Background Papers:**

**Previous Minute Reference:** 22 June 20176 – Joint Pension Fund Committee and Pension Fund Board

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[treasuryteam@scotborders.gov.uk](mailto:treasuryteam@scotborders.gov.uk)

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

**Finance  
Chief Executives Department  
Version: Draft  
Approved: 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 22 June 2017.
- 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."*<sup>1</sup>

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

- 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 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"> <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

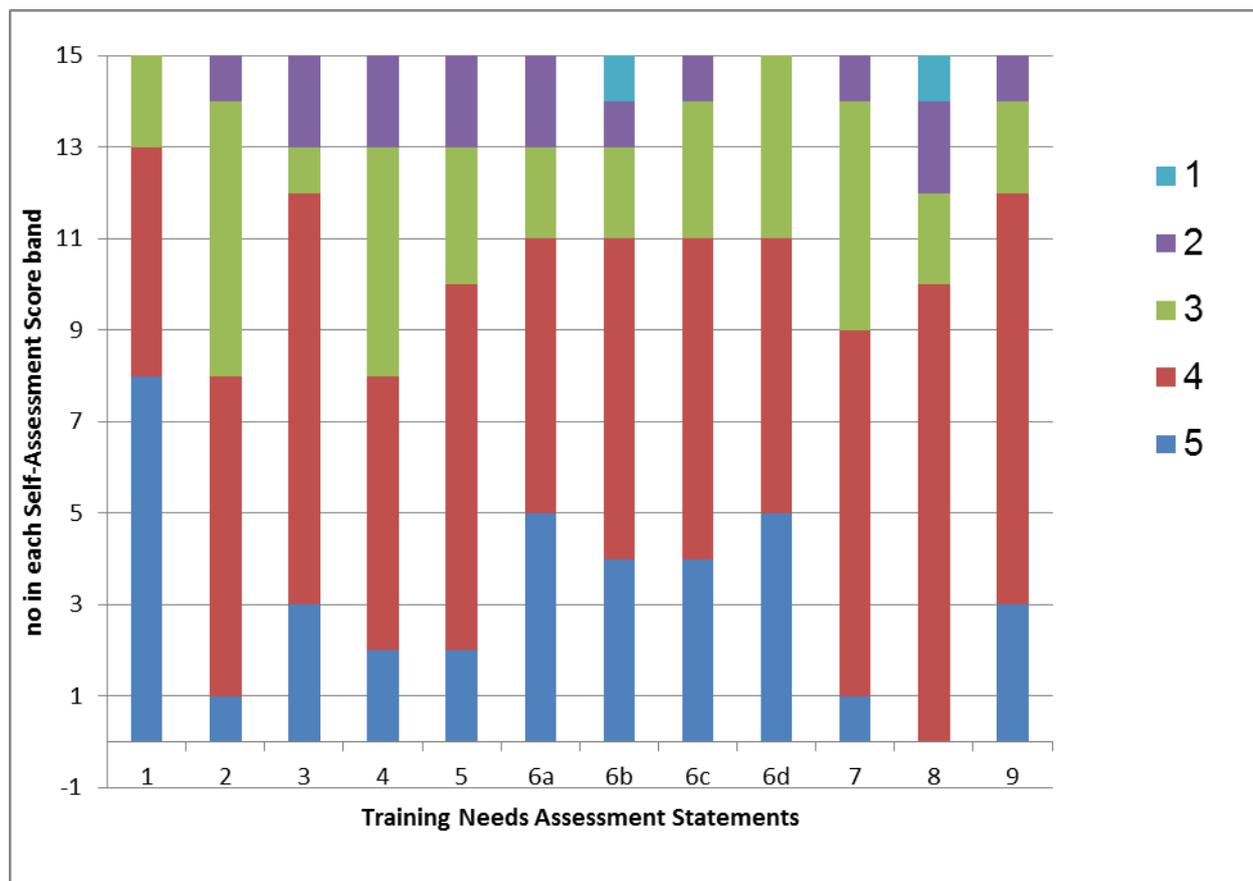
Version	Nature of Amendment	Date of Change	Author
2012 1.0	Creation of Training Policy	30 August 2012	Lynn Mirley
2012 2.0	Approved by Pension Fund Committee	13 September 2012	Lynn Mirley
2013 1.0	Updated for changes to Scheme of Administration	11 June 2013	Lynn Mirley
2013.2	Approved by Pension Fund Committee	18 June 2013	Kirsty Robb
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	4.40
2 Knowledge of the financial markets and investment products	3.53
3 Confidence with Pension Fund investment concepts and terminology	3.87
4 Understanding of the regulatory environment for Pension Funds in general	3.53
5 Understanding of the regulatory environment for Local Government Pension Scheme (LGPS) Pension Funds	3.67
6 Awareness of the following key documents:	
a) Governance Statement	3.93
b) Statement of Investment Principles (SIP)	3.80
c) Funding Strategy Statement (FSS)	3.93
d) Annual Report and Accounts for the Pension Fund	4.07
7 Understanding of the LGPS Benefits structure	3.60
8 Understanding of the role of the Global Custodian	3.40
9 Understanding of the role of the Actuary	3.93