

# TRAINING STRATEGY

## 2018/19

This is the training strategy for the West Sussex County Council Pension Fund.

The training strategy is established to aid the Pension Panel and Pension Advisory Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. This is in the context of:

The Pensions Regulator's Code of Practice relating to the requirements of the knowledge and understanding of the Pension Advisory Board (see Annex 1 for more information).

The Knowledge and Skills Framework developed by CIPFA (see Annex 2 for more information).

Guidance covering the knowledge and understanding of the Pension Advisory Board issued by the Scheme Advisory Board (SAB) (see Annex 3 for more information).

Although the legal requirements in relation to the Pension Advisory Board are more stringent than any obligations enforceable on Pension Panel members or Officers, the expectation is that the same knowledge and understanding requirements should apply. Therefore this strategy applies equally.

This strategy was approved by the Pension Panel on 1 November 2018 and is effective from that date. This strategy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

## Purpose of the Strategy

### Background

1. It is appropriate for the Pension Fund to establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support Pension Advisory Board, Pension Panel and Officers. The responsibility for ensuring that a framework is developed and implemented is ultimately the Scheme Manager, supported by Finance Manager – Pension Fund Governance.
2. Notwithstanding the above, it is ultimately the members' responsibility to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their function as a member of the Panel or Board.

### Strategy Objectives

3. The West Sussex Pension Fund's objectives relating to knowledge and skills are to:
  - Ensure that the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
  - Ensure the Pension Fund is effectively governed and administered; and
  - Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government.
4. To assist in achieving these objectives, the County Council will aim for full compliance with the areas of knowledge and understanding set out by the Pensions Regulator in their Code of Practice (No. 14) and CIPFA Knowledge and Skills Framework. Attention will also be given to the guidance issued by the Scheme Advisory Board and guidance issued by the Secretary of State. Members of the Pension Panel, members of the Pension Advisory Board and Officers require a knowledge and understanding of:
  - The **relevant Pensions Legislation** including LGPS Regulations and any other regulations governing the LGPS;
  - Public Sector **governance** including responsibilities delegated by West Sussex County, the roles and responsibilities and duties of the scheme manager and other committees and effective decisions in the management of the Pension Fund including risk assessments / management and risk registers.
  - The fundamental requirements relating to **financial markets and pension fund investments** including investment performance, risk management and the Investment Strategy Statement;

- The **operation and administration** of the Pension Fund including any document recording policy / scheme-approved policy about the administration of the Pension Fund<sup>1</sup> and Pensions Accounting and Auditing Standards;
  - **Actuarial methods, standards and practices** and controlling and monitoring the funding level including the Funding Strategy Statement; and
  - Pensions Services **procurement and relationship management**;
  - Such other matters as may be prescribed.
5. To support this, members of the Pension Panel, members of the Pension Advisory Board and Officers will:
- Have their knowledge measured and assessed;
  - Receive appropriate training to fill any knowledge gaps identified; and
  - Seek to maintain their knowledge.

Further details on how this will be achieved are set out in the next section (Delivery of Training).

6. Given the importance of the roles of Chairman of the Pension Panel and Chairman of the Pension Advisory Board in leading and shaping the direction of their respective bodies, it is expected that they will both be able to demonstrate an additional level of knowledge and skills to that required by the other members of the Pension Panel and Pension Advisory Board.

#### How the strategy meets West Sussex County Council Pension Fund Objectives

7. The strategy meets the following objectives of the West Sussex County Council Pension Fund as set out in the Business Plan –
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
  - Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers;
  - Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities

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<sup>1</sup> Including conflicts of interest, record keeping, internal dispute resolution, reporting breaches, maintaining contributions, appointments, exercise of discretionary functions, statement of communication, pension administration strategy and admission body arrangements.

and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment;

- Continually monitor and measure clearly articulated objectives through business planning; and
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

## **Delivery of Training**

### Training Plans and Resources

8. To be effective, training must be recognised as a continual process and will be centred on three key points
  - The individual;
  - The general pensions environment;
  - Coping with change and current talking points.
9. All members and officers should commit sufficient time in their learning and development and be aware of their responsibilities immediately when they take up their position.
10. Members of the Pension Panel, members of the Pension Advisory Board and Officers will have their knowledge measured and assessed at least annually via a questionnaire.
11. Training plans will be developed by officers at least on an annual basis following a review of the above assessments to ensure as far as possible individual members receive appropriate training to fill any knowledge gaps identified. These will be updated as required taking account of the identification of any knowledge gaps, changes in legislation, key events (e.g. the triennial valuation) and receipt of updated guidance. However it is recognised that a rigid training plan can be detrimental. Learning programmes will therefore be flexible to deliver the appropriate level of detail required.
12. Members of the Pensions Panel, Pension Advisory Board and Officers will be expected to maintain their knowledge through continuing attendance at training events, reading material and conferences as appropriate.
13. Consideration will be given to various training resources available in delivering training to the Pension Panel, members of the Pension Advisory Board and officers. These may include but are not restricted to:

| Delivery  | Commentary  | PAB | Panel | Officers |
|---|---|-----|-------|----------|
| Induction training                              | This will involve covering the requirements of the training strategy alongside guidance and information on the requirements of their roles.   | ✓   | ✓     | ✓        |
| The Pension Regulator's e-learning programme    | <p>On line tool covering seven short modules:</p> <ol style="list-style-type: none"> <li>1. Conflicts of Interests;</li> <li>2. Managing Risk and Internal Controls;</li> <li>3. Maintaining Accurate Member Data;</li> <li>4. Maintaining Member Contributions;</li> <li>5. Providing Information to Members and Others;</li> <li>6. Resolving Internal Disputes;</li> <li>7. Reporting Breaches of the Law.</li> </ol> <p>The toolkit is designed specifically with Pension Advisory Board members in mind but the material covered is of equal relevance to members of the Pension Panel and Officers.</p> <p>It is expected that all modules are covered.</p>   | ✓   | ✓     | ✓        |
| Attending courses, seminars and external events | <p>Notification of appropriate training events will be sent on receipt and a log will be included within the Business Plan updates to each of the relevant meetings.</p> <p>After attendance at an external event, Members and Officers will be asked to provide feedback via a feedback form which will be issued by Officers covering the following points:</p> <ul style="list-style-type: none"> <li>• Their view on the value of the event and the merit, if any, of attendance;</li> <li>• A summary of the key learning points gained from attending the event; and</li> <li>• Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Panel, Pension Advisory Board</li> </ul> | ✓   | ✓     | ✓        |

| <b>Delivery</b>   | <b>Commentary</b>  | <b>PAB</b> | <b>Panel</b> | <b>Officers</b> |
|---|--|------------|--------------|-----------------|
|   | <p>members or other Officers.</p> <p>This will assist with ensuring relevant training is offered in the future and enable Officers to ensure that the Fund is meeting the requirements of the Pension Regulator.</p>                           |            |              |                 |
| Internally developed training days and pre/post meeting sessions or in collaboration with other Funds or frameworks | Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision is to be made by the Panel in the near future or is subject to review by the Board. | ✓          | ✓            | ✓               |
| Regular updates from officers and/or advisers including circulated reading material                                 | This can be provided as necessary depending on the topical issues arising which the Fund is facing, to ensure up to date knowledge.  | ✓          | ✓            | ✓               |
| Self-improvement and familiarisation with regulations and documents   | Formal training can be used to highlight sources of further information for supplementary reading. Information held on the internet – such as webinars – can be used as a source of further information.                                       | ✓          | ✓            | ✓               |
| Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI)                             | As agreed by the Director of Finance, Performance and Procurement, to meet the needs of the service and where necessary in keeping with the requirements of apprenticeship training  |            |              | ✓               |

## **Risk**

### Risk Management

14. The compliance and delivery of this training strategy is at risk in the event of:
- Frequent changes in membership of the Pension Panel or Pension Advisory Board;
  - Poor individual commitment;
  - Resources not being available;
  - Poor standards of training;
  - Inappropriate training plans.
15. These risks will be monitored by officers within the scope of this training strategy and be reported where appropriate.

### **2019 Training Proposals**

Training for November 2018 will focus on investment types currently being considered as part of the review work of the investment strategy e.g. infrastructure and private debt. This may also be relevant to investment pooling options being opened up by the ACCESS work.

Further training as background to decisions on the investment strategy will therefore be expected.

2019 will be a Fund valuation year, and the work of valuation and the role of the actuary will need to be covered.

2019 will also see the pension administration function transfer to Hampshire County Council, and hence it may be appropriate to provide a session around the requirements of administration (such as the need for an annual benefit statement) as part of the background for this transfer.

Understanding the statutory framework including the role of the Pension Regulator may also be useful and any issues the Regulator has raised in relation to LGPS funds.

Joint training with the Pension Advisory Board may be appropriate for some sessions.

## Pension Regulators Area of Knowledge and Understanding

### **1.1. Legal requirements**

- 1.1.1. A member of the pension board of a public service pension scheme must be conversant with:
  - the rules of the scheme, and
  - any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
- 1.1.2. A member of a pension board must have knowledge and understanding of:
  - the law relating to pensions, and
  - any other matters which are prescribed in regulations.
- 1.1.3. 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 pension board

### **1.2. Practical guidance**

- 1.2.1. The legislative requirements about knowledge and understanding only apply to pension board members. However, scheme managers should take account of this guidance as it will support them in understanding the legal framework and enable them to help pension board members to meet their legal obligations
- 1.2.2. Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.
- 1.2.3. However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.

### **1.3. Areas of knowledge and understanding required**

- 1.3.1. Pension board members must be conversant with their scheme rules, which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.
- 1.3.2. They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.



- 1.3.3. In terms of documented administration policies, specific documents recording policy about administration will vary from scheme to scheme. However, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category:
- any scheme-approved policies relating to:
    - conflicts of interest and the register of interests
    - record-keeping
    - internal dispute resolution
    - reporting breaches
    - maintaining contributions to the scheme
    - the appointment of pension board members
  - risk assessments/management and risk register policies for the scheme
  - scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures
  - the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
  - terms of reference, structure and operational policies of the pension board and/or any sub-committee
  - statements of policy about the exercise of discretionary functions
  - statements of policy about communications with members and scheme employers
  - the pension administration strategy (or equivalent), and
  - any admission body strategy (or equivalent)
- 1.3.4. For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement.
- 1.3.5. Pension board members must also be conversant with any other documented policies relating to the administration of the scheme.
- 1.3.6. Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, 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.
- 1.3.7. Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.

#### **1.4. Degree of knowledge and understanding required**

- 1.4.1. The roles, responsibilities and duties of pension boards and their individual members will vary between pension schemes. Matters for which the pension board is responsible will be set out in scheme regulations. Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.
- 1.4.2. Schemes should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.
- 1.4.3. Pension board members must have a working knowledge of their scheme regulations and documented administration policies. They should understand their scheme regulations and policies in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.
- 1.4.4. Pension board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.
- 1.4.5. Pension board members should be able to identify and where relevant challenge any failure to comply with:
  - the scheme regulations
  - other legislation relating to the governance and administration of the scheme
  - any requirements imposed by the regulator, or
  - any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.
- 1.4.6. Pension board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.
- 1.4.7. Pension board members of funded pension schemes should ensure that they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.
- 1.4.8. All board members should attain appropriate knowledge so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a

pensions law expert (for instance, as a result of their day job) should have a greater level of knowledge than that considered appropriate for board members without this background.

## **1.5. Acquiring, reviewing and updating knowledge and understanding**

- 1.5.1. Pension board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Schemes should provide pension board members with the relevant training and support that they require. Training is an important part of the individual's role and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations.
- 1.5.2. Newly appointed pension board members should be aware that their responsibilities and duties as a pension board member begin from the date they take up their post. Therefore, they should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration of the scheme and relevant pensions law. Schemes should offer pre-appointment training or arrange for mentoring by existing pension board members. This can also ensure that historical and scheme specific knowledge is retained when pension board members change.
- 1.5.3. 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.
- 1.5.4. Learning programmes should be flexible, allowing pension board members to update particular areas of learning where required and to acquire new areas of knowledge in the event of any change. For example, pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.
- 1.5.5. The regulator will provide an e-learning programme to help meet the needs of pension board members, whether or not they have access to other learning. If schemes choose alternative learning programmes they should be confident that those programmes:
  - cover the type and degree of knowledge and understanding required
  - reflect the legal requirements, and
  - are delivered within an appropriate timescale.

## **1.6. Demonstrating knowledge and understanding**

- 1.6.1. Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole. This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.

## CIPFA Requirements

### **1.7. CIPFA Knowledge and Skills Framework**

- 1.7.1. In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:
- 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; and
  - Actuarial methods, standards and practice.
- 1.7.2. The Knowledge and Skills Framework sets the skills required for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS funds.

### **1.8. Local Pension Boards: A Technical Knowledge and Skills Framework**

- 1.8.1. In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members;
- Pensions Legislation;
  - Public Sector Pensions Governance;
  - Pensions Administration;
  - Pensions Accounting and Auditing Standards;
  - Pensions Services Procurement and Relationship Management;
  - Investment Performance and Risk Management;
  - Financial markets and product knowledge;
  - Actuarial methods, standards and practices.

### **1.9. CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")**

- 1.9.1. CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:
- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
  - ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
  - publicly report how these arrangements have been put into practice each year

- 1.9.2. The West Sussex County Council Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This training strategy formally sets out the arrangements the West Sussex County Council Pension Fund will take in order to comply with the principles of the Code of Practice.

## **Guidance from the Scheme Advisory Board**

### **1.10. General Principles**

- 1.10.1. The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Pension Advisory Board members to understand their knowledge and understanding obligations.
- 1.10.2. Knowledge and understanding must be considered in the light of the role of a local pension board and West Sussex County Council will make appropriate training available to assist and support PAB members in undertaking their role.

### **1.11. Committee Members**

- 1.11.1. Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee. However, it is proposed that members of the Pension Panel should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

### **1.12. Degree of Knowledge and Understanding**

- 1.12.1. The role of the Pension Advisory Board is to assist the Scheme Manager i.e. the administering authority. To fulfil this role, Pension Advisory Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or Codes of Practice.
- 1.12.2. Pension Advisory Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the West Sussex County Council Pension Fund in enough detail to know where they are relevant and where it will apply.