

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 22 February 2019**



Northumberland
County Council

Training Policy
for Northumberland County Council LGPS
administered by Northumberland County
Council

22 February 2019

TRAINING POLICY

Introduction

This is the Training Policy of the Northumberland County Council LGPS, which is managed and administered by Northumberland County Council. The Policy details the training strategy for members of the Pension Fund Panel and LGPS Local Pension Board, and senior officers involved in the management of the Fund.

The Training Policy is established to aid Pension Fund Panel and Local Pension Board members and senior officers in performing and developing personally in their individual roles, with the ultimate aim of ensuring that Northumberland County Council LGPS is managed by individuals who have the appropriate levels of knowledge and skills.

Northumberland County Council has delegated responsibility for the implementation of this Training Policy to the Chief Financial Officer. *

Following the introduction of Markets in Financial Instruments Directive (MiFID II) legislation in January 2018, financial institutions can no longer categorise a local authority as a “per se professional client”. Instead, a local authority must be classified as a “retail client” *unless* opted up by the financial institutions to “elective professional client” status. Financial institutions must gain reasonable assurance that the client is capable of making investment decisions and understanding the nature of potential risks before they can confirm opt up to professional client status.

This Training Policy assists the Fund in ensuring that the assessed levels of expertise, experience and knowledge are maintained to satisfy the MiFID II requirements. Also, the administering authority is required to review the information and notify all managers of any changes to circumstances which could affect its status.

* the Chief Financial Officer has nominated the Principal Accountant (Pensions) as main contact for implementation of this Policy.

Aims and objectives

Northumberland County Council recognises the importance of its role as administering authority to the Northumberland County Council LGPS on behalf of its stakeholders.

In relation to training, the administering authority's objectives are to ensure that:

- the members of the Pension Fund Panel charged with the financial management and decision-making with regard to the LGPS Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them;
- senior officers supporting the Panel in the day-to-day administration and running of the Fund are appropriately equipped with the knowledge and skills required to discharge their duties and responsibilities in relation to the Fund;
- those persons responsible for the governance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based, and to manage any potential conflicts of interest; and

- knowledge and expertise is maintained and kept up-to-date within the continually changing Local Government Pension Scheme and wider pensions landscape.

All Pension Fund Panel members, Local Pension Board members and senior officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To assist in achieving these objectives, the Fund will aim to comply with:

- CIPFA Knowledge and Skills Frameworks;
- knowledge and skills requirements of the Public Service Pensions Act 2013; and
- The Pensions Regulator's (TPR) Code of Practice for Public Service Schemes.

To whom this Policy applies

This Training Policy applies to all members of the Pension Fund Panel and the LGPS Local Pension Board, including scheme member and employer representatives. It also applies to senior officers involved in the management of the Fund and administration of the LGPS (from here on in collectively referred to as the senior officers of the Fund).

Other officers involved in the daily management of the Pension Fund will also be required to have appropriate knowledge and skills relating to their roles, which will be determined and managed by the Chief Financial Officer.

Advisers to the Northumberland County Council LGPS are also expected to be able to meet the objectives of this Policy.

Officers of employers participating in the Northumberland County Council LGPS who are responsible for pension matters are also encouraged to maintain a high level of knowledge and understanding in relation to LGPS matters, and Northumberland County Council will provide information and appropriate training for them.

CIPFA and TPR knowledge and skills requirements

CIPFA Knowledge and Skills Framework and Code of Practice

In January 2010 CIPFA launched technical guidance for Representatives on Pensions Committees and non-executives in the public sector within a knowledge and skills framework. This Knowledge and Skills Framework details the knowledge and skills required by those responsible for pension scheme financial management and decision making in the public sector.

In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the existing knowledge and skills frameworks in place. This Framework details the knowledge and skills required by Pension Board members to enable them to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

The Framework which applies to Pension Fund Panel members covers eight areas of knowledge and skills identified as the core requirements:

- pensions legislation;
- public sector pensions governance

- pension accounting and auditing standards;
- pensions administration
- financial services procurement and relationship management;
- investment performance and risk management;
- financial markets and products knowledge; and
- actuarial methods, standards and practice.

CIPFA's Code of Practice recommends (amongst other things) that Local Government Pension Scheme administering authorities:

- formally adopt the CIPFA Knowledge and Skills Frameworks (or an alternative training programme);
- ensure that the appropriate policies and procedures are put in place to meet the requirements of the Frameworks (or an alternative training programme); and
- publicly report how these arrangements have been put into practice each year.

The Pensions Act 2004 and the Pension Regulator's Code of Practice

Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013 (PSPA13) requires Pension Board members to:

- be conversant with the rules of the LGPS and any document recording policy about the administration of the LGPS; and
- have knowledge and understanding of the law relating to pensions and 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 to properly exercise the functions of a member of the LGPS Local Pension Board.

These requirements have been incorporated and expanded on within TPR's Code of Practice 14 *Governance and administration of public service pension schemes*, effective from April 2015. It is expected that guidance will also be issued by the Local Government Pension Scheme Advisory Board which will explain further how these requirements will relate to LGPS administering authorities.

Application to the Northumberland County Council LGPS

Northumberland County Council fully supports the use of the CIPFA Knowledge and Skills Framework, and TPR's Code of Practice. Northumberland County Council adopts the principles contained in both publications in relation to the Fund, and this Training Policy highlights how the Council will seek to achieve those principles through use of a rolling Training Plan together with regular monitoring and reporting.

The Northumberland County Council LGPS Training Plan

Northumberland County Council recognises the importance of training in ensuring Pension Fund Panel members, LGPS Local Pension Board members and senior officers attain, and then maintain, the relevant knowledge and skills. Northumberland County Council has developed a rolling Training Plan which takes account of the following:

Individual training needs

A training needs analysis was formally introduced from September 2017 for Pension Fund Panel members and Local Pension Board members to identify the key areas in which training is required, on an annual basis. Training on the identified areas will

be provided as necessary, including induction and on an ongoing refresher basis. The competencies which this analysis will assess against are set out in the Annex to this policy.

Hot topic training

The need for appropriately timed training in relation to hot topics, such as when decisions are required in relation to complex issues or in new areas not previously considered.

General awareness

There is an expectation that those to which this Policy applies should maintain a reasonable knowledge of ongoing developments and current issues, and have a good level of general awareness of pension related matters appropriate for their roles.

Each of these training requirements will be focussed on the role of the individual i.e. a Pension Fund Panel member, a LGPS Local Pension Board member, or the specific role of the officer.

Training will be delivered through a variety of methods including:

- in-house training days provided by officers and/or external providers;
- training at meetings (e.g. Pension Fund Panel) provided by officers and/or external advisers;
- external training events, such as those organised by CIPFA;
- circulation of reading material, including Pension Fund Panel reports;
- attendance at seminars and conferences offered by industry-wide bodies, such as those organised by the LGC, LGA and PLSA;
- attendance at meetings and events with the Pension Fund's investment managers and advisers;
- links to on-line training such as the toolkit provided by TPR;
- access to the Northumberland County Council website where useful Fund specific material is available.

Initial information and induction process

On joining the Pension Fund Panel, the LGPS Local Pension Board or on appointment as a senior officer, individuals will be provided with the following Fund documentation:

- members' guide to the Local Government Pension Scheme (LGPS);
- latest Actuarial Valuation report;
- Annual Report and Accounts, which incorporates:
 - Funding Strategy Statement
 - Governance Policy and Compliance Statement
 - Investment Strategy Statement including the Fund's statement of compliance with the LGPS Myners Principles
 - Communications Policy;
- administering authority's Discretionary Policies;
- Conflicts of Interest Policy for NCCPF;
- this Training Policy;

An induction seminar will be provided within six months of their appointment to assist each Pension Fund Panel member, Pension Board member or senior officer to achieve their identified individual training requirements.

Monitoring knowledge and skills

In order to identify whether the objectives of this Policy are being met, the Administering Authority will maintain a training log which records attendance at training and compares this to the Training Plan.

Key risks

The key risks to the delivery of this Policy are outlined below. The Pension Fund Panel members, with the assistance of the LGPS Local Pension Board and senior officers, will monitor these and other key risks and consider how to respond to them.

- Changes in Pension Fund Panel and/or LGPS Local Pension Board membership and/or senior officers potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by Panel members, Board members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being of an acceptable standard.

Reporting

A report will be presented to the Pension Fund Panel on an annual basis setting out:

- the training provided/attended in the previous year at an individual level;
- commentary on how this compares to the Training Plan; and
- any actions required, such as a review of the Training Plan.

This information will also be included in the Northumberland County Council Pension Fund's Annual Report and Accounts.

Pension Fund Panel members and LGPS Local Pension Board members will be provided with details of forthcoming seminars, conferences and other relevant training events as well as an annual summary of the events attended.

Costs

All training costs related to this Training Policy are met directly by the Pension Fund.

Approval, review and consultation

This Training Policy was originally approved at the Pension Fund Panel meeting on 22 May 2015, and minor amendments to incorporate the requirements of the CIPFA Local Pension Boards Framework were approved on 26 February 2016. It will be formally reviewed and updated at least every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

Further Information

For further information about anything in or related to this Training Policy, please contact either:

- Andrew Lister, Principal Accountant (Pensions), Northumberland County Council

- E-mail - andrew.lister@northumberland.gov.uk
- Telephone - 01670 62 0146

Or

- Craig Johnson, Senior Accountant (Pensions), Northumberland County Council
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Annex - Competencies

| Subject Heading | Sub-Heading | Competency Number | Topics |
|-----------------------------|----------------------------------|--------------------------|--|
| Pensions legislation | General pensions framework | 1.1 | A general understanding of the pensions legislative framework in the UK. |
| | Scheme-specific legislation | 1.2 | An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment. |
| | Scheme-specific legislation | 1.3 | An awareness of the Local Government Pension Scheme Regulations 2013 and their main features. |
| | Scheme-specific legislation | 1.4 | An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers. |
| | Scheme-specific legislation | 1.5 | A regularly updated appreciation of the latest changes to the scheme rules. |
| Pensions Governance | Scheme-specific legislation | 2.1 | Knowledge of the role of the administering authority in relation to the LGPS. |
| | Pensions regulators and advisers | 2.2 | An understanding of how the roles and powers of the DCLG, Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. |
| | Pensions regulators and advisers | 2.3 | Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure |
| | General constitutional framework | 2.4 | Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers. |
| | General constitutional framework | 2.5 | Awareness of the role and statutory responsibilities of the treasurer and monitoring officer. |
| | General constitutional framework | 2.6 | Knowledge of consultation, communication and involvement options relevant to the stakeholders. |
| | Pension scheme governance | 2.7 | An awareness of the LGPS main features. |
| | Pension scheme governance | 2.8 | Knowledge of the Myners principles and associated CIPFA and SOLACE guidance. |
| | Pension scheme governance | 2.9 | A detailed knowledge of the duties and responsibilities of committee and pension board members. |

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| | Pension scheme governance | 2.10 | Knowledge of the stakeholders of the pension fund and the nature of their interests. |
| | Pension scheme governance | 2.11 | Knowledge of how pension fund management risk is monitored and managed |
| | Pension scheme governance | 2.12 | Understanding of how conflicts of interest are identified and managed |
| | Pension scheme governance | 2.13 | Understanding of how breaches in law are reported. |
| Pensions administration | Best practice | 3.1 | An understanding of the best practice in pensions administration, e.g. performance and cost measures |
| | Policies and procedures | 3.2 | Understanding of the required and adopted scheme policies and procedures relating to: - member data maintenance and record-keeping procedures - internal dispute resolution - contributions collection - scheme communications and materials |
| | Discretions | 3.3 | Knowledge of how discretionary powers operate |
| | Administration strategy | 3.4 | Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes). |
| | Taxation | 3.5 | An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration. |
| | AVCs | 3.6 | An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements. |

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| Pensions accounting and auditing standards | | 4.1 | 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. |
| | | 4.2 | Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice. |
| | | 4.3 | Understanding of the role of both internal and external audit in the governance and assurance process. |
| | | 4.4 | An understanding of the role played by third party assurance providers |
| Financial services procurement and relationship management | Understanding public procurement | 5.1 | 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. |
| | Understanding public procurement | 5.2 | A general understanding of the main public procurement requirements of UK and EU legislation. |
| | Supplier risk management | 5.3 | Awareness of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties. |
| | Monitoring | 5.4 | An understanding of how the pension fund monitors and manages the performance of their outsourced providers |
| Investment performance and risk management | Total fund | 6.1 | Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks. |
| | Performance of advisers | 6.2 | Awareness of the Myners principles of performance management and the approach adopted by the administering authority. |
| | Performance of the committee | 6.3 | Awareness of the Myners principles and the need to set targets for the committee and to report against them. |
| | Performance of support services | 6.4 | Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime. |

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| Financial markets and products knowledge | Investment strategy | 7.1 | Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property). |
| | Investment strategy | 7.2 | Understanding of the role of these asset classes in long-term pension fund investing. |
| | Financial markets | 7.3 | Understanding of the primary importance of the investment strategy decision |
| | Financial markets | 7.4 | 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. |
| | Financial markets | 7.5 | An understanding of the limits placed by regulation on the investment activities of local government pension funds. |
| | Taxation | 7.6 | An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments |
| Actuarial methods, standards and practices | Fund Actuary | 8.1 | A general understanding of the role of the fund actuary |
| | Valuations | 8.2 | Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and intervaluation monitoring. |
| | Valuations | 8.3 | Awareness of the importance of monitoring early and ill health retirement strain costs. |
| | Valuations | 8.4 | A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers. |
| | Outsourcing | 8.5 | A general awareness of the relevant considerations in relation to outsourcings and bulk transfers. |
| | Covenant | 8.6 | A general awareness of the importance of the employer covenant and the relative strengths of the covenant across fund employers. |