



# South Tyneside Council

Local Pension Board

Date: 7<sup>th</sup> July 2021

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## Training for Local Pension Board (for decision)

Report of the Head of Pensions

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### **Purpose of Report**

1. This report addresses the training requirements of the Local Pension Board.
2. The Local Pension Board is asked to:
  - Approve the updated Training Policy
  - Consider the topics to be delivered at the training in September 2021.

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## Background

3. The Local Pension Board has used the Chartered Institute of Public Finance and Accountancy (CIPFA) Technical Knowledge and Skills Framework for Local Pension Boards to benchmark their training requirements.
4. The Committee has also adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills and the CIPFA Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector as the basis of its Training Policy and Programme.
5. It is understood that CIPFA is working on an update to the existing Frameworks.
6. The Training Policy and Programme must also take account of:
  - the training requirements set out by the Pensions Regulator's Code of Practice Number 14 on the Governance and Administration of Public Sector Pension Schemes
  - the requirements of the Investment Strategy Statement (ISS)
  - the Local Pension Board's specific requirements.

## CIPFA Framework

7. The Framework is intended to have two primary uses:
  - As a tool for organisations to determine whether they have the right skills mix to meet their fund's financial management needs
  - As an assessment tool for individuals to measure their progress and plan their development.
8. Attached as Appendix A is a copy of the CIPFA Framework. The column headed "Current Position" shows details of the training that has been delivered or information provided by the Fund. The column headed "Action Required" is intended to highlight future training needs on those areas of knowledge where information or training has not yet been provided.
9. If any member of the Local Pension Board identifies any additional training needs, this should be brought to the attention of the Head of Legal Services or the Head of Pensions.

## **Code of Practice 14 – Training Requirements**

10. Paragraph 6 above notes that the Training Policy and Programme must take account of the training requirements set out by the Pensions Regulator’s Code of Practice Number 14 (COP 14) on the Governance and Administration of Public Sector Pension Schemes.
11. Whilst COP 14 is aimed primarily at members of the Local Pension Board, best practice dictates that the standards should also be applied to Pensions Committee members.
12. In relation to training, COP 14 states:

“Pension Board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly”.
13. This therefore places a requirement on the individual Board members and Committee members, if we apply consistent standards, to undertake their own training needs analysis and develop a personalised training plan.
14. The Fund’s Policy and Training Programme as summarised in this report is considered to provide all the information and detail that individuals need to undertake this analysis and plan for training. It is one of the reasons why a significant level of detail is included in this report about sources of information, training frameworks and training programmes.
15. This allows each individual to review their own position and then have input into the future development of the training programme based on their own understanding, which is then largely delivered as a collective.
16. The Fund’s Officers believe that this provides sufficient information to allow Local Board members to meet their requirements.
17. In order to more closely align the Fund’s approach to training to COP 14, in late 2018 the CIPFA Knowledge and Skills Framework was circulated to all members of the Local Pension Board. This would allow the individuals to self-assess themselves against this Framework. This information is now being used to inform the training programme delivered to the Local Pension Board. The intention is to repeat this exercise later in 2021.
18. In 2020 the Fund commissioned a review of COP 14 to establish whether the Fund’s practices and policies were compliant with COP 14.

19. The review concluded that the Fund's approach to training was compliant with COP 14 with one partial exception. This related to the fact that the Fund did not offer pre-appointment training for new Pension Board members or mentoring by existing members.
20. Whilst this is a requirement set out in the Code, Aon recognised that whilst the Fund does offer induction training to new members appointed to the Committee and the Local Pension Board, it is very difficult to be fully compliant in providing pre-appointment training. The reality being that it is rarely known who will be appointed in advance and it is therefore impractical to provide pre-appointment training. From speaking with Aon, we understand all other LGPS funds who have undertaken the Aon COP 14 review have been found to be partially compliant in this area. No further action is proposed by the Fund in this respect.

### **Training Policy**

21. The Local Pension Board and the Committee have adopted a joint Training Policy and operate a joint approach to the delivery of training.
22. The previous version of the training policy was last approved by Committee in June 2019 and by the Local Pension Board in July 2019.
23. An updated version of the training policy is attached as Appendix B for approval by the Local Pension Board.
24. This updated training policy was approved by Pensions Committee on 10<sup>th</sup> June 2021.
25. The policy has been enhanced, with the inclusion of a section on "aims and objectives", details of key documentation available from the Fund and further information on the monitoring and reporting of training. These were areas suggested by Aon to enhance the already compliant Policy.

### **Fund Documents and Training Material**

26. The Fund's website at [www.twpf.info](http://www.twpf.info) holds documents that set out the Fund's policies and working practices in its publicly accessible area.
27. There is also a password protected area that has been set up to hold training material and exempt and commercially sensitive documents. Existing Local Pension Board members should already have access to the password protected area. New members have received their initial login details and guides to be able to access the password protected area.

### **Pensions Regulator Training Toolkit**

28. The Pensions Regulator has provided an on-line training resource to assist those involved with public sector pension schemes.
29. This is accessed via a “Trustee Toolkit” link on its website.
30. It provides a set of seven modules covering the key themes in the Code of Practice on governance and administration of public service schemes. Each module provides an option to complete an interactive tutorial online and an assessment to test knowledge.
31. The 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.
32. The Regulator suggests that each module’s tutorial should take no more than 30 minutes to complete.
33. The modules will assist with meeting the minimum knowledge and understanding requirements in relation to the contents of the Code of Practice but would not meet the knowledge and skills requirements in other areas such as Scheme regulations, the Fund’s specific policies and the more general pensions legislation.
34. Therefore, this toolkit should be used to supplement the existing training plans.

### **Training Programme**

35. The Fund’s usual approach to training is focussed around two offsite training events of up to three days each. This has then been supplemented by additional training as and when needed.
36. During 2020/21 the Fund was forced to fundamentally change its approach to training as a result of Covid 19. Instead of holding two offsite events, the Fund delivered a programme of virtual training across a range of dates, with some grouping around the dates initially set aside in the diary for offsite training.

37. The table below shows a comparison between the training delivered virtually and the percentage attendance in 2020/21, to the average of training delivered and percentage attendance at offsite events over the last three years:

	<b>Virtual Training</b>	<b>Offsite Training</b>
<b>Number of Hours Delivered</b>		
- Committee and LPB	18 hours	26 hours
- Committee Only	3.5 hours	
- LPB Only	1.5 hours	
- Investment Panel Only	2 hours	
<b>Overall</b>	<b>25 hours</b>	<b>26 Hours</b>
<b>Attendance at training</b>		
- Committee and LPB	49%	73%
- Committee Only	63%	
- LPB Only	63%	
- Investment Panel Only	100%	
<b>Overall</b>	<b>53%</b>	<b>73%</b>

38. The analysis shows that in total the number of hours delivered virtually during 2020/21 is broadly the same as in previous years when offsite training has been delivered. It should, however, be noted that some of the training has been specifically delivered to smaller groups such as the Investment Panel and to the Committee and the Local Pension Board separately.
39. In terms of attendance as a proportion of the numbers invited to each session, there has been a higher turnout at the offsite training in previous years when compared to the virtual training in 2020/21.
40. Nevertheless, it is believed that the training programme delivered virtually in 2020/21 was successful. It is also believed that virtual training sessions should continue to be used going forward.

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41. In terms of the training in the Council diary for 13<sup>th</sup> to 15<sup>th</sup> September 2021, a decision has been taken that this will be delivered virtually rather than having a three-day offsite event.
  42. Whilst the current Covid road map and progress with the vaccine programme would suggest that it could be possible to arrange an offsite event, concerns remain about a potential third wave of the virus, which may lead to the arrangements having to be amended closer to the date. There is a significant amount of work involved in arranging an offsite event and if this happened much of this would be abortive.
  43. Should the Covid road map continue to be positive it should however be possible to return to an offsite event for the training in February 2022. A decision on this event will be taken closer to the time.
  44. Irrespective as to whether the main training events take place virtually or in person, it is proposed that the monthly virtual training events continue, as a way of supplementing the September and February training.
  45. In terms of content, it has already been agreed the following training should be delivered:
    - 1<sup>st</sup> July 2021 - Climate Change and Responsible Investment. Arrangements are being made for the Environment Agency Pension Fund to present to the Committee.
    - 14<sup>th</sup> July 2021 – Initially training on cash flow management had been proposed. However, it is now considered more appropriate to use the training in July to receive a presentation from the Fund’s auditor Ernst and Young on the audit plan for the 2020/21 audit of the year end accounts. The training on cash flow management is less of a priority and can be picked up at a later date.
  46. No training is proposed for August. For the training in September, whether virtual or physical, the following topics should be considered:
    - Service Planning – this session is usually delivered in September each year and helps develop the budget and service plan for the following three years
    - The 2022 Actuarial Valuation. There will be a need for a number of training sessions in the run up to the 2022 valuation, to cover issues such as employer risk, setting of discount rates etc
    - A further session of Climate Change
    - Asset Liability Modelling in 2022
    - Cash Flow Management

- The current economic environment
- Local Investment
- An introduction to or refreshers on asset classes
- Pension Fund Procurement and Service Providers
- Pensions Administration
- Risk Management.

47. The Local Pension Board's views on the content of the training in September are requested.

### **Induction Training**

48. There have been a number of changes to the Local Pension Board and Pensions Committee. All new members are offered an Induction Training Session and a briefing with the Head of Pensions.
49. For new members for 2021/22 an induction training session was delivered on 4<sup>th</sup> June 2021. A follow up session is currently being arranged for those members who could not attend.

### **Additional Training Support**

50. The Fund has recently agreed to purchase a package of training support from Hymans Robertson. This will be available for new and existing members of the Committee and the Local Pension Board.
51. The package will deliver training online through a series of short videos. There will be a number of areas covered in "bitesize" sessions of 20 minutes or less. This will also provide links to additional materials and sessions will conclude with a short quiz. The following areas are covered:
- Introduction to the LGPS
  - LGPS Governance and Regulators
  - Administration and Fund Management
  - Funding and Actuarial Matters
  - Investments



- Current Issues – McCloud, Goodwin and Cost Sharing.
52. The online platform will track attendance and reports will be sent to officers.
53. Once the final arrangements with Hymans have been concluded this will be rolled out the members of the Local Pension Board and the Committee.
54. The benefits of the package will be considered as part of the annual assessment of performance exercise, undertaken in February 2022.

### **Recommendations**

55. The Local Pension Board is asked to:
- Approve the updated Training Policy
  - Consider the topics to be delivered at the training in September 2021.

### **Reason for Recommendations**

56. To ensure that an appropriate approach to training is in place.

**APPENDIX A****THE LOCAL PENSION BOARD TECHNICAL KNOWLEDGE AND SKILLS FRAMEWORK**

Section	Current Position	Action Required	Self Assessment Score (end 2018)
<b>1 – Pensions Legislation</b>			
A general understanding of the pensions legislative framework in the UK.	Governance arrangements and broad legislation covered at training in September 2015, September 2016, September 2017 and September 2018 training. Training on McCloud changes delivered in September 2020.		4.00

Section	Current Position	Action Required	Self Assessment Score (end 2018)
<p>An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.</p>	<p>The Committee and the LPB receive reports on proposed and enacted legislation. Benefits Regulations were reviewed at the September 2015 Seminar.</p> <p>New Investment Regulations were issued and implemented by 1st April 2017. The Committee and the LPB received reports on the New investment regulations at their meetings in November and December 2016 respectively.</p> <p>The new ISS was agreed by the Committee in March 2017 and an update on this was presented to the LPB at their meeting in March 2017. An updated ISS was also approved by Committee in September 2017. The Local Pension Board was consulted on the ISS before consideration by the Committee in both March and September. In addition there was a presentation on the Investment Regs and the ISS at the September 2017 training.</p> <p>Training on Tax Implications was delivered in February 2020.</p> <p>Training on McCloud changes delivered in September 2020.</p>		<p>3.71</p>
<p>An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and</p>	<p>The Committee reviews discretions and approves the administering authority discretions as changes arise. They were last considered in</p>		<p>3.43</p>

Section	Current Position	Action Required	Self Assessment Score (end 2018)
local taxpayers.	February 2019. The Committee received an annual report on the discretions exercised by employers. The LPB received copies of these reports and representatives from the LPB attended the February 2017, 2018 and 2019 meeting where these discretions were considered as observers. A session focussing on Administering Authority Decisions was delivered in December 2020.		
A regularly updated appreciation of the latest changes to the scheme rules.	The Committee and the LPB receives reports on proposed and enacted legislation. This is also covered in the Committee papers to which the Board has access. An update on proposed changes to the benefit regulations was covered at the training in February 2019. An update on the McCloud Judgment was delivered in September 2020.		3.86
<b>2 – Pensions Governance</b>			
Knowledge of the role of the administering authority in relation to the LGPS.	The Committee considers its Governance Compliance Statement periodically. The latest version was presented to Committee in February 2020. The LPB was invited to this meeting. The LPB also received copies of these reports. The Governance Arrangements and responsibilities of the LPB were covered at the training in September 2016, September 2017 and September 2018 and September 2019 training. Sessions covering external Benchmarking of Pensions and Investment Services were provided in February 2020 and March 2021.		4.14

Section	Current Position	Action Required	Self Assessment Score (end 2018)
	A session on Administering Authority Discretions took place in December 2020.		
An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	<p>The Public Service Pensions Act and the roles of DCLG (now MHCLG), The Pensions Regulator and Treasury were covered at the training in September 2016 and September 2017 training. In February 2020, a session covering Hymans Good Governance Review and the Pensions Regulator's Review of the LGPS was delivered.</p> <p>The annual presentation of the Service Plan also contains details of the role of MHCLG and the Pensions Regulator.</p>	Further training on the Pensions Advisory Service and the Ombudsman could be undertaken.	3.86
	A presentation by the Pensions Regulator was delivered to the LPB and Committee members in December 2017.		
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	<p>The Public Service Pensions Act and the role of the Scheme Advisory Board were covered at the training in September 2016 and September 2017. This is also covered in the presentation on service planning each year.</p> <p>A link to the Scheme Advisory Board website was sent out to members of the Local Pension Board and the Committee on 16<sup>th</sup> October 2018.</p> <p>The annual presentation on the Service Plan also contains details of the role of the SAB, tPR etc.</p>		3.29
A broad understanding of the role of pension fund committees in relation to the fund, the	The Committee considers its Governance Compliance Statement annually. The latest		3.86

Section	Current Position	Action Required	Self Assessment Score (end 2018)
administering authority, employing authorities, scheme members and taxpayers.	<p>version was agreed by the Committee in February 2020.</p> <p>Details on the role of the Committee was covered in the training in September 2016, September 2017, September 2018 and September 2019. The role of the Committee and the Board is also covered in induction sessions.</p> <p>Service Planning and Budgeting for 2021-24 was covered at the September 2020 training. A service Planning session specifically for members of the Local Pension Board was delivered in March 2021.</p>		
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.		Training and advice on this area is required. Comments on this are included in the Hymans Governance Review. It may be better to wait for further guidance on this.	3.43
Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.	<p>The new Investment Strategy Statement (ISS) covers compliance with the Myners Principles. The LPB were consulted on this document prior to it being presented to the Committee for approval in March 2017 and September 2017.</p> <p>A copy of the ISS is available on the Website.</p>	The inclusion of a session on the Myners principles was a suggested topic for the training in September 2020. However, changes due to Covid-19 led to different structure of training during September 2020. Further training to be considered. It may, however, be overtaken by the Good Governance Review.	3.43

Section	Current Position	Action Required	Self Assessment Score (end 2018)
	<p>A report on the Investment Principles is considered each year. This is also reported to the LPB.</p> <p>Training on the Investment Principles was provided at the September 2015 seminar.</p> <p>The annual governance review undertaken by Deloitte also covers the extent to which the Fund complies with Myners.</p>		
A detailed knowledge of the duties and responsibilities of pension board members.	<p>The LPB received a report at its first meeting in June 2015 with a Governance Statement for the LPB which also set out the roles and responsibilities. A brief update on this was included in the Committee training in September 2016. A copy of the Governance Statement was presented to the Local Pension Board in October 2017. This was also included in the training in September 2018 and September 2019.</p> <p>Training on “what makes good scrutiny” was delivered at the Local Pension Board meeting in December 2018.</p> <p>A session specifically dealing with Conflicts of Interest and Fiduciary Responsibility was delivered in September 2019.</p>		4.43
	In July 2018, new members of the Board were nominated and the responsibilities of the Board		

Section	Current Position	Action Required	Self Assessment Score (end 2018)
	members were covered as part of this meeting. In May 2021, new members of the Board were again appointed. The meeting in July 2021, includes a report on the role of the Local Pensions Board. Induction training was also provided in June and July 2021 for these new members, which covered this topic.		
Knowledge of the stakeholders of the pension fund and the nature of their interests.	Training on the stakeholders in relation to Scheme governance was provided at the September 2015 and 2017 seminars. This is also covered in the annual presentations on the service plan.		3.86
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	<p>This is covered in the Communications Policy Statement, which is reviewed periodically by the Committee. This is available to the LPB.</p> <p>A copy of the latest Communications Policy Statement was approved by Pensions Committee in February 2019. This report was made available to the LPB and members were invited to the Committee meeting where it was approved.</p>		3.43
Knowledge of how pension fund management risk is monitored and managed.	This is covered in the Investment Strategy Statement. The LPB were consulted on this before it was approved by Committee in March 2017 and September 2017. A presentation on the ISS including risk was made at the training event in September 2017. The latest version of the ISS was approved by the Committee in November 2020.		4.00



Section	Current Position	Action Required	Self Assessment Score (end 2018)
	<p>The Funding Strategy Statement (FSS) also covers risks and how they are managed. The LPB is consulted on the FSS. The latest version was agreed by Committee in November 2019.</p> <p>The LPB receives a quarterly report on risk management. The Committee has delegated the responsibility for reviewing the risk register to the LPB.</p>		
An understanding of how conflicts of interest are identified and managed.	A conflict of interest policy has been developed for the Committee and LPB. A copy of the policy is available on the Funds website. The LPB received a copy in June 2015. This issue was also covered at the September 2016 and the September 2017 and September 2019 training.		3.86
An understanding of how breaches in law are reported.	<p>A policy on breaches in law was presented to the Local Pension Board in October 2015.</p> <p>A report on breaches of the law and the role of the regulator is presented quarterly to the Local Board.</p> <p>This was also covered in the training in February 2018 on COP 14.</p>		3.86
<b>3 – Pensions Administration</b>			
An understanding of best practice in pensions administration, e.g. performance and cost measures.	A presentation on pensions administration and benefits was delivered as part of the training in February 2019. A presentation on pensions processing was included in the training in		3.29

Section	Current Position	Action Required	Self Assessment Score (end 2018)
	<p>September 2019.</p> <p>A presentation on new management information for pensions administration was made to the LPB and the Committee in February 2020. There was also a presentation from CEM on pensions administration benchmarking in February 2020 and March 2021.</p>		
<p>Understanding of the required and adopted scheme policies and procedures relating to:</p> <ul style="list-style-type: none"> <li>• member data maintenance and record keeping processes</li> <li>• internal dispute resolution</li> <li>• contributions collection</li> <li>• scheme communication and materials.</li> </ul>	<p>This is summarised in the Fund's Annual Report and Accounts, which are presented to the LPB</p>		3.43
<p>Knowledge of how discretionary powers operate.</p>	<p>A report on administering authority discretionary powers was last considered by Committee in February 2019. Representatives from the LPB were invited to this meeting as observers. This report was made available to the LPB.</p> <p>A session on Administering Authority Discretions took place in December 2020.</p>		3.14
<p>Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).</p>	<p>A copy of the latest Pensions Administration Strategy was presented to the Committee in February 2017. Representatives from the LPB attended this meeting as observers. This report was made available to the LPB.</p> <p>Training on the Pensions administration strategy</p>		3.00

Section	Current Position	Action Required	Self Assessment Score (end 2018)
	was delivered as part of the training event in February 2019.		
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	A training session on this was delivered at the training in February 2020.		2.71
An understanding of what AVC 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.	Training on AVCs was delivered to the Local Pension Board in October 2018 by the Prudential. An annual report on the Fund's AVC arrangements is presented to Pensions Committee in November each year, which is available to the LPB. The last report was in November 2020.		3.29
<b>4 – Pensions Accounting and Auditing Standards</b>			
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	The LPB receives presentations and reports from the internal and external auditors on the audit programme and the Annual Report and Accounts.		3.43
An understanding of the role of both internal and external audit in the governance and assurance process.	The LPB receives presentations and reports from the internal and external auditors on the audit programme and the Annual Report and Accounts.		3.86
An understanding of the role played by third party assurance providers.	The LPB receives presentations and reports from the internal and external auditors on the audit programme and the Annual Report and Accounts.		3.71
<b>5 – Pensions Services Procurement and Relationship Management</b>			
An understanding of the background to current public procurement policy and	Procurement requirements and options are reported to the Committee and LPB as and when		3.14

Section	Current Position	Action Required	Self Assessment Score (end 2018)
procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.	they occur.		
A general understanding of the main public procurement requirements of UK and EU legislation.	Procurement requirements and options are reported to the Committee and LPB as and when they occur. This will have less relevance in relation to Investment Mandates going forward as the result of Investment pooling.	Training on this to be considered now the UK has left the EU.	3.14
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.	Risk workshop training undertaken at the training in September 2016 and September 2018. The risk register is reported to the LPB quarterly and the Committee annually. Selected risks are discussed in more detail at each quarterly meeting.		3.43
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.	Quarterly reports are presented to Committee and are available to the LPB on the investment managers. There is an annual report on the performance of the Custodian and the performance of the Investment Advisor is subject to an assessment by the Committee and the LPB.		3.29
<b>6 – Investment Performance and Risk Management</b>			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	Training on Asset Liability Modelling was presented in September 2016. The outcome of the latest modelling was part of the training session in March 2017. A presentation on potential de-risking of the Pension Fund was made at the training in September 2017.		4.00

Section	Current Position	Action Required	Self Assessment Score (end 2018)
	<p>Hymans delivered the high level output of the 2019 review of strategy which covered the option of de-risking the assets as part of the 2019 valuation strategy. This was delivered in February 2019 and included asset liability modelling.</p> <p>A session providing a Health Check on the Investment Strategy was delivered by Hymans in February 2021.</p>		
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.	The Committee and LPB carried out an annual assessment exercise on their own performance in compliance with the Myners principles. The outcome of this is reported to the Local Pension Board.	Consideration to be given to further training on the Myners Principles. This may be overtaken by the Good Governance Review.	3.71
	The principles are covered in the Annual Report and Accounts. Training on the Investment Principles was delivered in September 2015. The Fund uses an independent performance measurer and the results are reported to Committee and are available to the LPB quarterly.		
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	Annual reports are considered and reported to Pensions Committee on the performance of the providers of support services.		3.14
<b>7 – Financial Markets and Products Knowledge</b>			

Section	Current Position	Action Required	Self Assessment Score (end 2018)
<p>An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.).</p>	<p>The main asset classes were covered in the training in September 2015, 2016, 2017, 2018, and September 2019. Additional Property training takes place at the February/March Seminar each year. Most recently, in February 2021 the session covered a presentation from Border to Coast on their potential property proposal.</p> <p>Sessions since 2015 have covered many main asset classes such as Global Property, Private Equity, Private Debt, Multi Asset Credit, amongst others.</p> <p>February 2021 also saw the delivery of a session providing a Health Check on the Investment Strategy.</p> <p>The impact of the US elections was covered in a session during October 2020. Brexit was discussed during sessions in October 2020 and January 2021.</p> <p>Sessions during May 2020, June 2020, August 2020, September 2020, October 2020, November 2020 and April 2021 dealt with the various impacts of Covid-19 on private markets, property markets, equity and bond markets, and investment choices.</p>		4.00

Section	Current Position	Action Required	Self Assessment Score (end 2018)
An understanding of the role of these asset classes in long-term pension fund investing.	<p>The main asset classes were covered in the training in September 2015, September 2016, September 2017 and September 2017. Property training was undertaken in March 2018, February 2019 and February 2020.</p> <p>Training on Multi Asset Credit was delivered in September 2019 and February 2020.</p> <p>The presentation by Hymans at the training in September 2016 and March 2017 on ALM modelling covered this.</p> <p>A further session was delivered by Hymans on de-risking the investment strategy at the training in February 2019.</p>		4.00
An understanding of the primary importance of the fund's statement of investment principles and the investment strategy decision.	<p>Training on Statement of Investment Principles delivered in September 2015.</p> <p>The Statement of Investment Principles has been replaced with an Investment Strategy Statement (ISS). The LPB was consulted on the new ISS. This has been the subject of reports to the Committee and the LPB.</p> <p>Training on the new ISS was delivered in September 2017. The latest version of the ISS was approved by the Committee in November 2020.</p>		4.00
A broad understanding of the workings of the financial markets and of the investment	Training on the economic environment and the main asset classes was delivered in September	Consideration given to providing more detail on investment	3.71

Section	Current Position	Action Required	Self Assessment Score (end 2018)
vehicles available to the pension fund and the nature of the associated risks.	2015, 2016, 2017, 2018, and 2019. There was also an economic overview in February 2020.	vehicles. This may be more relevant when we have moved our assets into pooling.	
An understanding of the limits placed by regulation on the investment activities of local government pension funds.	Training on Investment Principles, including limits, delivered in September 2016.  These limits will no longer apply with the new 2016 Investment Regulations. The new Regulations require the Fund to produce an Investment strategy Statement (ISS). The latest version of the ISS was approved by the Committee in November 2020		3.57
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.	Training on this was delivered in February 2020		2.57
<b>8 – Actuarial Methods, Standards and Practices</b>			
A general understanding of the role of the fund actuary.	This was covered in Training in March 2016, September 2018, February 2019 and September 2019.		4.00
Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.	This was covered in the September 2016 Training. Training on the preparation for the 2019 valuation was delivered in September 2018, February 2019 and September 2019.  Inter-valuation monitoring is presented to Pensions Committee and the Board has access to these reports.		3.71
An awareness of the importance of monitoring early and ill health retirement	Ill-health retirement costs form an important part of the valuation. This was covered in the training		4.00



Section	Current Position	Action Required	Self Assessment Score (end 2018)
strain costs.	delivered by the Actuary in March 2016.  A report on the change in the funds approach to ill health inclusion in the valuation was presented to Committee in March 2019. This report was available to the LPB.		
A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	Training on this was delivered in March 2017.		4.00
A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.	Training on this was delivered in March 2017.		3.57
A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	Reports on the 2016 valuation include employer covenant. Information on employer covenant was also presented at the training in March 2016. This is also included in the reports on the 2019 valuation.		3.86

## Notes

The self-assessment score in the final column is the outcome of an exercise undertaken by the Local Pension Board in late 2018/early 2019. It is an average score from 7 returns received from Committee members. It is used to help inform the future training programme. Local Pension Board members were asked to score themselves against each area. The scoring range was 1 to 5 with 1 = no knowledge and 5 = highly skilled.

## APPENDIX B

### TYNE AND WEAR PENSION FUND

#### TRAINING POLICY FOR THE PENSIONS COMMITTEE AND THE LOCAL PENSION BOARD

#### APPROVED BY PENSIONS COMMITTEE IN JUNE 2021 AND BY THE LOCAL PENSION BOARD IN JULY 2021

##### Introduction

1. South Tyneside Council, as the administering authority for the Tyne and Wear Pension Fund, has adopted a recommendation from CIPFA on knowledge and skills. This states:
  - The Council has adopted the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.
  - The Council recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.
  - Accordingly, the Council requires the Pensions Committee and the Local Pension Board to ensure that they have formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the Local Government Pension Scheme finance knowledge and skills for those responsible for financial administration and decision-making.
  - These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
  - The Pensions Committee and the Local Pension Board will report on an annual basis how these policies have been put into practice throughout the financial year.
  - The Council has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Corporate Director Business and Resources, who will act in accordance with the Council's practices and, where he/she is a CIPFA member, with CIPFA Standards of Professional Practice.
2. The Pensions Committee has adopted the CIPFA Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector as the basis of its approach to training.

3. The Local Pension Board has adopted the CIPFA Pensions Panel Technical Knowledge and Skills Framework for Local Pension Boards as the basis of its approach to training.
4. The Myners Review recommended that there should be a legal requirement that where trustees are taking a decision, they should be able to take it with the skill and care of someone familiar with the issues concerned.
5. Investment Principle 1 concerns “Effective Decision Making”. As adapted for the Local Government Pension Scheme, it states:
  - “Administering authorities should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
  - Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.”
6. The recommendations from the Myners Review were taken forward by the Pensions Act 2004, which the Fund has followed as best practice.
7. The Training Policy and Programme takes account of the training requirements set out in the Pensions Regulator’s Code of Practice Number 14 on the Governance and Administration of Public Service Pension Schemes that took effect from April 2015.
8. The Training Policy and Programme takes account of the ongoing specific requirements of the Pensions Committee and the Local Pensions Board.

### **Aims and objectives**

9. South Tyneside Council recognises the importance of its role as administering authority to the Tyne and Wear Pension Fund.
10. In relation to training, the administering authority's objectives are to ensure that:
  - The members of the Pensions Committee charged with the financial management and decision-making of the Fund and the Local Pension Board who will assist the Committee, are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them
  - Senior officers supporting the Committee and the Local Pension Board 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.
11. All Pensions Committee 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.

### **Delivery of Training**

12. The training programme is primarily based around two residential training seminars, each lasting up to three days, which are held every year.
13. In addition to the seminars, additional sessions are arranged, as required.
14. The investment managers, the Investment Advisor and the Actuary assist with training. They offer their own training seminars and webinars and provide speakers for the training programme.
15. Training seminars, conferences and webinars that are offered by industry wide bodies are attended.
16. The Fund's website includes training information.
17. Committee and Board Members are encouraged to use the Pensions Regulator's on-line training resource that assists those involved with the public sector pension schemes.
18. Members receive mailings of relevant publications.
19. The Fund's Officers are available to assist with each Member's individual training requirements.

### **Training for New Members**

20. All new members are offered induction training and are invited to attend a briefing session with the Head of Pensions. This session can include an assessment of the individual training needs.
21. On joining the Pensions Committee, the Local Pension Board or on appointment as a senior officer, individuals will be provided access to the following key Fund documentation:
- Service Plan

- Report and Accounts
  - Investment Strategy Statement
  - Funding Strategy Statement
  - Communications Policy Statement
  - Pensions Administration Strategy
  - Conflicts of Interest Policy
  - Training Policy.
22. A new Member may also attend induction courses that are offered by the Fund's investment managers.

#### **Additional Training for the Investment Panel**

23. Three Committee Members, including the Chair and Vice Chair of the Committee, sit on the Investment Panel. The Panel carries out detailed monitoring of the investment management strategy and structure and of the performance of the individual managers. It makes recommendations to the Committee on changes to the structure. Additional training is arranged for the Members who sit on the Panel.
24. The additional training is also provided in recognition of the more onerous roles of Chair and Vice Chair of the Committee.

#### **Additional Training for the Chair and Vice Chair of the Local Pension Board**

25. The Chair and Vice Chair of the Board attend additional training in recognition of the more onerous roles of Chair and Vice Chair of the Board.

#### **Monitoring and Reporting of Training**

26. Members assess their own training needs against the programme that is available and are advised to develop a personalised training plan.
27. A log is maintained by the Pensions Service of all training offered and delivered. Members are asked to advise the Fund of any training undertaken by themselves as individuals so this can be recorded on the training log maintained by the Fund.
28. A report on training is included in the Fund's Annual report and Accounts.

#### **Arrangements for Review of the Policy and Programme**

29. The Policy is reviewed and updated at least annually.
30. The Committee and Board review the content and delivery of the training programme at each quarterly meeting.

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## Training for Local Pension Board

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**The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:**

<b>Background Paper</b>	<b>File Ref:</b>	<b>File Location</b>
Local Pension Board Training File		Investments Office, South Shields Town Hall