

## PENSION BOARD TRAINING POLICY

### 1. Introduction

- 1.1 This policy statement details the training agenda for members of the Pension Board and has been drawn up to meet their needs in relation to training.
- 1.2 In addition to the Training Policy for Board members, Board members will have access to all training provided to members of the Pension Committee.

### 2. Knowledge and understanding required by Pension Board members

- 2.1 A member of the Pension Board of a public service pension scheme must be conversant with:

- a. the rules of the scheme, and
- b. any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a pension board must have knowledge and understanding of:

- a. the law relating to Pension, and
- b. any other matters which are prescribed in regulations.

***The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the Pension Board.***

### 3. Training Programme

- 3.1 Training is provided to members of the Pension Board in respect of the following:

#### 3.1.1 Scheme Governance

- LGPS - Status and Legal Framework
- LGPS Regulations
- Roles of Pension Board, Pension Committee, and Scheme Manager
- Advisors and their Role
- Actuarial Valuation and Funding Strategy Statement
- Statement of Investment Principles
- Myners Principles
- Risk Management

### **3.1.2 Investment Strategy**

- Asset Classes
- Risk
- Investment Structure
- Investment Management and Performance Monitoring

### **3.1.3 Support Services**

- Custody Services
- Service Providers
- Role of the Head of Finance
- Role of the Pension Manager and Pension Section

## **4. Scheme Documentation**

4.1 On joining the Pension Board, a new member will received the following documentation:

- Copy of the guide to the Local Government Pension Scheme (LGPS)
- Copy of the most recent Annual Report
- Copy of the most recent Actuarial Valuation and Funding Strategy Statement
- Copy of the Governance Statement
- Copy of the Fund's compliance with the Myners Principles
- Copy of the Statement of Investment Principles

All remaining scheme documentation will be available to Board members via the Pension Fund website at [www.nespf.org.uk](http://www.nespf.org.uk)

## **5. Training Agenda**

5.1 Training is ongoing for members, however it would normally consist of some/all of following:

- it is expected that each Board member receives at least 2 days full training each year
- all members are invited to attend training courses suitable for their needs
- members are invited to attend employer and scheme member events hosted by the Pension Fund
- members will be given the opportunity to attend Seminars and conferences that are offered by industry wide bodies,
- on-line training provided by the Pension Regulator
- members will be given the opportunity to attend seminars and training events offered by the Fund's investment managers and advisors
- in addition fund officers are available to answer any queries from Board members

- use of the member secure area of the Pension Fund website [www.nespf.org.uk](http://www.nespf.org.uk)

## **6. Review arrangements**

6.1 A report will be presented to the Pension Board on an annual basis detailing:

- training provided in the previous year
- those members who attended the various training sessions
- seminars and conferences held in the previous year
- which seminars and conferences were attended by members and by which members

6.2 Board Members will carry out a personal training needs analysis on an annual basis to assess their overall level of 'Knowledge and Understanding';

6.3 The Pension Board will review the Training policy annually.

## **7. Reimbursement of Expenses**

7.1 All training costs are met directly by the Pension Fund.

## Knowledge and Skills Framework

This framework identifies the level of knowledge required by Board members to ensure that they can carry out effective decision making in respect of the Fund.

### Level of knowledge required

1 – In depth, 2 – Understanding, 3 – Conversant

CIPFA Knowledge and Skills	Knowledge Requirement	
	Pension Committee	Pension Board
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> <li>• Risk</li> </ul>	2	2
Pension accounting and auditing standards <ul style="list-style-type: none"> <li>• Audit and accounting regulations and requirement</li> </ul>	2	2
Financial services procurement and relationship management <ul style="list-style-type: none"> <li>• Understanding public procurement</li> <li>• Supplier risk management</li> </ul>	2	3
Investment Governance <ul style="list-style-type: none"> <li>• Investment Strategy</li> <li>• Financial Markets</li> </ul>	2	2
Investment performance and risk management <ul style="list-style-type: none"> <li>• Fund performance</li> <li>• Performance of advisors</li> <li>• Performance of the committee</li> <li>• Performance of support services and advisors</li> </ul>	2	3
Actuarial methods, standards and practices <ul style="list-style-type: none"> <li>• Valuations</li> <li>• Outsourcing</li> </ul>	2	3

## **FOR INFORMATION – Role of the Convener of the Pension Committee**

### **PURPOSE OF ROLE**

Strategy and operations of the Pension Fund; the proper administration of the Pension Scheme by the administering authority; the performance of the Fund, its advisors and agents; and the proper governance of the Committee and the Fund.

### **PRINCIPAL RESPONSIBILITIES**

1. Convener of the Pension Committee to determine, after taking the advice of the Head of Finance and other advisors:
  - a) The investment strategy of the Fund or Funds for which the Committee is responsible
  - b) The contribution rates of the employing organisations whose current and retired employees are members of the LGPS
  - c) The appointment of investment and actuarial advisors and other third party services
  - d) The Governance Framework
  - e) The communication strategy of the Fund or Funds
2. And to monitor:
  - a) The performance of the investments, the Pension administration service, the advisors and agents of the Fund and of the Committee itself
  - b) The costs of running the Pension Fund and Scheme
  - c) Comments and feedback from stakeholders
3. And to approve:
  - the annual report and accounts of the Fund(s)
  - Audit reports on the performance of the Pension Fund Service
  - Statements on Investment Principles, Governance, Administration and Communication
  - The Risk Register and an annual risk analysis
  - The medium term business plan and annual updates
  - Training and development plans and updates
  - Discretions given by statute and regulation to the Committee in relation to benefits under the LGPS
4. Work with the Head of Finance and other officers and advisors to plan an effective work programme for the Committee
6. Report to the administering authority and other employers, as stakeholders, using practical and appropriate means of communication, to

give assurances about the Fund's financial statements, risk management and internal control mechanisms

7. Receive regular briefings from the Head of Finance and other advisors in order to understand the context and import of forthcoming issues

## PERSONAL SPECIFICATION

Requirement	Essential	Desirable
1. Educational	Appropriate financial experience and training.  Knowledge of pension funds and schemes.	Demonstrable evidence of knowledge kept up to date.
2. Work Experience	Political awareness in numerous political environments.  Chairing high level partnership meetings achieving effective outcomes.  Operated for 5 years at a senior level.  Experience of risk and performance frameworks.	Previously chaired a pension committee or similar.
3. Abilities, Intelligence & Special Aptitudes	Chairing skills.  Influencing and consensus building.  Listening skills.  Able to assimilate complex information.	Mathematical/statistical literacy.  Knowledge of public sector and local government finance.
4. Adjustment & Social Skills	Ability to establish good working relationships with councillors, officers and advisors.  Able to direct discussions in politically sensitive environments.	Diplomacy and tact.

Requirement	Essential	Desirable
	<p>Able to command respect and demonstrate strong leadership.</p> <p>Assertive in pursuing the correct course of action.</p> <p>Able to work effectively with colleagues who may have different levels of experience and understanding.</p>	
5. Motivation	<p>Enthusiastic, not easily deterred and able to convey enthusiasm to others.</p> <p>Committed to the objectives of the Pension Scheme and Fund(s).</p>	
6. Equal Opportunities	<p>Understanding and commitment to promoting equality of opportunity with an understanding of the pension context.</p>	

**The Vice Convenor of the Pension Committee to also receive copies of this advice**

## **Compliance with the Job Description**

### **1. Pension Legislative and Governance context**

1.1 The pension's landscape is characterised by a complex legislative framework. In addition to the legislation of individual schemes, there are industry-wide statutes that apply in whole or in part to public sector schemes, including the way in which schemes interact with state Pension etc.

1.2 Also of key importance is a knowledge of the governance frameworks that apply within the Pension industry (such as the Myners principles); within individual schemes (such as the LGPS Governance statement requirements); and within the organisations that administer the schemes (for example the CIPFA/SOLACE framework Delivering Good Governance in Local Government).

***Full details of the scheme governance documentation and wider pension fund industry documentation can be found on the dedicated 'trustee' area of the Pension Fund website. In addition to this information regular training sessions are held for 'trustees' given by officers, fund managers, the scheme actuary and other advisors. In order to maintain an up-to-date knowledge of the Pension landscape the Convener/Vice Conveners must commit to attending a minimum of two UK wide pension conferences per annum. Recommended is the NAPF Local Authority Conference held annual in May which covers all aspects of the LGPS and the Local Authority Investment Seminar held in the autumn giving a focus on investment management. Other events may arise during the year that would be of value to the Convener/Vice Convener of the Pension Committee will be brought to the attention of members by officers.***

***The Convener/Vice Conveners should as a minimum receive a monthly update from officers covering:***

- ***Scheme Valuation***
- ***Administration Matters which are ongoing***
- ***Investment Matters ongoing***
- ***Pension Market issues***
- ***Communication with employers and scheme members***

***Where appropriate this report should be accompanied by a meeting with Fund officers.***

### **2. Pension accounting and auditing standards**

2.1 The accounting requirements and associated disclosures are complex and involve a large actuarial element. Consequently this demands an understanding of the regime at all levels within the finance structure in order to comply with the



requirements and to communicate the requirements and their implications both internally and externally.

***Officers report annually to the Pension Committee on the scheme annual accounts. From 2011 the scheme accounts and audit have been separated out from the administering authority Financial Statement. The scheme auditor reports directly to the Pension Committee on the scheme accounts.***

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### **3. Investment performance and risk management**

3.1 In the Local Government Pension Scheme and other schemes where contributions are invested and managed to meet future liabilities, understanding investment risk and performance constitutes a major element of the role of finance professionals. The skills required for managing and controlling investment activities are relatively specialised and at present there is no formal framework against which Funds can test their current skills and competencies.

***All investment performance and risk management is reported by the Fund custodian. Regular training sessions are given to the Pension Committee on understanding investment performance and risk reporting.. Understanding investment performance and risk are key functions of the Convener and Vice Convener 's of the Pension Committee.***

### **4. Financial markets and product knowledge**

4.1 In those schemes with invested funds, an understanding of financial markets and products is fundamental. The depth of knowledge will depend to some degree upon the particular approach to investment management undertaken by the fund (The investment activities of LGPS funds for example can be split into two groups - those funds that use external managers to manage all of their investment portfolio and those that undertake some or all of their investment activities using in-house investment managers).

***The time given during the quarterly meetings of the Pension Committee to reviewing financial markets and product knowledge is limited. This fundamental knowledge should be updated regularly not only by the Convener and Vice Conveners, but all 'trustees' through attendance at least one investment conference per annum. There is a wide selection of national conferences such as the NAPF or the Local Authority Pension Fund Seminar held annually at Celtic Manor, however there are also a wide number of conferences hosted by fund managers to which 'trustees' are invited. Likewise attendance at such events as the LAPFF annual conference provides 'trustees' with an insight to future legislation that make impact on the companies in which we invest. A list of forthcoming conferences is reported quarterly meeting to the Pension Committee.***

## **5. Actuarial methods, standards and practices**

5.1 The scheme actuary holds a key position in the financial management of a pension scheme. A successful pension scheme financial manager will need to be able to do more than simply manage the relationship with their actuary. They will need to understand, at some levels in detail, the work of the actuary and the way in which actuarial information is produced and the impact it has on both the finances of the scheme and the employer.

***The triennial valuation and funding strategy statement are two key documents in the governance of the scheme. A copy of both documents can be found on the secure 'trustee' area of the Pension Fund website. Through regular meetings with the scheme actuary (at least twice a year) the Convener/Vice Convener, will build up an understanding of the actuarial process and role and influence that key stakeholders such as the Convener and Vice Conveners have in the process. Discussions held with other LGPS 'trustees' on an ongoing basis will enhance this process.***