

# **JOHN RAISIN FINANCIAL SERVICES LIMITED**

## **The Nottinghamshire Local Pension Board**

### **Pension Board Training**

#### **A paper by the Advisor to the Pension Board**

**March 2016**

#### **Purpose**

To make proposals in respect of Pension Board Training with a particular focus on training to be provided by the Advisor to the Pension Board while also highlighting the desirability of Pension Board Members completing the Pensions Regulator's online "Public Service Toolkit" which focuses on the areas of governance and pensions administration.

#### **Background**

The meeting of the Pension Board held on 16 December 2016 received a report "Training Needs Analysis" (Agenda Item 8) from the Service Director – Finance, Procurement & Improvement. This highlighted that Pension Board Members have a statutory duty to have "knowledge and understanding" of pensions law and be "conversant" with the Scheme Regulations and Fund documents. The report referred to the Pensions Regulator's expectations in this respect and that CIPFA had developed a *Technical Knowledge and Skills Framework* for Local Pension Boards. To assist in establishing training arrangements Members of the Pension Board were asked to complete a Training Needs Analysis (TNA) covering the eight areas of knowledge and skills covered in the CIPFA Framework.

#### **Overview of Pension Board Training**

The CIPFA "**Local Pension Boards A Technical Knowledge and Skills Framework**" (July 2015) sets out eight "core" areas of Knowledge and Skills for Pension Board members These are:

- Pensions Legislation
- Pensions governance
- Pensions Administration
- Pensions accounting & auditing standards
- Financial markets and products knowledge (including understanding of the importance of the investment strategy)
- Procurement and relationship management
- Investment performance & risk management
- Actuarial methods, standards and practices

Given the CIPFA guidance on the issues that Pension Board Members should receive training in respect of it is proposed that the Advisor to the Pension Board provide training, before each Board meeting, which will progressively cover the eight “core” areas in the CIPFA Framework. This training should be regarded as an introduction and overview of each area. Depending on the particular relevance to the Board and individual Board Members existing/current knowledge further training will be provided or offered in respect of various aspects of the requirements within the CIPFA Knowledge and Skills Framework and in respect of any other issues that the Officers and Advisor to the Board in consultation with Board Members consider relevant.

The Pensions Regulator has developed an online “Public Service Toolkit” which may be accessed at [www.thepensionsregulator.gov.uk/public-service-schemes.aspx](http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx) This on line toolkit is concerned with governance and administration and consists of seven modules which correspond to areas covered in the Pensions Regulators Code of Practice No 14 **“Governance and administration of public service pension schemes.”** These modules are:

- Conflicts of interest
- 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

Completion of all seven modules results in the award of a “Development record” certificate. The modules give a broad introduction and understanding of these areas of governance and pensions administration and it is clearly advisable that Members of the Pension Board complete the toolkit. Indeed some Pension Boards have resolved that their Members should complete the Pensions Regulator’s on line toolkit within a specified period and forward their “Development record” certificate to the Officers of the Board.

Further training/ knowledge and understanding covering the areas within the CIPFA Knowledge and Skills Framework and other relevant issues will be provided by the Officers of the Fund or other organisations/persons connected to the Fund, including the Fund Actuary. In addition, as appropriate external courses and events will be made available to Pension Board Members. The results of the Training Needs Analysis indicate that Members of the Board are comfortable with a broad ranging approach to the provision of training.

## **Training to be provided by the Advisor to the Board**

Clearly understanding of Pensions Legislation and Governance is fundamental and therefore it is proposed that the Advisor to the Board cover these two areas in a training session before the Board meeting on 19 April 2016. Early training in these areas is also suggested by the Training Needs Analysis forms which have been completed by Board members. As the Fund will be subject to a Triennial Actuarial Valuation during 2016 it is proposed that the Advisor also present an introduction to Actuarial issues on 19 April prior to more in depth training on the 2016 Actuarial Valuation by the Fund Actuary, Barnett Waddingham, prior to the September Board meeting.

The Board will receive the Pension Fund Annual Report and Accounts for 2015-16 at the September 2016 meeting and consequently it is proposed the Advisor present training on the Pension Fund Accounts on the morning of the meeting. Given the crucial importance of Pensions Administration to both Employers and Employees a further suggested priority for training in September 2016 is additional coverage of Pensions Administration to supplement the presentation by the Group Manager responsible for Pensions Administration which will be received by the Board at its April 2016 meeting

In respect of the three “core” areas of Knowledge and Skills which relate to Pensions Investments it is proposed to cover these in 2017. The logical order is Financial Markets and Products Knowledge then Procurement and Relationship Management and finally Investment Performance and Risk Management. This is because the first of these modules is concerned with Investment Strategy which is the most important of all investment decisions and also the characteristics of the main investments (known as asset classes) that Local Government Pension Scheme Funds invest in. The second and third modules are primarily concerned with procuring suitable investment managers and other suppliers to the Pension Fund and the monitoring of their performance.

In summary it is suggested that the Advisor to the Board provide training in respect of the eight core areas of the CIPFA Knowledge and Skills Framework for the Pension Board as follows:

- **April 2016:**Pensions Legislation
- **April 2016:**Pensions governance
- **April 2016:**Actuarial methods, standards and practices
- **September 2016:**Pensions accounting & auditing standards
- **September 2016:**Pensions Administration
- **2017:**Financial markets and products knowledge (including understanding of the importance of the investment strategy)
- **2017:**Procurement and relationship management
- **2017:**Investment performance & risk management

## **Summary of Training Proposals**

It is proposed that Pension Board training be provided in the following ways:

1. The Advisor to the Pension Board to provide introductory and overview training during 2016 and 2017 covering all eight “core” areas of Knowledge and Skills for Pension Board Members as identified in the CIPFA Knowledge and Skills Framework for Local Pension Boards.
2. The Members of the Pension Board undertake the seven modules within the Pensions Regulator’s Public Service Toolkit and forward their “Development record” certificate to the Board Officers upon completion.
3. The Board Officers and other organisations/persons connected to the Fund, including the Fund Actuary, provide such further training and presentations as appropriate.
4. Appropriate external courses/events be made available, by the Board Officers, to the Members of the Pension Board.

**John Raisin**

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