

# Gloucestershire Pension Fund

## Training Strategy

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For and on behalf of Hymans Robertson LLP



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## Introduction

This is the training strategy of the Gloucestershire Pension Fund (“the Fund”). It has been established to aid the Pension Committee, Pension Board and Officers understanding of their respective responsibilities in relation to the Fund. This training strategy sets out how these key roles within the Fund will obtain and maintain the necessary knowledge and understanding in order to fulfil their role.

## Objectives

The Funds’ objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund;
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Housing, Communities and Local Government.

### **CIPFA Knowledge and Skills Framework – Pension Fund Committees**

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above headings the Framework sets out the knowledge required by those individuals responsible for Fund’s management and decision making.

### **CIPFA Technical Knowledge and Skills Framework – Local Pension Boards**

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

### **Links to The Scheme Advisory Board's Good Governance project**

In February 2019 the Scheme Advisory Board commissioned Hymans Robertson to consider options for enhancing LGPS governance arrangements to ensure that the Scheme is ready for the challenges ahead and at the same time retains local democratic accountability. Following extensive consultation and engagement with the LGPS community the SAB published 2 reports. The following recommendations from the second report relate directly to the attainment of knowledge and skills;

- Key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
- A requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.
- Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
- Relevant professional bodies to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

The findings of the Good Governance Review have yet to be formally adopted in statutory form, however, this Training Strategy recognises the principles behind the recommendations and seeks to embed them into the culture of the Fund.

### The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its code of practice 14 – *Governance and administration of public service pension schemes*. The toolkit covers 7 short modules, which are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice they do not cater for the specific requirements of the individual public service schemes.

As a result the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation.

### Pension Committee

Under the constitution of Gloucestershire County Council ("the Council"), The Pension Committee has the responsibility "to give advice on the proper management of the Gloucestershire Pension Fund and carry out the function of the Council as Administering Authority."<sup>1</sup> .

Members of the Committee must, therefore, have an understanding of all aspects of running the Fund and how to exercise their delegated powers effectively.

#### Members of the Pension Committee require an understanding of:

- their responsibilities as delegated under the constitution of the Council as the administering authority for the fund;
- the requirements relating to pension fund investments;
- the management and administration of the Fund;
- controlling and monitoring the funding level; and
- effective governance and decision making in relation to the management and administration of the Fund.

There also exists a specific requirement under MiFID II<sup>2</sup>, that those making investment decisions, must be able to demonstrate that they have the capacity to be treated as professional investors.

<sup>1</sup> Gloucestershire County Council Constitution – Part 3 (3.4) – responsibility for functions page 36/7

<sup>2</sup> Markets in Financial Instruments Directive II (2014/65/EU)

### Expectations on Pension Committee Members

The role of Pension Committee member is an important one and there are certain expectations on those undertaking the role. These include;

- A commitment to attend and participate in training events and to adhere to the principles of this Training Strategy; and
- The ability to use acquired knowledge to participate in meetings and to ask questions constructively of the information provided by officers, advisers and others;
- Judge the information provided in a fair and open minded way that avoids pre-determining outcomes; and
- Operate within the terms of reference for the Pension Committee and the elected member code of conduct.

### Local Pension Board

Under the constitution the Local Pension Board is required;

To provide assistance to the Council as the LGPS Scheme Manager in securing compliance with:

- LGPS Regulations and any other legislation relating to the governance and administration of the LGPS;
- requirements imposed in relation to the LGPS by The Pensions Regulator;
- the agreed investment strategy; and
- any other matters as the LGPS regulations may specify.

The role of the Local Pension Board is to provide assistance to the administering authority to ensure that the fund is well run and complies with its legal responsibilities and best practice. The Local Pension Board does not replace the administering authority or make decisions which are the responsibility of the administering authority.

### Local Pension Board members must be conversant with:

- the relevant LGPS Regulations and any other regulations governing the LGPS;
- guidance issued by The Pensions Regulator and other competent authorities, relevant to the LGPS;
- any policy or strategy documents as regards the management and administration of the Fund; and
- the law relating to pensions and such other matters as may be prescribed.

### Expectations on Local Pension Board members

The training provided to members of Local Pension Boards will ensure that they are familiar with certain legal requirements with they must comply. These are listed below;

- Members must have the capacity to represent employers or scheme members, according to whether they themselves are an employer or scheme member representative;
- Members must not have conflicts of interest and must provide the administering authority with any information they require in order to ensure that conflicts do not exist or arise in future; and
- Have the appropriate level of knowledge and skills to carry out their role.

In addition, Local Pension Board members will be expected to demonstrate other attributes, including;

- A commitment to attend and participate in training events and to adhere to the principles of this Training Strategy; and
- The ability to use acquired knowledge to participate in meetings and to ask questions constructively of the information provided by officers, advisers and others;
- Judge the information provided in a fair and open minded way that avoids pre-determining outcomes; and
- Operate within the terms of reference for the Pension Board.

### **Chief Finance Officer (Section 151 Officer)**

The Chief Finance Officer has specific LGPS related delegated powers under the constitution of the Council associated with the “functions, duties or powers of the Pensions Committee”. While not explicitly listed within the scheme of delegation these would ordinarily include;

- Responsibility for implementing the policy decisions of the Pension Committee and to act for the Pension Committee in certain emergency situations where to delay buying or selling assets might be detrimental to the Fund;
- The power to approve the terms of admission agreements on behalf of the administering authority;
- The power to approve the membership of certain categories of employees of foundation schools as being eligible for LGPS membership; and
- To undertake any necessary actions in connection with the admission of any academies to the Fund as scheme employers.

In addition, The Chief Finance Officer has the responsibility under s151 of the Local Government Act 1972 for the proper administration of the authority’s financial affairs, including those relating to the LGPS fund.

It is important therefore that the individual carrying out the role of the Chief Finance Officer has an appropriate knowledge of LGPS and pension matters.

### **The Chief Finance Officer should be familiar with:**

- The LGPS landscape and the role of the administering authority;
- The wider legal and regulatory framework;
- Key bodies and organisations;
- External Scrutiny;
- Employer issues including outsourcing and restructuring; and
- The role of the actuary.

In addition, the Chief Finance officer should be familiar with certain specific aspects of his or her role in respect of the LGPS, these include;

- CIPFA guidance of the role of the Chief Finance Officer in the LGPS;
- Fiduciary duties;
- Relevant case law; and
- LGPS funds in a local authority context.

## Head of Pensions

The Head of Pensions has responsibility for the operation of all aspects of the Fund and has delegated responsibilities in connection with the Council's role as administering authority for the Fund. Furthermore, the Head of Pensions provides expert advice and guidance to the pension committee. It is, therefore, expected that the Head of Pensions retains an exceptional level of knowledge, commensurate with the role.

The Head of Pensions should have an exceptional knowledge of;

- **Pensions legislations:** including LGPS, wider relevant pensions and guidance;
- **Pensions governance:** including legal and constitutional matters, relevant legal bodies and performance monitoring;
- **Pensions administration:** including administration and communications strategy, best practice in administration delivery and data management and security;
- **Funding and actuarial matters:** including setting funding strategy, employer risk and covenant, valuations and funding reporting and scrutiny;
- **Accounting and auditing:** including financial strategy, accounting, financial reporting and audit standards;
- **Investment strategy:** including asset allocation, pooling, performance and risk management;
- **Financial markets and products knowledge:** including MiFID II, pooling and asset classes; and
- **Procurement:** Including contract management, SLA's and relationship management.

## Other officers responsible for the management and administration of the Fund

All individuals responsible for the management and delivery of the LGPS or who have a decision-making, scrutiny or oversight role require the appropriate training to ensure they are equipped to do their job well.

The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required.

The exact nature and level of knowledge required will vary considerably by role.

## Fund officers should have a strong understanding of:

- Relevant areas of the LGPS as required for the delivery of their role;
- The processes and procedures required to successfully carry out their role; and
- Any pension fund or Council policies which apply, for example IT security, data management, equality and diversity.

## Participating Employers

The success of the Fund depends on the strength of the relationship between the administering authority and the employers that participate in it. Employers have a range of responsibilities within the LGPS and must employ individuals who have an understanding of the of those responsibilities.

### **Employers must be able to identify individuals who have an understanding of;**

- Employer discretion policies;
- The role of the appointed person and the Internal dispute resolution procedure;
- Their responsibilities for starters, leavers and changes to membership as set out in the Fund's administration strategy;
- Their responsibilities for collecting and remitting contributions (including additional contributions);
- The reasons for leaving under the LGPS regulations;
- Providing information requested by the Fund at year end or as required; and
- Their responsibilities with respect to outsourcing, staff transfers and reorganisations.

## Management and delivery

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and the Pension Regulator Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board (SAB), the Pensions Regulator and the Secretary of State.

The implementation of this Strategy and the delivery of the accompanying Training Plan will be the responsibility of the Fund's Head of Pensions and the wider pensions management team. However, each individual with a requirement to attain knowledge and skills under this Strategy has a personal responsibility to ensure they meet the required standards and must fully engage with the process.

### **Training Needs Assessment**

Committee and Board members, and officers covered by this Strategy will undergo a Training Needs Assessment (TNA), either following the adoption of this Strategy or upon commencing their role, whichever is later. The TNA will be used to identify areas of potential strength and areas for development and will form of part of the Fund's evolving training plan.

Specific TNA's on particular subjects will also be carried out as and when required by the appropriate officer and will be used to inform subsequent training requirements.

## Level of knowledge and skills required

In developing the training plan, consideration will be given as to the level of knowledge needed for each group of individuals. For example, the committee and board may require only an “awareness” or “general understanding” of some areas while an officer may require “detailed” or “expert” knowledge of the same topic.

The levels of knowledge that will be considered when drawing up the training plan and scheduling training events will be, in ascending order;

For committee and board members:

- An awareness – i.e. recognition that the subject matter exists
- A general understanding – i.e. understanding the basics in relation to the subject matter
- A strong understanding – i.e. a good level of knowledge in relation to the subject matter (but not necessary at detailed level).

For the officers:

- A strong understanding – i.e. a good level of knowledge in relation to the subject matter (but not necessary at detailed level)
- Detailed knowledge – i.e. knowledge of all aspects of the subject matter
- Expert knowledge – i.e. in depth mastery of all aspects of knowledge in relation to the subject matter

## Individual Training Plans

Training plans will contain core elements, such as the CIPFA knowledge and skills modules and the TPR’s requirements, but there will be variations within each individual’s training plan to reflect their specific role and level of knowledge required.

## Measuring the effectiveness of training

In order to measure the success of any training received it is important that each recipient of the training undertakes some form of assessment. As well as determining individual attainment and understanding such assessments will also assist the Fund in determining future training needs and methods of delivery. The frequency of tests will be determined by the Head of Pensions and depending on the training received could be undertaken immediately following a training event or as part of an annual assessment.

The Head of Pensions will also maintain a log of all training events and each individual’s attendance and assessment score.

## Timing

Ideally, targeted training will be provided that is timely and directly relevant to the Committee and Board’s activities as set out in the Fund’s business plan.

## Approach

This Strategy sets out how the Fund provide training to members of the Pension Committee and Pension Board. The Officers involved in the management and administration of the Fund will have their own team and personal training plans and career development objectives.

- **Induction training** - Pension Committee and Pension Board members will receive induction training to cover the role of the Fund, Pension Board and understand the duties and obligations of the Council as the Administering Authority, including funding and investment matters.

**Induction training will be arranged by the Head of Pensions and will be provided prior to the member attending their first committee or board meeting.**

- **External courses** - Additionally, a number of specialist courses are run by bodies such as the Local Government Association, actuarial, governance and investment advisers as well as fund managers. Appropriate courses will be selected by the Head of Pensions and information circulated to members in advance. Courses will be selected for their relevance to the Training Plan.
- **Conferences** - There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of particular relevance are the LGA Annual Governance Conference, LGA Fundamentals Training, Pension and Lifetime Savings Association (PLSA) Conference, the Local Government Chronical (LGC) Local Authority Conference, and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Appropriate conferences will be selected by the Head of Pensions and information circulated to members in advance. Conferences will be selected for their relevance to the Training Plan.

Additionally, consideration will be given to various training resources available in delivering training to Pension Committee and Pension Board members. These may include but are not restricted to:

- In-house and shared training events where it improves economy, efficiency and effectiveness;
- Self-improvement and familiarisation with regulations and documents;
- The Pension Regulator's e-learning programme;
- Attending courses, seminars and external events;
- Internally developed training days and pre/post meeting sessions;
- Regular updates from officers and/or advisers;
- Informal discussion and one-to-one sessions;
- Formal presentations;
- Circulated reading material;
- E-learning.

The Appendix to this strategy sets out the various methods that can be used to share relevant information and deliver training to members of the Committee, Board and relevant Fund Officers.

## Flexibility

When considering training for members of the Pension Committee and Pension Board it is recognised that individuals may have different learning styles. The Fund will seek, where possible, to ensure flexibility in the manner in which training is provided to support these different learning styles.

## Maintaining knowledge

In addition to undertaking ongoing training to achieve the requirements of the CIPFA knowledge and skills framework Pension Committee and Pension Board members are expected to maintain their knowledge and understanding of topical issues through attendance at internal/external events and seminars where appropriate.

Owing to the changing world of pensions, it will also be necessary to attend ad hoc training on emerging issues or on a specific subject on which a decision is to be made in the near future.

## Risk Management

The delivery of this training strategy is at risk in the event of-

- Frequent changes in membership of the Pension Committee or Pension Board;
- Poor individual commitment;
- Resources not being available;
- Poor standards of training;
- Inappropriate training plans.

These risks will be monitored, recorded and cross referenced with attendance details and assessment scores by the Head of Pensions and reported to the Pension Committee and Pension Board if their impact is likely to prevent the Fund from achieving the objectives of this Strategy.

## Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Knowledge and Skills framework has been applied;
- What assessment of training needs has been undertaken; and
- What training has been delivered against the identified training needs.

## Budget and costs

A training budget will be agreed with the Pension Committee as part of the annual business plan.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the Fund, provided that the Head of Pensions prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

## Effective date

This strategy comes into effect from 1 April 2021.

## Review

This strategy will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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## Appendix - Methods of delivery

Training need	Proposed delivery method							Link to CIPFA Framework
	Officer briefings	Briefing note	Pre Committee/ Board training	Training event (internal or external)	Conferences or Seminars	E-learning	Webinars/ videos	
<b>Induction</b>			✓					
<b>Pensions legislation</b>								
General introduction to the LGPS	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	1
General pensions framework	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	1
LGPS Discretions and formulation of policies	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	1
Latest changes to the LGPS	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	1
<b>Pensions governance</b>								
Understanding the role of the administering authority	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	2
Understanding the general governance framework, including the role of MHCLG, SAB, TPR and other Regulators	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	2
The role of the Pension Committee, the administering authority, Pension Board and scheme employers	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓	2
Understanding the role of the s.151 officer	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2
Monitoring and management of fund risk	✓	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	✓	2
Managing conflicts of interest	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	2
Reporting breaches of the law	<input type="checkbox"/>	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	2

Pensions administration								
General understanding of best practice in scheme administration (e.g. performance and cost measures)	✓	✓	✓	✓	☐	☐	☐	3
Appreciation of Fund policies, including the administration strategy	☐	☐	✓	✓	☐	☐	☐	3
Understanding of discretionary powers and their usage	☐	☐	✓	✓	☐	☐	☐	3
Overview of pension tax rules	☐	☐	✓	✓	☐	☐	☐	3
Understanding of the Fund's AVC arrangements, including investment choices and performance	☐	☐	✓	✓	✓	☐	☐	3
Pension accounting & auditing standards								
A general understanding of the Accounts and Audit Regulations, together with legislative requirements relating to internal controls and accounting practice	☐	☐	✓	☐	☐	☐	☐	4
A general understanding of the role of internal and external audit	☐	✓	✓	☐	☐	☐	☐	4
A general understanding of the role played by third party assurance providers	☐	☐	✓	☐	☐	☐	☐	4
Pension Services procurement & relationship management								
A general understanding of public procurement policy and the role of key decision makers and organisations	☐	☐	✓	✓	✓	☐	☐	5
A general understanding of the main requirements of UK and EU procurement legislation	☐	☐	✓	✓	✓	☐	☐	5
An understanding of the importance of considering risk factors for the Fund when selecting third party providers	☐	☐	✓	✓	✓	☐	☐	5

Appreciation of how the Fund monitors and manages performance of outsourced providers	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	5
<b>Investment performance &amp; risk management</b>								
A general understanding of the importance of monitoring asset returns relative to the liabilities	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	6
Understanding ways of assessing long term risk	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	6
Appreciation of the Myners principles and the approach adopted by the Fund	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	6
Appreciation of the range of support services available, who supplies them and the nature of the performance monitoring regime	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	6
<b>Financial markets &amp; products knowledge</b>								
A general understanding of the risk and return characteristics of the main asset classes	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	7
Understanding the role of these asset classes in long-term Fund investing	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	7
Understanding the importance of the Funds Investment Strategy Statement	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	7
A general understanding of the financial markets and the investment vehicles available to the Fund, together with their associated risks	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	7
Understanding the legislative limits placed on investments within the LGPS	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	7
Understanding how the Fund interacts with the UK and overseas taxation systems in relation to investments	<input type="checkbox"/>	<input type="checkbox"/>	✓	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	7

Actuarial methods, standards and practices								
General understanding of the role of the actuary	✓	✓	✓	✓	✓	☐	✓	8
Understanding the valuation process (including the Funding Strategy Statement) and inter-valuation monitoring	☐	☐	✓	✓	☐	☐	✓	8
Monitoring of early and ill health retirements	☐	✓	☐	☐	☐	☐	☐	8
Understanding the process for enabling new employers to join the Fund, together with the cessation process	☐	✓	✓	✓	✓	☐	✓	8
Understanding the pension implication of outsourcing and bulk transfers	☐	✓	✓	✓	✓	☐	✓	8
Appreciation of the employer covenant	☐	✓	✓	✓	✓	☐	✓	8

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