

## Appendix 'A'

### Pension Fund Committee

Meeting to be held on 29 January 2016

Electoral Division affected: None
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### Lancashire County Pension Fund Training Policy (Appendices 'A' and 'B' refer)

Contact for further information:

Frances Deakin, (01772) 533112, Financial Policy Officer

[frances.deakin@lancashire.gov.uk](mailto:frances.deakin@lancashire.gov.uk)

#### Executive Summary

The Lancashire County Pension Fund Training Policy is due for review. This has provided an opportunity to consider;

- latest guidance on fulfilling the training needs of individuals performing key roles in the management and governance of Local Government Pension Schemes (LGPS);
- changes to requirements for providing training as a result of:
  1. the establishment of Local Pension Boards
  2. the remit of the Pensions Regulator being extended to include public sector pension schemes including the LGPS.

The proposed Training Policy provides a framework for ensuring an appropriate balance between individuals assuming personal responsibility for their own learning and Lancashire County Council (as Administering Authority) providing support for the development of the skills and knowledge needed to ensure effective oversight, governance and decision making.

#### Recommendation

The Committee is recommended to:

- (i) Note the report;
- (ii) Approve the Lancashire County Pension Fund Training Policy set out at Appendix 'A';
- (iii) Commit to meeting the requirements of the Training Policy which forms part of the Fund's wider risk management arrangements.

## **Background and Advice**

In November 2013 the Pension Fund Committee approved a Training Policy and Plan covering the period to 2015. The Policy applied to all individuals charged with the governance and financial management of the Lancashire County Pension Fund (Pension Fund Committee Members and Senior Officers). The Policy was introduced as a basis for ensuring best practice within the Fund and compliance with the Public Service Pensions Act 2013.

The expiration of the current Training Policy has provided an opportunity to review latest guidance on fulfilling the training needs of individuals performing key roles in the management and governance of Local Government Pension Schemes. The main changes reflect the impact of Local Pension Boards being established and the remit of the Pensions Regulator being extended to include public sector pension schemes including the LGPS.

Local Pension Boards were established by the Public Service Pensions Act 2013 and came into being from April 2015. It is the role of the Local Pension Board to:

- assist the Administering Authority to comply with:
  1. LGPS Regulations;
  2. any other legislation relating to the governance and administration of their scheme;
  3. any requirements imposed by the Pensions Regulator in relation to their scheme,
- ensure the effective and efficient governance and administration of their scheme.

Local Pension Board members have a legal obligation to develop a degree of knowledge and understanding appropriate to enabling them to exercise the functions of a member of the Pension Board effectively.

The shift in governance represented by the implementation of Local Pension Boards has prompted the Chartered Institute for Public Finance & Accounting (CIPFA) to publish a Technical Knowledge and Skills Framework for Local Pension Boards. The new framework complements CIPFA's existing Code of Practice on Public Sector Pensions Finance Knowledge and Skills and its Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector.

The Training Policy at Appendix 'A' reflects current guidance from CIPFA and the Pensions Regulator on:

- core areas of knowledge and skill;
- the responsibilities of Administering Authorities for providing training support.

Practical questions prompted a re-consideration of the previous Policy's approach of including Senior Officers within scope. The needs of Board and Committee members differ considerably from those of Senior Officers (whose performance and training already feature within the County Council's regular Performance Development Review process and the Continuing Professional Development frameworks that

apply to them). Accordingly, Senior Officers have been excluded from the scope of the new Policy in order for it to focus exclusively on the needs of Committee and Pension Board members.

The Training Policy outlines the Fund's approach to training and presents a framework for supporting individual and collective training needs. The approach will be supportive in nature with the intention of providing Committee and Board members with the tools to assess their own learning needs and the means to fill any significant gaps in their knowledge.

Support for learning will feature a range of methods and approaches including:

- in-house training from officers and/or external advisors
- external training events by recognised bodies
- attendance at external seminars and conferences
- practical support and guidance through recommended reading and targeted information
- key documents/learning materials made accessible via an online Virtual Reading Room
- access to on-line training and assessment modules via the Pensions Regulators Trustee Toolkit.

There is an expectation that Board and Committee members will undertake self-directed learning to supplement the formal training provided for them. A review of learning needs will be undertaken annually by self-assessment in order to capture personal requirements and identify common knowledge gaps which benefit from being addressed collectively through a formal training session. Fund officers will offer ongoing support and advice and a Virtual Reading Room will provide easy access to core documents, an archive of training presentations, links to useful websites and signposting to topical content, all in one place.

The Training Policy will be put into practical application via a rolling Training Plan. This is a live document which will be continually updated to reflect the scheduling of in-house training sessions, the availability of external events and feedback from members on their training needs. The Training Plan is simultaneously a record of training activity and a planning tool for capturing and co-ordinating the various strands of training underway. The intention is for the plan to be flexible enough to be responsive to member needs and capable of accommodating emerging issues and topical matters whilst covering the core subject areas set out in the CIPFA frameworks. A snapshot of the Training Plan as it stands currently is provided at Appendix 'B', and shows the training scheduled and undertaken during 2015 and the events already scheduled (to date) in 2016.

The Training Plan will be developed further once the outcome of a self-assessment of learning needs has been undertaken and the results are available to offer insight into priorities for group training. This assessment will be based upon CIPFA's competency self-assessment which has been developed as a tool supporting individuals to capture specific requirements, identify key knowledge gaps, plan their development and measure their progress.

## **Consultations**

An advance copy of the draft Training Policy was circulated to all members of the Pension Fund Committee and the Lancashire Local Pension Board with an invitation to provide comments and feedback on proposals. The observations received have been reflected within the policy now presented for the approval of the Committee.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

Without the required knowledge and skills, those charged with governance and decision-making may be ill-equipped to make informed decisions regarding the direction and operation of the Pension Fund.

An appropriate Training Policy forms the foundation of measures focussed on managing the risks posed by individuals with insufficient knowledge and understanding having responsibility for management, governance and oversight. This is a risk which has been identified within the Fund's Risk Register.

The Training Policy seeks to apply best practice and to ensure compliance with guidance from CIPFA and the Pensions Regulator. Failing to implement an adequate Training Policy and framework and to regularly review the effectiveness of training arrangements would place the County Council (as Administering Authority) at risk of non-compliance with the Pensions Regulator's Code of Practice No.14 (Governance and administration of public service pension schemes) and the legislative requirements that this code interprets.

## **Financial**

Decisions made by the Pension Fund Committee have direct financial implications for the Fund. The Fund's Training Policy forms part of its governance and risk management arrangements which seek to ensure Pension Fund Committee and Pension Board members are well-informed, confident, and knowledgeable participants who work effectively and consistently in the best interests of the Fund and its stakeholders.

**Local Government (Access to Information) Act 1985**  
**List of Background Papers**

Paper	Date	Contact/Tel
CIPFA - Code of Practice on Public Sector Pensions Finance Knowledge and Skills	October 2011	Frances Deakin 01772 533112
CIPFA – Technical Knowledge & Skills Framework for Local Pension Boards	July 2015	Frances Deakin 01772 533112
CIPFA - Pensions Finance Knowledge and Skills Framework – Technical Guidance for Elected Representatives and Non-Executive members in the Public Sector (CIPFA)	2010	Frances Deakin 01772 533112
The Pensions Regulator - Code of Practice No 14 (Governance and Administration of public service pension schemes)	2015	Frances Deakin 01772 533112

Reason for inclusion in Part II, if appropriate

N/A