

The Nottinghamshire Local Pension Board

Pension Board Training Programme

A paper by the Advisor to the Pension Board
September 2022

Purpose

This paper makes proposals in respect of the Pension Board Training programme for 2022-2023 and going forward.

Background

At the meeting held on 30 September 2021 the Pension Board received a paper from the Advisor to the Board entitled “Pension Board Training Programme” which made proposals in respect of the Pension Board Training Programme for 2021-2022 and going forward. The paper included reference to the legislative requirement for Pension Board Members to have “*knowledge and understanding*” of pensions law and be “*conversant*” with Scheme Regulations and Fund documents as required by **The Pensions Act 2004** as amended by the **Public Service Pensions Act 2013**. The paper also referred to relevant guidance relating to Pension Board Members knowledge and understanding issued by the Pensions Regulator (**Code of Practice No14**, 2015) and CIPFA (**CIPFA Code of Practice on LGPS knowledge and skills**, June 2021, and the **CIPFA Local Pension Boards A Technical Knowledge and Skills Framework** of July 2015).

As stated in the September 2021 paper 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 and that it is fundamental that training across all eight of the core areas in the CIPFA Knowledge and Skills Framework are made available to all Pension Board members. These eight core areas 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

The paper of September 2021 set out a range of proposed methods and sources of Training for the Pension Board. This paper, of September 2022, provides an update on Training

delivered since the September 2021 paper and makes proposals in respect of the Pension Board Training programme for 2022-2023 and going forward.

Training update September 2021 – August 2022

Since September 2021 there has been a range of activity in relation to providing Training to Pension Board Members in order to maintain and update their knowledge and understanding. During this period, however, there have been a number of vacancies on the Board (three out of eight Members for much of the period) and actual attendance at Board meetings has primarily been by (very) long term Members of the Board.

Therefore, it has not been appropriate to commence (as proposed in the September 2021 paper) the introductory and overview training covering the eight “core” areas of Knowledge and Skills for Pension Board Members as identified in the CIPFA Knowledge and Skills Framework for Local Pension Boards (2015) as this training would be provided primarily for the benefit of new Members of the Board. Training on these eight “core” areas has previously been made available to those Board Members who have been on the Board for some years. When good progress is achieved in appointing new Board Members this broad ranging introductory and overview training will be provided over a number of sessions.

A specific, and important, proposal in the September 2021 report was that the Actuary to the Pension Fund be requested to provide a training session, during 2021 or early 2022, on Actuarial issues with a focus on the 2022 Actuarial Valuation process. Consequently at the Board meeting held on 16 December 2021 the Fund Actuary Barry McKay of Barnett Waddingham provided a detailed **Actuary Report and Presentation** to the Board covering the nature of a Valuation; how Liabilities are valued; how Assets are valued; how Employer Contribution rates are set; key issues affecting the LGPS including “McCloud,” Cost Management, Exit Reform, Covid, Climate, Future Inflation. Following the presentation there were a number of observations/questions to the Fund Actuary including in respect of events since the last Valuation in 2019, and possible future circumstances.

An overarching theme of the September 2021 paper was that training from external sources (that is additional to the Fund Officers or Fund Advisors) should be made more available to Board Members. An important event in this respect was therefore the presentation entitled **LGPS Pooling Update – Presentation by LGPS Central** which the Board received on 17 March 2022 from Colin Pratt, Investment Director and Lee White, Communications Manager at LGPS Central. This included an overview of the background to pooling and its principles; the role of LGPS Central and the products it offers; developments in Responsible Investment and Engagement. Colin Pratt also responded to a range of questions from Board Members.

At the 17 March 2022 meeting the Board received a detailed report and oral presentation on the LGPS Governance Conference 2022 by Jon Clewes who attended this important external event (national conference) on 20 and 21 January 2022. The conference covered a range of important topical issues including McCloud, investment engagement/disinvestment and stewardship, cyber risk, and the 2022 Actuarial Valuation.

The September 2021 paper proposed that the Advisor to the Pension Board (continue to) provide training to the Board on LGPS developments. This was provided in the form of an

LGPS Update report at the 30 September 2021 meeting and the 17 March 2022 meeting. A further LGPS Update is provided elsewhere on the Agenda of today's meeting.

Proposed Methods and Sources of Training - September 2022 and beyond

As emphasised in the September 2021 report it is desirable for the Members of the Pension Board to have access to a wide range of training opportunities provided both internally (by Fund Officers and Advisors including the Fund Actuary) and externally. Hopefully, the Nottinghamshire Fund will be able to positively progress the appointment of new Board Members to fill existing vacancies. The extent to which there are new Members appointed to the Board will, of course, clearly influence training provided over the coming months/year.

It is proposed that the provision of Board Training, from September 2022 onwards, be provided in the following ways listed below. The extent to which any method is utilised will depend on both Members needs and availability as well as the availability of suitable presenters/events. It is suggested there be, as appropriate, discussions between Fund Officers, the Advisor to the Board, the Chair of the Board, and Board Members regarding the provision of training. The methods proposed to be potentially utilised to provide Training are:

1. The Advisor to the Pension Board to provide introductory and overview training commencing in late 2022 (or in 2023 depending on the appointment of new Board Members) 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 (2015).
2. As appropriate the Advisor to the Pension Board, Fund Officers and other Fund Advisors including the Fund Actuary provide training on LGPS developments to the Board.
3. Consideration be given by the Fund Officers as to the possible benefit and practicality of some joint Pension Fund Committee and Pension Board training events.
4. Appropriate external events/seminars/conferences be made available (on a rotational basis) to the Members of the Board.
5. Specifically, attendance at the Barnett Waddingham Pension Board Seminars be made available (on a rotational basis) to Board Members.
6. Existing Members of the Pension Board who have not already completed the Pensions Regulator's Public Service Toolkit be required to do so by 31 March 2023 and to provide their certificate to Board officers.
7. New Members appointed to the Board be required to complete, and provide evidence of completion, of the Pension Regulator's Toolkit within six months of the first Board meeting they are eligible to attend.
8. All Members of the Board on appointment and annually complete a Training Needs Analysis covering the seven "core" areas in the CIPFA Local Pension Boards Technical Knowledge and Skills Framework.

9. Members be required to provide to Board Officers details of any relevant training undertaken and the Fund maintain records of the learning activities of individual Pension Board Members and the Board as a whole.

Training Needs Analysis and Training Records

To help facilitate the delivery of training to both longstanding and new Members of the Board every Board Member should both on appointment and annually complete a Training Needs Analysis covering the seven “core” areas in the CIPFA Framework. It is proposed that such a Training Needs Analysis form, to inform training in the next year, be circulated to all Board Members in the near future.

Clearly records need to be maintained by the Pension Fund of training undertaken by Board Members. Indeed, the **Pension Regulator’s Code of Practice No14** (2015) and the **CIPFA Code of Practice on LGPS knowledge and skills** (2021) are clear that appropriate records/reporting arrangements should be maintained by the Scheme Manager/Administering Authority. This is an area where, it is suggested future arrangements should be determined in the near future by Fund Officers and the Advisor to the Board, in consultation with the Board Chair.

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