

<b>Agenda Item</b>	<b>9</b>
<b>Report No</b>	<b>PC/11/23</b>

## **HIGHLAND COUNCIL**

**Committee:** Pensions Committee

**Date:** 21 September 2023

**Report Title:** **Training Policy and Training Plan 2023/24**

**Report By:** Head of Corporate Finance

### **1. Purpose/Executive Summary**

- 1.1 This report sets out the training policy for the Highland Council Pension Fund, applying to both officers responsible for supporting the Fund, and members of the Pensions Board, Committee and Investment Sub-Committee.

### **2. Recommendations**

- 2.1 Members are asked to consider this report and:
- i. Note the LGPS Skills and Knowledge Statement (Appendix 1) which was adopted by the Fund in September 2022 in accordance with the CIPFA Code of Practice Knowledge and Skills (2021).
  - ii. Note the Fund's approach to training (section 6) which incorporates the CIPFA Knowledge and Skills Framework core areas (Appendix 2) and the CIPFA self-assessment matrix (Appendix 3)
  - iii. Note the training resources provided by The Pensions Regulator (TPR) alongside the recommendation from the Scottish Public Pensions Agency (SPPA) that Board and Committee members should be required to complete TPR training as part of their induction (section 8).

- iv. Note the training delivered to date on pension fund matters (section 9 and Appendix 4) and that details of attendance are included in the Annual report and accounts (section 11).
- v. Agree the training policy and programme for 2023/24 set out within the report (section 10).

### **3. Implications**

- 3.1 Resource – as covered in report.
- 3.2 Legal – as covered in report.
- 3.3 Community (Equality, Poverty, Rural and Island) – none.
- 3.4 Climate Change / Carbon Clever – none.
- 3.5 Health and Safety (risks arising from changes to plant, equipment or people) – none.
- 3.6 Risk – none.
- 3.7 Gaelic – none.

### **4. Background**

- 4.1 The Pension Fund recognises the importance of training of Committee and Board members and officers in relation to Pension Fund matters. The Fund's Governance Policy Statement refers to the Fund's current policy with regard to training. Also, the Annual Report and Statement of Accounts for the Fund include a statement setting out governance compliance against the Myners effective decision-making principles.
- 4.2 An essential part of the good governance of the Highland Council Pension Fund is that all those involved in administering the scheme have the required skills and knowledge to fulfil their role. Pensions Committee members have a legal fiduciary duty to the scheme members and employer bodies, which is separate and distinct from their role as elected Councillors.
- 4.3 There are a number of regulatory requirements specific to knowledge and skills which the Highland Council Pension Fund must comply with. These include the CIPFA LGPS Code of Practice Knowledge and Skills (2021), The Pensions Regulator Code of Practice and the Markets in Financial Instruments Directive II (MiFID II). It is also a CIPFA requirement that attendance at training is reported in the Highland Council Pension Fund Annual Accounts.
- 4.4 The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills, and CIPFA's supporting Framework and guidance documentation was formally adopted by the Pensions Committee in November 2013, with the Framework being updated in June 2021.

- 4.5 The Fund must also comply with the Markets in Financial Instruments Directive II (MiFID II) and in order to be categorised as professional clients under this legislation, must meet both qualitative and quantitative requirements to access the full range of investments. The qualitative requirements focus on a collective assessment of the expertise, experience and knowledge of the LGPS administering authority in relation to its investment decisions.
- 4.6 Arrangements for the regular training of members and officers are in place, with training delivered through a number of means including: online training on the Pension Regulator website; external seminars and events (in person, via video conference, webinars); training delivered as Committee agenda items; and other briefings and research material. Officer training is planned and monitored through the Council's Employee Review and Development (ERD) framework.
- 4.7 Following the introduction of the Public Service Pensions Act 2013 the Pensions Regulator has outlined the legal requirements for individual Pension Board members to have the correct level of knowledge and understanding to undertake their role. The training policy with regards to Pension Board members is addressed separately in this document.

## **5. The CIPFA Code and Framework**

- 5.1 In order to ensure all members and officers involved in Pension Fund decisions are adequately trained, CIPFA has developed a Public Sector Pensions Knowledge and Skills Framework to support the Code. The Code and Framework are seen as supporting the requirements of the Public Sector Pensions Act 2013 and the Pension Regulator code.
- 5.2 The CIPFA Framework supporting the Code of Practice is intended to have two primary uses:
- as a tool for administering authorities to acquire and retain LGPS knowledge and skills, and to determine whether they have the right skill mix to meet their pension scheme management, governance and decision-making needs.
  - as an assessment tool for individuals to measure their progress and plan their development.
- 5.3 The Framework sets out 8 core areas of knowledge and skills for those involved in LGPS pensions finance (both members and officers):
1. pensions legislation and guidance
  2. pensions governance
  3. funding strategy and actuarial methods
  4. pensions administration and communications
  5. pensions financial strategy, management, accounting, reporting and audit standards

6. investment strategy, asset allocation pooling, performance and risk management
7. financial markets and products
8. pension services procurement, contract management and relationship management

- 5.4 An extract of the competency assessment for members has been included with this report at Appendix 3. Members should complete this to identify any training requirements (paragraph 57 of the Pension Regulator's Code of Practice advises this). Members can register on the CIPFA website (<http://www.cipfa.org/>) to download copies of the whole framework document or can contact the Principal Accountant for assistance in accessing a copy of the framework.
- 5.5 The CIPFA Framework recognises that all LGPS Funds will differ, and each fund will wish to adapt the framework to suit their own requirements e.g. not all funds will be of a size, or take an investment approach, whereby all activities and knowledge are in-house. The framework acknowledges that some Funds will choose to access certain types of expertise from external sources such as investment managers and investment advisers.
- 5.6 The key recommendations of the Code and Framework are:
- Formal adoption of the CIPFA Framework as the basis for training and development of members and officers involved in Pension Fund finance matters.
  - Disclosure within the Pension Fund Annual Report and Financial Statements how the framework has been applied, what assessment of training needs has been undertaken, and what training has been delivered against the identified training needs.

The Highland Council Pension Fund complies with both of these recommendations.

## **6. Training Policy**

- 6.1 Training needs will be assessed using the structure of the CIPFA Framework 8 core knowledge and skills areas set out at para 5.3. Training needs assessment and delivery will be based upon a group (Committee and Board) and individual (member/officer) approach.
- 6.2 It is likely that most aspects of training will be delivered on a group basis, either at Committee and Board or through separate events to which all members will have the opportunity to attend. For this type of training, the training programme and assessment of needs will be based on a consideration of; new developments and legislation, topical/live issues, as well as member feedback and specific requests for training.
- 6.3 Group Needs and Training  
Group training will be delivered through a variety of mediums including:

- provided directly at Pensions Committee and Board or Investment Sub-Committee through reports and presentations.
- specific training sessions/conferences/seminars/visits/webinars, provided by e.g. Council officers, investment managers, investment advisors, national bodies such as CIPFA, NAPF, Scottish LGPS Group etc.
- provision of and reading of relevant material e.g. research, briefing papers, website content, industry magazines, etc.

#### 6.4 Individual Needs and Training

To further support the identification of training needs and recognising some individuals may have specific requirements the CIPFA Framework provides for self-assessment to identify training needs.

- Appendix 1 provides further details of the 8 core competencies and members are asked to review this to self-assess any personal knowledge and skills requirements they feel they may have.
- A separate framework similar to Appendix 1 exists for officers, and it will be integrated with the Council's Employee Review and Development (ERD) framework process to identify any specific individual officer training needs.

6.5 Having reviewed these learning assessment tools members may wish to approach the Head of Corporate Finance/Principal Accountant to discuss any individual queries or training needs they may have identified. It is important that members appreciate that an in-depth understanding of all the core knowledge areas is neither assumed nor necessary. In many cases what the framework expects is only an *understanding* or *awareness* of the area, and knowledge of where more detailed knowledge could be sought e.g. members are not necessarily expected to have in depth knowledge of a matter, but a general awareness of the issue and understanding of where they might source further information if required.

6.6 An annual report on training will be considered by the Pensions Committee and Board, to ensure that training needs are regularly assessed, and training arrangements developed.

### 7. **Pension Board**

7.1 The Pension Board has been established from 1 April 2015 under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013.

7.2 The regulations require that pension board members must meet certain legal requirements that relate to their knowledge and understanding. Members must:

- have a working knowledge of the scheme rules and of any policy document for the scheme
- have knowledge and understanding of the law relating to pensions

- 7.3 In May 2018, a Guide for Local Pension Boards was published. This contains guidance for local pension boards to ensure they comply with their requirements and responsibilities and it sets out The Pension Regulators Code of Practice 14. A copy of this guide will be circulated to all Pension Board members.
- 7.4 The Pension Regulator and CIPFA have produced material to assist with training needs assessment and the acquisition of the identified knowledge and skills and are described in the following sections. Pension Board members should take advantage of either or both of these learning resources, if required, to help ensure the attainment of the appropriate level of knowledge and understanding.
- 7.5 An annual report on training will be considered by the Pensions Committee and Board in future, to ensure that training needs are regularly assessed, and training arrangements developed.

## **8. The Pension Regulator**

- 8.1 The Pension Regulator is the UK regulator of work-based pension schemes. The Regulator works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them.
- 8.2 The principal aim of the Pension Regulator is to prevent problems from developing. The Regulator uses their powers flexibly, reasonably and appropriately, with the aim of putting things right and keeping schemes, and employers on the right track for the long term.
- 8.3 The Pension Regulator website has information on public service pension schemes <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role>
- 8.4 The Pension Regulator also provides training resources. On the Pension Regulator website there is a learning assessment tool available which is a useful resource to help Pension Board members identify any training requirements. <https://trusteetoolkit.thepensionsregulator.gov.uk/mod/page/view.php?id=337>
- 8.5 The Pension Regulator also provides a free online learning programme called the Public Service toolkit which Pension Board members should complete, unless the equivalent training has already been completed. The Public Service toolkit covers the following areas:
- Conflicts of interest
  - Managing risk and internal controls
  - Maintaining accurate member data
  - Maintaining member contributions

- Providing information to members and others
- Resolving internal disputes and
- Reporting breaches of the law

<https://education.thepensionsregulator.gov.uk/login/index.php>

- 8.6 These resources are freely available to all members and officers.
- 8.7 The Pension Regulator's Code of Practice 14: Governance and Administration in Public Service Pension Scheme (initial public sector version April 2015) sets out the legal requirements for public service pension Schemes. A full copy of the code can be accessed on the Pensions Regulator website  
<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>
- 8.8 The key areas covered by the Code are as follows:
- Knowledge and understanding required by local pension board members
  - Degree of knowledge and understanding required
  - Acquiring, reviewing and updating knowledge and understanding
  - Conflicts of interest
  - Publishing information about schemes
  - Managing risks
  - Administration – maintaining contributions, providing information to members
  - Resolving issues – internal dispute resolution and reporting breaches of the law
- 8.9 As part of the Pension Fund Regulations 2015, the Scottish Public Pensions Agency (SPPA) commissioned a review of the Pension Board arrangements during 2017 and how these were operating. One of the recommendations from this review was, "*All Pension Board and Scheme Advisory Board members should be required to undertake the Pensions Regulator on-line training as part of their induction training.*"  
<http://lgpsab.scot/public-sector-pensions-governance-review/>

## **9. Training Delivered 2022/23**

- 9.1 While this report is primarily forward looking, in terms of future training requirements and policy, the opportunity has been taken to recap within this report some examples of recent training undertaken by members and officers in relation to Pension Fund matters (see Appendix 4). This has been mapped against the 8 core areas to highlight coverage.
- 9.2 The training events attended during the year covered a range of subjects which included Pension Fund Governance (Hymans), Role of the Custodian (Northern Trust), and Responsible Investing (Aon).

- 9.3 Investment Strategy training was provided at the meeting of the Investment Sub Committee and covered the following:
- Multi asset credit
  - Global equities
  - Alternative risk premia strategies
- 9.4 There is a training need assessment and training plan template which is available for Members to complete and can be used to highlight any training needs. A copy of an example training plan template is at Appendix 5.
- 9.5 Details of further training delivered will be recorded by officers and used for the annual disclosure within the Pension Fund Annual Report, in line with the CIPFA framework expectations. As noted in section 11 of this report, attendance at training will be reported in this disclosure on an individual basis.

## 10. Training Programme 2023/24

- 10.1 The following training programme has been provided or is proposed for the remainder of the 2023/24 financial year.
- 10.2 The training programme can be revised to incorporate any required training based on member feedback following self-assessment of their individual training needs (paras 6.4) or ad hoc training requirements.

<b>Date</b>	<b>Event and Core Knowledge &amp; Skills Areas Covered</b>	<b>Attendees/Potential attendees</b>
8 Sept 2023	Investment training provided at Investment Sub Committee by the Schroders (property) and KKR (infrastructure)	ISC Members PB Observers HC Officers
21 Sept 2023	Actuarial Valuation update at Pensions Committee	PC Members HC Officers
21 Sept 2023	“Ask the Actuary” informal Q&A session following Pensions Committee	PC Members HC Officers
28 Sept 2023	Scheme Advisory Board LGPS Cost transparency	ISC Members PB Members HC Officers
24 Nov 2023	Update from various Fund Managers on the performance of the Pension Fund portfolios includes training	ISC Members PB Observers HC Officers
Feb/Mar 2024	Update from various Fund Managers on the performance of the Pension Fund portfolios includes training	ISC Members PB Members HC Officers



<b>Date</b>	<b>Event and Core Knowledge &amp; Skills Areas Covered</b>	<b>Attendees/Potential attendees</b>
Jan/Feb 2024	Training to be provided on actuarial valuation process, assumptions and results	PC Members PB Members HC Officers
Ongoing	Individual training using the Pensions Regulator modules <a href="https://trusteetoolkit.thepensionsregulator.gov.uk/mod/page/view.php?id=337">https://trusteetoolkit.thepensionsregulator.gov.uk/mod/page/view.php?id=337</a>	PC Members PB Members HC Officers
Ongoing	Various webinars provided by Fund Managers and the Actuary	PC Members PB Members HC Officers
Ongoing	Heywood (provider of the Pensions Administration system Altair) provide technical training to the Pensions Administration team	HC Officers

## 11. Reporting on training attendance

- 11.1 In April 2019, CIPFA published guidance, "Preparing the annual report guidance for Local Government Pension Scheme Funds".
- 11.2 The aim of the guidance is to assist local government pension funds with the preparation and publication of the annual report required by Regulation 55 of the Local Government Pension Scheme (Scotland) Regulations 2018.
- 11.3 In the guidance, there is a section on Governance policy and compliance statement which recommends that annual report should include membership of each committee during the year with a matrix showing for each member:
- Voting rights
  - Attendance at meetings
  - Training received during the reporting period
- 11.4 In order to comply with the above guidance, the Highland Council Pension Fund Annual Report and Annual Accounts includes a matrix recording individual member attendance at meetings and training during the reporting period and also includes a list of all members and their voting rights.

Designation: Head of Corporate Finance

Date: 11 September 2023

Author: Catriona Stachan, Principal Accountant

Background Papers: CIPFA Code of Practice: Public Sector Pensions Finance Knowledge and Skills, Pensions Regulator website

## **Appendix 1**

### **LGPS Skills and Knowledge Statement**

1. The Highland Council, as administering authority for the Highland Council Pension Fund adopts the key principles of the Code of Practice on LGPS Knowledge and Skills.
2. The Highland Council, as administering authority for the Highland Council Pension Fund recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
3. The Highland Council as administering authority for the Highland Council Pension Fund has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS.
4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework.
5. This administering authority will ensure that it has adequate resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.
6. This administering authority will report annually on how its knowledge and skills policy has been implemented throughout the financial year in the Fund's annual report.
7. This administering authority has delegated the responsibility for the implementation of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the administering authority's knowledge and skills policy statement, and, where they are a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

## Appendix 2

### **CIPFA Knowledge and Skills Framework for Members of Pension Committees Core Areas**

With regard to the levels of understanding, these are as follows:

- An awareness is a recognition that the subject matter exists
- A general understanding is an understanding the basics in relation to the subject matter.
- A strong understanding is a good level of knowledge in relation to the subject matter (but not necessary at a detailed level)

#### **1. Pensions legislation and guidance**

##### General Pensions Framework

- A general understanding of the pensions legislative framework in the UK.
- A general understanding of other legislation that is relevant in managing an LGPS fund, e.g. freedom of information, General Data Protection Regulation (GDPR) and local authority legislation.

##### Scheme-specific legislation

- A general understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment including:
  - a general understanding of the LGPS Regulations 2013
  - a general understanding of the LGPS (Management and Investment of Funds) Regulations 2016
- An awareness of the LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members.
- A regularly updated awareness of the latest changes to the scheme rules and current proposals or potential changes to the scheme.

##### Guidance

- A general understanding of the requirements of statutory guidance from the responsible authority – MHCLG (England and Wales), SPPA (Scotland) or the Department for Communities (Northern Ireland).
- A general understanding of the requirements of The Pensions Regulator code of practice.
- An awareness of the requirements of guidance from the Scheme Advisory Board.
- An awareness of the requirements of guidance from GAD.
- An awareness of other guidance relevant to the LGPS, such as from CIPFA.

#### **2. Pensions Governance**

- An awareness of the LGPS regulations' main features, including any material developments and requirements relating to pension scheme governance.

- An awareness of statutory and other guidance in relation to pension scheme governance, including MHCLG statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.

#### Pension regulators, Scheme Advisory Board and other bodies

- A general understanding of how the roles and powers of MHCLG, TPR, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.
- A general understanding of the role of the Scheme Advisory Board and how it interacts with other bodies.

#### General constitutional framework

- A general understanding of the role of the administering authority in relation to the LGPS.
- A general understanding of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.
- An awareness of the role and statutory responsibilities of the CFO and monitoring officer.

#### Fund-specific governance

- A strong understanding of the roles, terms of reference and delegated responsibilities of the pension committee (including any sub-committees), the pension board and any other delegated responsibilities to senior officers.
- A general understanding of the stakeholders of the fund and the nature of their interests.
- A general understanding of who the key officers responsible for the management of the fund are, how the pension team is structured and how services are delivered.
- A general understanding of the fund's strategies, policies and other key documents.
- A general understanding of best practice risk management, including how that supports a structured and focused approach to managing risks. This should include how risk is monitored and managed and the fund's current key risks.
- A general understanding of how conflicts of interest are identified and managed.
- A strong understanding of how breaches in law are recorded and managed and, if necessary, reported to TPR, including each individual's personal responsibility in relation to breaches.
- A general understanding of the fund's knowledge and skills policy and associated training requirements.
- An awareness of the fund's process for dealing with complaints, including its internal dispute resolution procedure.
- A general understanding of how the effectiveness of the fund's governance is reviewed.

### Service delivery

- A general understanding of the required budget and resources needed to manage and administer the fund.
- A general understanding of the annual business planning cycle and budget setting.
- A general understanding of the fund's key performance indicators and other performance measures.
- A general understanding of the fund's business continuity policy and cyber security policy across all areas of fund activity, including administration.

### **3. Funding strategy and actuarial methods**

- An awareness of the LGPS regulations' main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.
- A general understanding of the role of the fund actuary.
- A general understanding of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.
- A general understanding of the key risks to the fund relating to the funding strategy.

### Valuations

- A general understanding of the valuation process, including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.
- An awareness of the costs to the employer, including employer contributions and early retirement strain costs.
- An awareness of the different types of employers that participate in the fund
- A general understanding of the importance of employer covenant, the relative strengths of the covenant across the fund's employers and how this impacts the funding strategy adopted.
- A general understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.
- A general understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (ie, the cost management process/ Section 13 report).

### New employer and exits

- A general understanding of the implications of including new employers in the fund and of the exit of existing employers.
- A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.

#### **4. Pensions communication and administration**

- An awareness of the LGPS regulations' main features and requirements relating to:
  - administration and communications strategies
  - entitlement to and calculation of pension benefits
  - transfers in and out of the scheme
  - employee contributions
  - the delivery of administration and communications (including associated guidance).
- A general understanding of the fund's pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.
- A general understanding of the fund's communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.
- A general understanding of best practice in pensions administration, e.g. performance and cost measures.
- A general understanding of the fund's processes and procedures relating to:
  - member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission
  - contributions collection.
- An awareness of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances.
- A general understanding of additional voluntary contribution (AVC) arrangements, including:
  - the AVC arrangements that exist
  - the choice of investments to be offered to members
  - the provider's investment and fund performance,
  - the payment of contributions to the provider
  - the benefits that can be received by scheme members
  - how and when the AVC arrangements, including the investment choices, are reviewed

#### **5. Financial strategy, management, accounting and audit standards**

- A general understanding 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 fund's accounts and annual report.

- A general understanding of the various elements of income into and expenditure of the fund, including the operational budget.
- A general understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.
- A general understanding of the role of both internal and external audit in the governance and assurance process.

## **6. Investment strategy, asset allocation, pooling, performance and risk management**

- An awareness of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance.

### Investment strategy

- A general understanding of the key risks that the fund is exposed to and how a fund's investment strategy should be considered in conjunction with these risks.
- A general understanding of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy.
- A general understanding of the role of these asset classes in long-term pension fund investing.
- A general understanding of the fund's cash flow requirements and how these impact on the types of investments considered.
- A general understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.

### Total fund

- A general 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 the committee

- An awareness of the Myners principles and the need to set targets for the committee and to report against them.
- An awareness of the range of support services provided to the committee, who supplies them and the nature of the performance monitoring regime.

### Responsible investment

- An awareness of the latest developments and requirements in the area of responsible investment.
- An awareness of the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI) and whether the fund is a signatory of these.
- A general understanding of the fund's approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund's investment strategy.

### Risk management

- A general understanding about how to manage and reduce risk and lessen the impact of risk on assets when it arises, including climate risk.

## **7. Financial markets and products**

### Financial markets

- A general understanding of the primary importance of the investment strategy decision.
- A general understanding of the workings of the financial markets, the investment vehicles available to the pension fund and the nature of the associated risks.
- An awareness of the restrictions placed by legislation on the investment activities of LGPS funds.

### MiFID II

- A general understanding of MiFID II requirements relating to the knowledge of decision makers.

## **8. Pension services procurement, contract management and relationship management**

### Understanding public procurement

- An awareness of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.

### Fund suppliers

- Awareness of the key decision makers in relation to the fund's procurements.
- A general understanding of the fund's suppliers and providers and their roles in the management of the fund.
- An awareness of how the fund's suppliers are monitored, including:
  - the Myners principles
  - the need for strategic objectives for investment consultants.

### Supplier risk management

- A general understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting external suppliers and providers.
- A general understanding of how the pension fund monitors and manages the performance of their external suppliers and providers, including business continuity and cyber risk.



### Appendix 3 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
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<b>1 – Pensions legislation</b>			
A general understanding of the pensions legislative framework in the UK.	1 2 3 4 5		
An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	1 2 3 4 5		
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	1 2 3 4 5		
A regularly updated appreciation of the latest changes to the scheme rules.	1 2 3 4 5		
<b>2 – Pensions governance</b>			
Knowledge of the role of the administering authority in relation to the LGPS.	1 2 3 4 5		
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.	1 2 3 4 5		
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	1 2 3 4 5		
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.	1 2 3 4 5		
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	1 2 3 4 5		

### Appendix 3 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.		1 2 3 4 5	
A detailed knowledge of the duties and responsibilities of pension board members.		1 2 3 4 5	
Knowledge of the stakeholders of the pension fund and the nature of their interests.		1 2 3 4 5	
Knowledge of consultation, communication and involvement options relevant to the stakeholders.		1 2 3 4 5	
Knowledge of how pension fund management risk is monitored and managed.		1 2 3 4 5	
An understanding of how conflicts of interest are identified and managed.		1 2 3 4 5	
An understanding of how breaches in law are reported.		1 2 3 4 5	
<b>3 – Pensions administration</b>			
An understanding of best practice in pensions administration eg performance and cost measures.		1 2 3 4 5	
Understanding of the required and adopted scheme policies and procedures relating to: <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>		1 2 3 4 5	

### Appendix 3 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
Knowledge of how discretionary powers operate.		1 2 3 4 5	
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).		1 2 3 4 5	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.		1 2 3 4 5	
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.		1 2 3 4 5	
<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.		1 2 3 4 5	
An understanding of the role of both internal and external audit in the governance and assurance process.		1 2 3 4 5	
An understanding of the role played by third party assurance providers.		1 2 3 4 5	
<b>5 – Pensions services procurement and relationship management</b>			
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.		1 2 3 4 5	

### Appendix 3 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
A general understanding of the main public procurement requirements of UK and EU legislation.		1 2 3 4 5	
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.		1 2 3 4 5	
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.		1 2 3 4 5	
<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.		1 2 3 4 5	
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.		1 2 3 4 5	
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.		1 2 3 4 5	

## Appendix 4 Details of training provided and attendees 2022/23

Date	26/09/22	17/10/22	21/10/22	9-10/11/22	13/03/23	16/03/23
Event	Pension Fund Governance (Hymans)	Role of the Custodian (Northern Trust)	Multi asset credit (Robeco) Global equities (Baillie Gifford)	LGPS conference (Baillie Gifford)	Responsible investing (Aon)	Alternative risk premia strategy (Man Group)
<b>Pensions Committee</b>						
Cllr J Bruce			N/A*	N/A*		N/A*
Cllr L Kraft	✓	✓	N/A*	N/A*		N/A*
Cllr T MacLennan	✓	✓	N/A*	N/A*	✓	N/A*
Cllr A Sinclair	✓		N/A*	N/A*		N/A*
<b>Pensions Board</b>						
Mr R Fea	✓	✓	✓		✓	✓
Cllr N Macdonald		✓			✓	✓
Cllr K Macleod	✓	✓			✓	
Cllr G Mackenzie		✓				
Cllr C Munro	✓				✓	✓
Ms L Mackay						
Mr D MacSween						
Ms E Johnston	✓	✓	✓	✓	✓	✓
Mr D Main						
<b>Pensions Committee &amp; Investment Sub Committee</b>						
Cllr C Ballance					✓	✓
Cllr R Gale	✓				✓	✓
Cllr B Lobban	✓	✓				✓
Cllr D Louden	✓	✓	✓		✓	✓
Cllr A MacDonald	✓					✓
Cllr P Oldham	✓	✓	✓		✓	✓
Cllr M Paterson	✓	✓		✓	✓	✓

\*Attendance not required as not a member of the Investment Sub Committee

## Appendix 4 Details of training provided and attendees 2022/23

Date	26/09/22	17/10/22	21/10/22	9-10/11/22	13/03/23	16/03/23	Ongoing
Event	Pension Fund Governance (Hymans)	Role of the Custodian (Northern Trust)	Multi asset credit (Robeco) Global equities (Baillie Gifford)	LGPS conference (Baillie Gifford)	Responsible investing (Aon)	Alternative risk premia strategy (Man Group)	General reading and research e.g. agenda reports and presentations, manager reports and briefings, magazines and other periodicals, online reading etc
<b>CIPFA Core competencies</b>							
1. Pensions legislation and guidance	✓				✓		✓
2. Pensions governance	✓				✓		✓
3. Funding strategy and actuarial methods				✓			✓
4. Pensions administration and communications					✓		✓
5. Pensions financial strategy, management, accounting, reporting and audit standards							✓
6. Investment strategy, asset allocation, performance and risk management		✓	✓	✓	✓	✓	✓
7. Financial markets and products		✓	✓	✓	✓	✓	✓
8. Pension services procurement, contract management and relationship management		✓					✓

## Appendix 5 Example Training Plan



### HIGHLAND COUNCIL PENSION FUND – TRAINING PLAN

NAME:

YEAR OF TRAINING PLAN:

<b>Training requirements</b> <i>(use CIPFA Technical Knowledge and Skills Framework to assess training needs)</i>	<b>Action to address training requirement</b>	<b>Target date</b>	<b>Date completed</b>
<i>e.g. Refresher training required to keep up to date on all knowledge and skills requirements</i>	<i>e.g. Attend Scottish LGPS annual training (online)</i>	<i>01/03/2024</i>	