

JOHN RAISIN FINANCIAL SERVICES LIMITED

The Nottinghamshire Local Pension Board

Pension Board Training Programme

A paper by the Advisor to the Pension Board September 2021

Purpose

This paper makes proposals in respect of the Pension Board Training programme for 2021-2022 and going forward.

Background

The Pensions Act 2004 as amended by the **Public Service Pensions Act 2013** requires that Members of Pension Boards have “*knowledge and understanding*” of pensions law and be “*conversant*” with Scheme Regulations and Fund documents. Therefore, there is a statutory duty, under primary legislation, on Pension Board members to undergo ongoing training and updating. The Pensions Regulator in **Code of Practice No14 Governance and administration of public service pension schemes** (Section 38) includes the statement that Scheme Managers “*should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members...*”

This training requirement is not only a statutory requirement (as important as that is) but also an essential practical requirement. This has been clearly stated in the newly revised **CIPFA Code of Practice on LGPS knowledge and skills** issued in June 2021. The Code includes as one of its five key principles (page 15) the statement “*Administering authorities responsible for the administration of the LGPS recognise that effective management, decision making, governance and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.*”

In July 2015 CIPFA issued **Local Pension Boards A Technical Knowledge and Skills Framework**. This sets out eight “core” areas of Knowledge and Skills for Pension Board members. CIPFA has recently completed a thorough review of its pensions knowledge and skills guidance and has determined in its 2021 **Code of Practice on LGPS knowledge and skills** that the 2015 Framework for Local Pension Boards remains appropriate and “*in force.*”

In relation to the **Local Pension Boards A Technical Knowledge and Skills Framework** (and the revised 2021 “Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers) the 2021 **CIPFA Code of Practice on LGPS knowledge and skills** states (page 19) *“These frameworks attempt to determine what constitutes the right skill set for those in the administering authority responsible for pension scheme management, governance and decision making”* and *“...The frameworks provide the minimum set of standards that LGPS administering authorities are expected to achieve...”*

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

Proposed Methods and Sources of Training

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. During 2016 and 2017 the Advisor to the Board presented Training sessions covering all eight core areas to the then Members of the Board. On 8 June 2021, the Advisor to the Board presented a two hour training session covering Legislation and Governance which was attended by four of the current Members of the Board. Given the turnover in Board membership since 2017 and the fact that there are currently three vacancies it would, I suggest, be appropriate for the Advisor to the Board to present training covering the eight “core” areas commencing as soon as practical. This will take several sessions to deliver and will therefore not be completed during the 2021-2022 financial year.

The training proposed above is vital but will provide only a foundation for Members in terms of their knowledge and understanding requirements. There is an absolute need for training in respect of the constant developments (and ever increasing complexity) across all areas of LGPS activity. Although the Advisor has in the past and will in the future provide both training sessions and Board papers covering LGPS developments there is clearly an absolute need for training from a range of sources and perspectives to be made available to the Members of the Pensions Board.

The desirability of a broad range of training opportunities for Board Members was a theme of the discussions involving Members, Officers and the Advisor at the Pension Board Workshop held on 4 February 2021. Not only would this facilitate broader learning and diversity of perspective, but it should also encourage information sharing and discussion between Board Members.

Clearly training to the Board, with a focus on Nottinghamshire, could also be provided by the Fund Officers and other advisors to the Fund. Accounting, Investment and Actuarial issues are areas where the Board Members may particularly benefit from training in the context of the Nottinghamshire Fund. In particular given that the next full Actuarial Valuation of the Fund will commence shortly it would, I suggest, be highly appropriate for the Fund to ask its Actuary - Barry McKay of Barnett Waddingham - to provide a training session, during 2021 or early 2022, to the Board on Actuarial issues with a particular focus on the 2022 Actuarial Valuation process.

At the February 2021 Pension Board Workshop (some) joint training events with the Pension Fund Committee were suggested as a possible means of both providing training and further positively developing the relationship between the Committee and Board. Clearly there may be practical issues in arranging such events but from both an educational and relationship perspective there would appear to be clear advantages. Such an approach would also facilitate, where appropriate, consistency in terms of training and updating of the Members of both the Committee and the Board.

There are a range of external educational events/seminars/conferences which could be made available to Board Members. A clearly relevant example is the CIPFA Seminar Programme for LGPS Pension Board Members (run in conjunction with Barnett Waddingham) which consists annually of a Spring (half day), Annual full day Summer, and Autumn (half day) seminars. The CIPFA/Barnett Waddingham events provide updates on developments in the LGPS, training on specific topics and opportunities for discussion and networking with Members of Pension Boards from other Funds. It is suggested that attendance at each of the Spring, Summer and Autumn events is made available to one/two Board members on a rotational basis. There are other potentially relevant events which the Fund may wish to make available to a representative(s) of the Board as they arise.

Existing Pension Board Members will be aware that the Pensions Regulator has developed an online "Public Service Toolkit" which may be accessed at www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes This online 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. In April 2016 the Nottinghamshire Pension Board resolved that *“members of the Pension Board undertake the seven modules of the Pension Regulator’s Public Service Toolkit by the time of the next Board meeting and forward their development record certificate to Board officers on completion.”* I would strongly suggest that in respect of existing Board Members who have not completed the Toolkit they be required to do so by 31 March 2022 and to provide their certificate to Board officers. In respect of Members appointed in the future I would suggest they 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.

Training Needs Analysis and Training Records

All Members of the Board need to receive initial and ongoing training to satisfy the areas within and requirements of the **CIPFA Local Pension Boards A Technical Knowledge and Skills Framework** of 2015. To help facilitate the delivery of this Members of the Board should both on appointment and annually complete a Training Needs Analysis covering the seven “core” areas in the CIPFA Framework.

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.

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 commencing in 2021 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 provide training on LGPS developments.
3. As appropriate the Fund Officers and other advisors to the Fund provide training to the Pension Board.
4. 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.
5. 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.
6. Appropriate external events/seminars/conferences be made available (on a rotational basis) to the Members of the Board.
7. Specifically, attendance at the CIPFA/Barnett Waddingham Pension Board Seminars be made available (on a rotational basis) to the Members of the Board.
8. 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 2022 and to provide their certificate to Board officers.
9. 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.
10. 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.
11. 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.

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