



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 5

5th June 2019

## Training Policy, Practice and Plan

### Purpose of Report:

To present a training policy and practice statement for the Strathclyde Pension Fund together with a training plan for 2019/20.

### Recommendations:

The Committee is asked **to NOTE** the contents of this report and **to APPROVE** the training policy and practice statements set out in Appendix B and the 2019/20 training plan set out in Appendix C.

Ward No(s):

Citywide:

Local member(s) advised: Yes  No  consulted: Yes  No

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## **1 Regulatory Background**

Appendix A sets out the legal and regulatory background to training requirements for those involved in the management of pension schemes together with the role of the Pensions Regulator in this regard.

## **2 Practice and Policy Statements**

CIPFA (the Chartered Institute of Public Finance and Accountancy) maintains a Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Code recommends that all organisations responsible for the financial management of public sector pension schemes should adopt CIPFA's practice and policy statements. These are set out in Appendix B.

## **3 Strathclyde Pension Fund - Training Plan 2019/20**

### **3.1 Objective**

The objective of the training plan is to ensure that all staff, Committee members and Board members with a role in the management and governance of the Strathclyde Pension Fund are fully equipped with the knowledge, skills and understanding to discharge the duties and responsibilities allocated to them.

### **3.2 Strategy**

Individual training needs will vary, and members are encouraged to assess their own requirements. The training plan will ensure that a variety of opportunities are available both for introductory training and for ongoing development on a regular basis. Training will be delivered using existing resources wherever possible.

### **3.3 Plan**

The training plan for 2019/20 is set out in Appendix C.

### **3.4 Records**

Appropriate records of the learning activities of the committee and board and its members will be maintained.

### **3.5 Review and Assessment**

The Director of Strathclyde Pension Fund will assess overall training needs and objectives, and review the Training Plan annually.

## **4 Review of 2018/19 Training Plan**

Key items offered as part of the 2018/19 training plan included the following.

- Induction training for new committee and board members
- Committee/ Board Briefings on:
  - UK Property Investment (DTZ)
  - Global Lending (Barings)
  - Review of LGPS Structure in Scotland
  - Private Markets (Partners Group)
  - Absolute Return Investing (Ruffer)
- Committee Briefing on:
  - Responsible Investment

Board Briefings on:

- Pensions implications of equal pay settlements
- Fund management expenses
- Attendance at:

- LGC Investment Seminar
- Scottish LGPS Conference
- PLSA Investment Conference
- Support in completing TPR Public Service Toolkit

In addition, many agenda items considered at Committee and Board meetings are to note for information.

## 5 Policy and Resource Implications

### Resource Implications:

*Financial:* Any costs of delivering internal elements of the training plan will be met from the Fund in common with the other costs of administering the scheme and in accordance with the Local Government Pension Scheme Regulations.

*Legal:* Appendix A sets out the legal and regulatory background to training requirements.

*Personnel:* None

*Procurement:* None

**Council Strategic Plan:** Strathclyde Pension Fund aligns with the theme of a well governed city. The Training Plan is an important element in the Fund's governance.

### Equality and Socio-Economic Impacts:

*Does the proposal support the Council's Equality Outcomes 2017-22* Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

*What are the potential equality impacts as a result of this report?* No specific equalities impacts.

*Please highlight if the policy/proposal will help address socio economic disadvantage.*

### Sustainability Impacts:

*Environmental:* Environmental issues are addressed in the Fund's Responsible Investment strategy.

*Social, including Article 19 opportunities:*

Social issues are addressed in the Fund's Responsible Investment strategy

*Economic:*

Economic issues are addressed in the Fund's Responsible Investment strategy.

**Privacy and Data Protection impacts:**

None.

## **6 Recommendation**

The Committee is asked **to NOTE** the contents of this report and **to APPROVE** the Training Policy and Practice Statements set out in Appendix B and the 2019/20 Training Plan set out in Appendix C.

## Regulatory Background

### 1 Myners Principles/ CIPFA / LGPS Regulations

Training expectations for pension fund trustees were defined in the 2001 Myners Principles. They were revised and updated in the revised principles published in 2009. Principle 1 *Effective Decision Making* reads as follows.

*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.*

Administering authorities are required by the Local Government Pension scheme regulations, to state within their Statement of Investment principles the extent of their compliance with the principles and guidance and the reasons for any non-compliance.

### 2 CIPFA Code of Practice

During 2011 CIPFA launched a Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Code seeks to embed the requirements for the acquisition, retention and maintenance of appropriate knowledge and skills. The Code of Practice is underpinned by four key principles:

1. Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision-making and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge and skills.
2. Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.
3. The associated policies and practices are 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.
4. The organisation has designated a named individual to be responsible for ensuring that policies are implemented.

The Code of Practice recommends that all organisations responsible for the financial management of public sector pension schemes should adopt CIPFA's practice and policy statements. The proposed statements for adoption by the Strathclyde Pension Fund are set out in Appendix B.

### **3 The Pensions Regulator (TPR)**

#### **3.1 Background**

From 1<sup>st</sup> April 2015 the Pension Regulator (TPR) became responsible for regulatory oversight of public service pension schemes including the LGPS as a result of the Public Service Pensions Act 2013. In January 2015 TPR published a Code of Practice for the Governance and Administration of Public service Pension Schemes.

#### **3.2 TPR Code of Practice**

##### **3.2.1 Overview**

The code is particularly directed at scheme managers and the members of pension boards and is structured as a reference document to be used by them to inform their actions in the core areas of:-

- governing your scheme
- managing risks
- administering your scheme and
- resolving issues.

##### **3.2.2 Governing your scheme**

This part of the code covers:

- knowledge and understanding required by pension board members
- conflicts of interest and representation, and
- publishing information about schemes.

##### **3.2.3 Knowledge and Understanding**

The code provides that 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.

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.

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.

##### **3.2.4 Practical Guidance**

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.

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.

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.

### **3.3 Public Service Toolkit**

The Pensions Regulator has developed a toolkit for anyone involved in the governance and administration of public service pension schemes. This includes scheme contacts, scheme managers, pension board members, administrators and professional advisers. The Public Service toolkit is an excellent means to learn about managing public service pension schemes and to increase knowledge and understanding. Training modules include the key areas of:

- Conflicts of interest
- Managing risks 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.

The toolkit is updated regularly.

The toolkit is available at:

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

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## Training Policy and Practice Statements

### Policy Statement

- Glasgow City Council, as administering authority for the Strathclyde Pension Fund, recognises the importance of ensuring that all staff and members charged with financial administration and decision-making with regard to the Fund and the local government pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- The Council therefore seeks to utilise individuals who are both capable and experienced and will provide or arrange training for staff and members of the pensions decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

### Practice Statement

- Glasgow City Council, as administering authority for the Strathclyde Pension Fund, adopts the key recommendations of *the 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 will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.
  - These policies and practices will be guided by reference to the comprehensive framework of knowledge and skills requirements as set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
  - The Council 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 Director of Strathclyde Pension Fund, who will act in accordance with the Council's policy statement, and with *CIPFA Standards of Professional Practice* (where relevant).
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## Strathclyde Pension Fund - Training Plan 2019/20

i. **Introductory training** will be provided to any new committee and board members at the earliest opportunity.

ii. **Regular Briefings**

The practice of holding a briefing session on a relevant or topical issue during each of the quarterly meetings of the Committee and Board will continue. Briefing papers will also be produced to update the Committee and Board in respect of significant developments in relevant areas.

iii. **Training Sessions**

*Ad-hoc* internal training sessions will be organised to address particular issues or decisions as they arise.

iv **Public Service Toolkit**

The toolkit is available at:

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

Relevant staff, Committee members and Board members should use the toolkit to develop their own knowledge and understanding as they consider appropriate.

The toolkit includes brief assessments as part of each of its individual courses or modules. Completion of the modules will assist individuals in identifying any further training needs.

v. **Individual Assessment and Training**

Further training will be provided on the basis of individual needs identified through completion of the Public Service Toolkit courses or at other times. Committee and Board members should contact the Director or officers to discuss any individual training needs. Assessment of overall progress will be used as the basis for planning future briefings and training sessions.

vi. **External Training Events**

Committee and Board members will be advised of appropriate external training events which they may wish to attend.

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