

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

13 SEPTEMBER 2018

PENSION FUND TRAINING

Report of the Treasurer

1.0 PURPOSE OF REPORT

- 1.1 To approve the draft Training Policy of the North Yorkshire Pension Fund
- 1.2 To agree to adopt the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills
- 1.3 To agree to adopt the CIPFA Knowledge and Skills Framework and its circulation to all Committee members to assess their own knowledge and skills on an annual basis

2.0 BACKGROUND

- 2.1 The Pension Fund recognises the importance of training Committee Members, Board members and officers in relation to pension fund matters to ensure that they have the relevant skills and knowledge to carry out their roles and responsibilities on the Fund.
- 2.2 Arrangements are made for the regular training of Members and officers, with training delivered in a number of ways including internally by Fund Managers and consultants, externally at conferences and seminars and online through webinars and other research material. Training is a standing item on both Pension Fund Committee (PFC) and Pension Board agendas and training logs are updated each quarter for each PFC Members and Pension Board members.
- 2.3 As best practice and following discussions at previous PFC meetings, it is intended that these training arrangements are formalised through the introduction of a Training Policy and annual Training Programme.

3.0 TRAINING POLICY

- 3.1 A Training Policy has been drafted for PFC Members and officers and is attached as **Appendix 1**. Members are asked to approve this document. The Pension Board have their own training policy that they review annually.
- 3.2 This training policy will be brought back to the PFC to be reviewed annually as part of the annual governance review.

4.0 CIPFA FRAMEWORK AND CODE OF PRACTICE

- 4.1 As best practice, it is recommended by the Pensions Regulator (TPR) that Members of the PFC carry out regular skills and knowledge reviews. This will allow the Fund to determine

the collective skills and knowledge of the PFC and identify any knowledge gaps and therefore future training requirements.

4.2 CIPFA has also developed a Code of Practice on Public Sector Pensions Finance Knowledge and Skills in 2013 that recommends that LGPS Administering Authorities:

- Recognise that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills
- Adopt a comprehensive framework of knowledge and skills requirements such as the CIPFA Pensions Finance Knowledge and Skills Framework
- Ensure that appropriate policies and procedures are put in place to meet the requirements of the Framework
- Report on how these arrangements have been put into practice each financial year

4.3 CIPFA published the Pensions Finance Knowledge and Skills Framework in 2010 in an attempt to determine the right skill set for public sector finance professionals. It is intended to have two primary uses:

- As a tool for organisations to determine whether they have the right skill mix to meet their fund's financial management needs
- As an assessment tool for individuals to measure their progress and plan their development

4.4 The framework covers the following 6 areas of knowledge and skills:

- 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
- Actuarial methods, standards and practice

4.5 The Skills and Knowledge Framework for Committee Members is attached as Appendix A to the Training Policy (Appendix 1). Members are asked to approve the adoption of the Code of Practice and the Framework. It is also recommended that Members undertake an individual self-assessment annually against this framework.

5.0 TRAINING PROGRAMME

5.1 Using the results of the self-assessment against the CIPFA Knowledge and Skills framework, an annual Training Programme will be produced that will aim to meet the training needs of the PFC and address any knowledge gaps.

5.2 The progress made against this Training Programme will be reviewed each quarter at PFC meetings and will be included within the Administration report.

6.0 NEXT STEPS

6.1 Following the meeting, if Members agree to adopt the CIPFA framework, it will be circulated for completion. The results of the self-assessments will then be used to produce the

2019/20 Training Programme that will be brought to the February PFC meeting along with the Business Plan and budget for approval.

- 6.2 The Pension Board already has a Training Policy. It is suggested that this report is referred to the Pension Board following consideration by the PFC.

7.0 RECOMMENDATIONS

Members are asked to:

- 7.1 Approve the Training Policy for the Fund
- 7.2 Agree to the adoption of the CIPFA Code of Practice and the CIPFA Knowledge and Skills Framework
- 7.3 Agree to the CIPFA Knowledge and Skills Framework being circulated to all Committee members to assess their own knowledge and skills annually
- 7.4 Refer the Training Policy to the Pension Board for their consideration.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
NYCC
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Northallerton

3 September 2018



North Yorkshire Pension Fund

Training Policy for the Pension Fund Committee



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Introduction

North Yorkshire County Council (NYCC) as the administering authority for the North Yorkshire Pension Fund (NYPF) recognises that effective financial administration and decision making can only be achieved where those involved have the relevant skills, knowledge and experience.

The 2004 Pensions Act requires that trustees of occupational pension schemes should be trained and have knowledge and understanding of the law relating to pensions and role of trustees, the principles of scheme funding and investment, and the management and administration of pension scheme benefits. Members of the Pension Fund Committee (PFC) are not legally trustees and are not bound by this law, however they should aim to reach a similar standard

The (PFC) has adopted the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Public Sector Pensions Finance Knowledge and Skills and the CIPFA Knowledge and Skills Framework for Elected Members and Non Executives in the Public Sector ([Appendix A](#)) as the basis of its training policy and programme.

Application of the Policy

The training policy applies to all members of the PFC and council officers that have involvement in managing the Pension Fund, at any level.

Training Requirements

In order to identify and meet training needs and assess whether those governing the Fund are meeting the CIPFA Framework requirements, all PFC Members agree to:

- Complete the Pensions Regulator's online [toolkit](#) (new Members) at <https://trusteetoolkit.thepensionsregulator.gov.uk/>
- Attend a basic training course (LGA Fundamentals or equivalent) designed for new members to the Pensions Committee, or as a refresher when required.
- Undertake, as a Committee, regular training as set out in the annual training plan.
- Highlight any areas where further training is required following subjects covered in PFC meetings or, following attendance at any external training events or conferences.
- Undertake an annual self-assessment of the CIPFA knowledge and skills framework for Elected Members and Non Executives in the Public Sector.

Officers with responsibility for managing the LGPS are expected to have a detailed understanding of the CIPFA Knowledge and Skills Framework requirements for LGPS Practitioners, taking account of the requirements of their roles.

Officers will engage with the Individual Performance Management (IPM) process to identify any knowledge gaps and address training requirements.

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Training Delivery

Training will be delivered using a variety of methods including but not limited to:

- Bespoke sessions, delivered internally by the Fund's actuary, Fund Managers, Investment Consultants and officers
- Attendance at external conferences and seminars
- Regular updates provided at PFC meetings by officers and advisers
- Online material such as the Pension Regulator's Toolkit and other e-learning, webinars and publications
- New PFC Members will be assigned an established PFC Member during the first 12 months of term to act as a 'buddy'.

Relevant training events will be emailed to PFC Members as and when they become available. After attendance at a training event the attendee will provide feedback at the next PFC meeting. Officers will maintain a log of all events attended for compliance with reporting and monitoring requirements.

Review

The policy is reviewed and updated annually.

The PFC will approve a training programme for the next financial year and will review the content and delivery of the training programme at each subsequent meeting.

Costs

All training costs will be met by the Pension Fund.

Appendix

[Appendix A - Pensions Fund Committee: Knowledge and Skills Framework](#)

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Appendix A - Pensions Fund Committee: Knowledge and Skills Framework

| Pensions Fund Committee: Knowledge and Skills Framework | | | |
|--|--|--------------------------------|---------------|
| Learning needs analysis | | Training requirements and plan | |
| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
| Pensions legislative and governance context | | | |
| General pensions framework | | | |
| A general awareness of the pensions legislative framework in the UK. | 1 2 3 4 5 | | |
| Scheme specific legislation | | | |
| An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment. | 1 2 3 4 5 | | |
| An awareness of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and the LGPS Administration Regulations 2008 and their main features. | 1 2 3 4 5 | | |
| An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers. | 1 2 3 4 5 | | |

| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
|--|---|------------------------------|----------------------|
| A regularly updated appreciation of the latest changes to the scheme rules. | 1 2 3 4 5 | | |
| Knowledge of the role of the administering authority in relation to the LGPS. | 1 2 3 4 5 | | |
| Pensions regulators and advisors | | | |
| An understanding of how the roles and powers of the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. | 1 2 3 4 5 | | |
| General constitutional framework | | | |
| Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers. | 1 2 3 4 5 | | |
| Awareness of the role and statutory responsibilities of the treasurer and monitoring officer. | 1 2 3 4 5 | | |

| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
|--|--|-----------------------|---------------|
| Pension scheme governance | | | |
| An awareness of the LGPS main features. | 1 2 3 4 5 | | |
| A detailed knowledge of the duties and responsibilities of committee members. | 1 2 3 4 5 | | |
| Knowledge of the stakeholders of the pension fund and the nature of their interests. | 1 2 3 4 5 | | |
| Knowledge of consultation, communication and involvement options relevant to the stakeholders. | 1 2 3 4 5 | | |
| Pensions accounting and auditing standards | | | |
| Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report. | 1 2 3 4 5 | | |

| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
|--|--|-----------------------|---------------|
| Awareness of the role of both internal and external audit in the governance and assurance process. | 1 2 3 4 5 | | |
| Financial services procurement and relationship management | | | |
| Understanding public procurement | | | |
| Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations. | 1 2 3 4 5 | | |
| A general understanding of the main public procurement requirements of UK and EU legislation. | 1 2 3 4 5 | | |
| Supplier risk management | | | |
| Awareness of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties. | 1 2 3 4 5 | | |
| Performance and risk management | | | |
| Total fund | | | |
| Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks. | 1 2 3 4 5 | | |

| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
|--|--|-----------------------|---------------|
| Performance of advisors | | | |
| Awareness of the Myners principles of performance management and the approach adopted by the committee. | 1 2 3 4 5 | | |
| Performance of the committee | | | |
| Awareness of the Myners principles and the need to set targets for the committee and to report against them. | 1 2 3 4 5 | | |
| Performance of support services | | | |
| Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime. | 1 2 3 4 5 | | |
| Financial markets and products knowledge | | | |
| Investment strategy | | | |
| Awareness of the risk and return characteristics of the main asset classes (equities, bonds, property). | 1 2 3 4 5 | | |
| Understanding of the role of these asset classes in long term pension fund investing. | 1 2 3 4 5 | | |

| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
|---|--|-----------------------|---------------|
| Financial markets | | | |
| Understanding of the primary importance of the investment strategy decision. | 1 2 3 4 5 | | |
| A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks. | 1 2 3 4 5 | | |
| An awareness of the limits placed by regulation on the investment activities of local government pension funds. | 1 2 3 4 5 | | |
| Actuarial methods, standards and practices | | | |
| Valuations | | | |
| Knowledge of the valuation process, including developing the funding strategy in conjunction with the Fund actuary, and inter-valuation monitoring. | 1 2 3 4 5 | | |
| Awareness of the importance of monitoring early and ill health retirement strain costs. | 1 2 3 4 5 | | |

| Knowledge Area | Rate my skills 1 – no knowledge 5 – highly skilled | Training Requirements | Training Plan |
|--|--|-----------------------|---------------|
| A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers. | 1 2 3 4 5 | | |
| Outsourcing | | | |
| A general awareness of the relevant considerations in relation to outsourcings and bulk transfers. | 1 2 3 4 5 | | |

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