
TRAINING PLAN 2021/22

Executive Director, Finance and Regulatory Services

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

10 June 2021 Executive

1 PURPOSE AND SUMMARY

- 1.1 This report compares the actual 2020/21 attendance for Pension Fund Committee and Board members to the requirements detailed in the current Training Policy approved in June 2019. The report proposes key areas of training for 2021/22 in line with the policy and based on the Skills Knowledge assessment recently undertaken.**
- 1.2 In line with the Training Policy at Appendix 1, the Pension Fund Committee and Pension Fund Board members are required 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 2021 and scores received are summarised in the table in paragraph 5.1 and in more detail in Appendix 2.
- 1.4 The proposed Training for 2021/22 will focus on Financial Markets and Products, Investment performance & risk management, Pension Administration and General Pension Fund Regulatory environment. 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 at Appendix 1**
 - (b) Notes the outcome of the 2020/21 training programme and the attendance levels for training and meetings**
 - (c) Notes the outcome of the Knowledge and Skills Self-Assessment for 2021/22; and**
 - (d) Approves the Training areas for 2021/22 set out in para 6.2 and agrees that all members should prioritise attendance at training events wherever practicable.**

3 BACKGROUND

- 3.1 The Scottish Borders Council Pension Fund (the Fund) is Part of the Local Government Pension Scheme (LGPS) and is administered by Scottish Borders Council (the Administering Authority). The Fund is administered in accordance with the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance)(Scotland) Regulations 2014. It is a requirement of the LGPS Regulations that the Pension Fund maintains a training policy and monitors adherence to this policy on an annual basis.
- 3.2 The best practice guidance indicates that the annual report should include an assessment of the performance of the Committee and Board 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 The current Training Policy (at Appendix 1) was approved on 22 June 2017 by the Pension Fund Committee and Pension Fund Board and has subsequently been noted annually in June by the Committee and Board at the joint meetings when the Training Plan was considered. One of the key elements of the Training 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 ANNUAL UPDATE

- 4.1 The 2020/21 training programme approved at the 22 June 2020 Pension Fund Committee and Board covered the following:
- (a) Financial markets and investment products
 - (b) Investment Performance & risk management
 - (c) Pension Administration
 - (d) General Pension Fund 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 the training plan approved on 22 June 2020 were covered by these events.

Organiser	Training Provided
Local Government Pension Scheme (Scot) Officers Group	Governance, Stewardship, Investments and work of Scheme Advisory Board
Local Government Pension Scheme (Scot) Officers Group	Actuarial valuations, Longevity and Pension Administration

Pension & Lifetime Savings Association	Stewardship, fiduciary management, COVID 19, Employer covenants, Pension Scheme Bill and ESG
Local Government Chronical	Investment issues and ESG
Pension & Lifetime Savings Association	Investment governance, ESG and investments.
Local Government Chronical	Investment issues and ESG

- 4.4 The Training Policy requires Members of the Pension Fund Committee and Pension Fund Board to attend at least two training sessions a year. The table below shows the attendance rates for both:

No of events	Committee Members	Board Members
	Number of Members	Number of Members
5	2	2
4	2	3
3	2	2
2	1	1
Less than 2	0	0
Total Members	7	8

- 4.5 All Members of the Pension Fund Committee and 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 all members of the Committee and Board.
- 4.7 Members are also required to attend at least two of the Joint Pension Fund Committee and Pension Fund Board meetings per year. The table below shows the attendance rates for both the Pension Fund Committee and Pension Fund Board Members. During 2020/21 an additional meeting was held to approve a response for a Scheme Advisory Boards consultation.

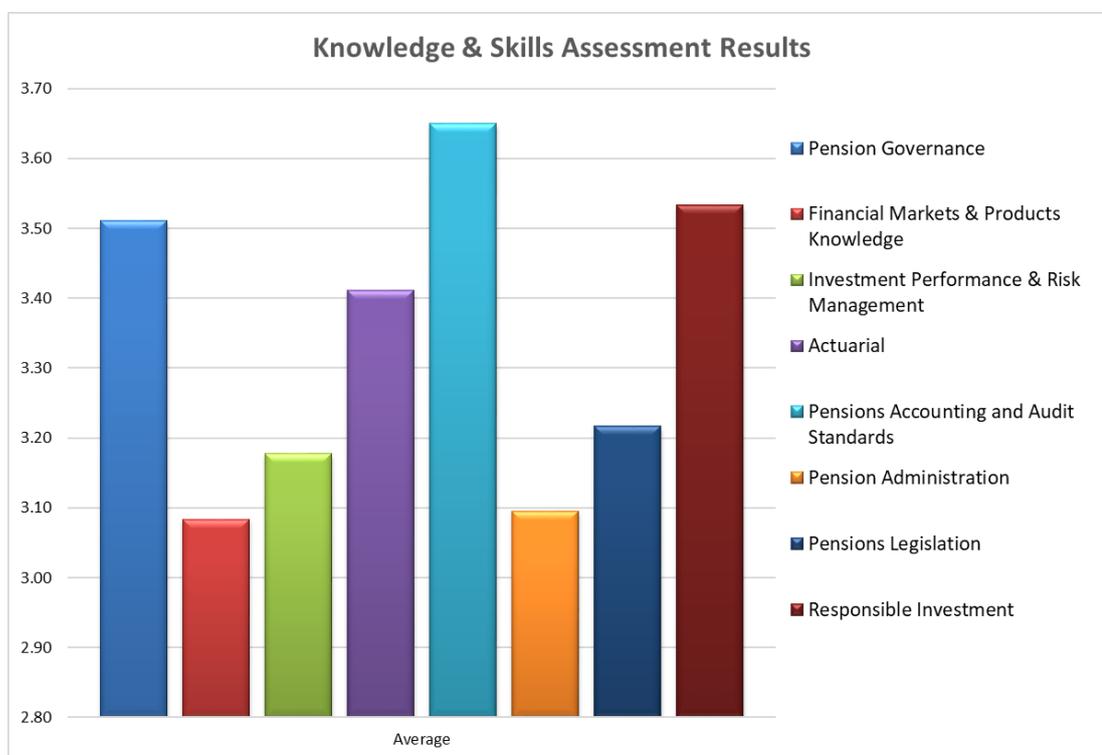
	Committee Members	Board Members
5 meetings	4	3
4 meetings	3	2
3 meeting	0	2
2 meetings	0	1

Less than 2 meetings	0	0
Total	7	8

4.8 All Members of the Pension Fund Committee and the Pension Fund Board have met the attendance requirement. Members of the Board and Committee have been reminded of their attendance requirements and the dates for the 2021/22 meetings have been circulated and are included quarterly in the information update.

5 TRAINING NEEDS ANALYSIS

5.1 To ensure training needs are met, all Members of the Pension Fund Committee and Pension Fund Board are required to complete a knowledge and skills assessment questionnaire. An analysis of assessment returned are summarised in the chart below and detailed in Appendix 2. The scores are measured between zero and five, with five being full knowledge and skills held.



5.2 The completed knowledge and skills assessment returns for 2021 shown a slight decline in the average overall score from 2020. This is due to new Board Members in 2021 and in 2020.

6 TRAINING PROGRAMME

- 6.1 The information contained in the returned knowledge assessment forms the basis for the training plan in 2021/22. Despite the training undertaken during 2020/1 members continued to note the requirement for more training in these areas and again therefore the planned programme of events in 2021/22 will focus on these high priority complex areas.

2021-22 training plan	
Topic	Training Objective
Financial Markets and Products	To increase understanding of current markets and investment products and also highlight new investment products and markets
Investment performance & risk management	To increase understanding of investments performance measurement.
Pension Administration	To increase knowledge and understanding of the pension administration function and key processes.
Pension legislation	To increase general knowledge and awareness of the regulatory environment for general Pensions.

- 6.2 Due to continuing COVID 19 and social distancing requirements some of the annual training events and seminars will remain as virtual events. Information on these events will be highlighted to all Committee and Board Members as they become known.
- 6.3 The Local Government Pension Scheme (Scot) Officers Group will be arranging the 2021 training event to cover many of the areas identified above. Due to ongoing COVID19 restrictions the event will be held as a virtual event.
- 6.4 The formal and virtual 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.
- 6.5 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 met 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 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance required under the Local Government Pension Scheme (Governance)(Scotland) Regulations 2014. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

7.4 Acting Sustainably

There are no significant impacts on the economy, community or environment arising from the proposals contained in this report.

7.5 Carbon Management

There are no significant effects on carbon emissions arising from the proposals contained in this report.

7.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

7.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals contained in this report.

8 CONSULTATION

- 8.1 The Chief Legal Officer (Monitoring Officer), the Chief Officer Audit and Risk, the Service Director HR and Communications, the Clerk to the Council and Communications team have been consulted and their comments have been incorporated into the final report.

Approved by

David Robertson

Executive Director Finance & Regulatory

Signature

Author(s)

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

Background Papers:

Previous Minute Reference: 22 June 2020 - Pension Fund Committee and Pension Fund Board

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Contact us at: Treasury & Capital Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 PSA Tel: 01835 825249 Fax 01835 825838. email:

t&cteam@scotborders.gov.uk



SCOTTISH BORDERS COUNCIL PENSION FUND TRAINING POLICY

**Finance
Chief Executives Department
Version: Final Approved 13 June 2019**

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 13 June 2019.
- 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.

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

- 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) 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.

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.

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	22 June 2017	Kirsty Robb
2019.1	Change to approval date	13 June 2019	Kirsty Robb

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01835 825016, t&cteam@scotborders.gov.uk

APPENDIX 2 – Average scores 2021

Pension Governance	Average score
Knowledge of the role of the administration authority in relation to the LGPS	3.9
Understanding of how the roles and powers of the Administering Authority, Scheme Advisory Board, The Pension Regulator and the Pension Ombudsman relate to the Scheme.	3.6
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	3.2
Understanding of the role and responsibilities of the Pension Fund Committee in relation to the Fund.	3.9
Understanding of the role and responsibilities of the Pension Fund Board in relation to the Fund.	3.7
Awareness of the role and statutory responsibilities of the Monitoring Officer	3.3
Knowledge of the stakeholders of the Pension Fund and the nature of their interests.	3.7
Knowledge of how the Pension Fund management of risks are monitored and managed.	3.6
Knowledge of consultation, communication and involvement options relevant to stakeholders.	3.3
An understanding of how conflicts of interest are identified and managed	3.5
An understanding of how breaches of law are reported.	2.9
Awareness and understanding of Annual Governance Statement	3.5
Governance overall	3.5
Financial Markets knowledge	
An understanding of the risk and return characteristics of the main assets classes (equities, bonds, property etc.)	3.3
An understanding of the role of these asset classes in the long-term pension fund investing.	3.4
An awareness and understanding of the Funds statement of Investment Principles (SIP) and the investment strategy decisions	3.3
Awareness and understanding of the Funding Strategy Statement (FSS)	3.2
Broad understanding of the workings of the financial markets and of the investment vehicles available to the Pension Fund and the nature of the associated risks.	3.6
Understanding of the limits placed by regulation on the investment activities of Local Government Pension Funds	2.8
Understanding of how the Pension Fund interacts with taxation system in the UK and overseas in relation to investments	2.7
General understanding of the role of the Global Custodian	2.4
Financial Markets overall knowledge	3.1
Investment Performance & Risk Management	
Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks	3.5
Awareness of the Myners principles of performance management and the approach adopted by the administering authority.	2.7
Awareness of Funds risk management policy and the current risk register	3.3
Overall Investment Performance & Risk Management knowledge	3.3
Actuarial	
General understanding of the role of the Fund actuary.	3.5

Knowledge of the valuation process including developing the Funding Strategy.	3.5
Broad understanding of the implications of accepting new employers into the Fund.	3.5
Understanding of the implications of employers leaving the fund and of cessation calculations	3.4
General understanding of importance of employer covenant and relative strengths of the covenant across the fund employers.	3.5
General understanding of relevant considerations in relation to outsourcings and bulk transfers.	3.4
Actuarial Overall	3.0
Pensions Accounting and Audit Standards	
Understanding of the Accounts and Audit regulations and legislative requirements relating to internal controls and proper accounting practice.	3.5
Understanding of the role of both internal and external audit in the governance and assurance process	3.8
Pensions Accounting and Audit Standards Overall	3.7
Pension Administration	
Understanding of the Local Government Pension Scheme benefits structure	3.7
Knowledge of Pension Administration Strategy and delivery	3.5
Knowledge of how discretionary powers operate	2.6
Understanding of required and adopted scheme policies and procedures relating to:- Member data maintenance & record keeping processes, Internal dispute resolution, Contributions collection, Scheme communication & materials	3.1
Understanding of best practice in pension administration	3.3
Understanding of how Pension Fund interacts with taxation system in UK and overseas in relation to benefits administration	2.7
Understanding of AVC arrangements exist and principles relating to the operation of these, choice of investments offered, providers investment * fund performance and payment schedule of arrangements.	2.7
Pension Administration Overall	3.1
Pensions Legislation	
General understanding of pensions legislative framework in the UK	3.3
Overall understanding of legislation and statutory guidance specific to Local Government Pension Scheme (LGPS).	3.2
Appreciation of LGPS discretions and how the formulation of discretionary policies impacts on the Pension Fund, employers and local taxpayer.	3.0
Regularly updated appreciation of the latest changes to the scheme rules	3.4
Pensions Legislation Overall	3.2
Responsible Investment	
Awareness and understanding of Statement of Responsible Investment	3.5
Understanding of fiduciary duties in relation to responsible investments	3.3
Awareness and understanding of risks, opportunities and impacts of decisions in relation to investments and impact on the Fund and its beneficiaries.	3.7
Awareness of Climate change issues	3.6
Responsible Investment Overall	3.5