

LEICESTERSHIRE COUNTY COUNCIL PENSION FUND TRAINING POLICY

Introduction

1. This policy demonstrates to stakeholders the Local Pension Committee's (Committee), the Local Pension Board's (Board), and Officers' recognition of the importance of knowledge and understanding of pension issues in the effective management of the Leicestershire Pension Fund ('the Fund').
2. This policy, and regular training, is deemed necessary due to:
 - the distinction of fiduciary duty owed to the Fund, compared to members and officers usual business.
 - the complexity of pension and investment issues.
 - inevitable changes in the membership due to the election cycles.
 - the Fund being treated by investment managers as a professional client and requirement to comply with the Markets in Financial Instruments Directive II
 - the potential consequences of not administering the Fund in an appropriate manner.
 - Responsible investing, net zero and how the Fund achieves this.
3. In addition, the Terms of Reference for the Committee and Board state that members 'must demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training.'
4. This policy complies with the Pensions Act 2004 248A and knowledge and understanding requirements set out within the Pension Regulators Code of Practice 2024. Though legislation and the Pensions Regulator only place these explicit requirements on the Board, this policy applies to all members and substitute members of the Committee, Board, and officers involved in the management of the Fund.

Core Knowledge Areas

5. The Fund adopts the principles contained within the Chartered Institute of Public Finance and Accounting (CIPFA) published guidance on Pensions Knowledge and Skills in 2021.
6. The guidance identifies eight core areas where appropriate knowledge and skills should be achieved and maintained:
 - a. Pensions legislation and guidance
 - b. Pensions governance
 - c. Funding strategy and actuarial methods
 - d. Pensions administration and communications

- e. Pensions financial strategy, management, accounting, reporting and audit standards
- f. Investment strategy, asset allocation, pooling, performance, and risk management
- g. Financial markets and products
- h. Pension services procurement, contact management and relationship management.

The Fund maintains a detailed list of topics within each area which Committee and Board members are assessed upon annually. This is set out within the Appendix to this Policy.

Local Pension Committee and Local Pension Board Requirements

7. For the Committee and Board, members are not expected to become technical experts, and levels of knowledge will vary depending on experience and time served. Ultimately the aim is that the breadth of knowledge and understanding achieved should be sufficient to allow members to understand fully any advice they are given, to challenge that advice if it seems sensible to do so and to enter fully into all decision-making processes.
8. As set out in the Pensions Act 2013 Board members have a personal responsibility to have an appropriate level of knowledge and understanding for the purposes of enabling them to exercise properly their function in assisting the Administering Authority in ensuring the effective and efficient governance and administration of the LGPS. In practice this means Board members must be conversant with the role of the scheme, and any document recording policy about the administration of the scheme.
9. Board members also have a role in supporting the Administering Authority in securing compliance with LGPS Regulations, other legislation, and the requirements of the Pensions Regulator, and must therefore have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed, such as areas set out within the Pension Board Terms of Reference.
10. The Committee also have a collective responsibility to have appropriate knowledge and understanding to satisfy the Markets in Financial Instruments Directive II. It is further understood that it is the policy direction that Committee members have the same individual responsibility for knowledge and understanding as the Board. This plan reflects best practice and expected future requirements at this time.
11. The depth of understanding required will vary depending upon the issues expected to be faced by the Fund and whether the individual is involved with the Pension Committee or the Pension Board. For example, financial markets and investment strategy will be most relevant to Committee members and Pension's administration matters most relevant to Board members.

i. On Appointment

12. Upon appointment to Board or Committee (including substitutes), members must:

- be provided with an information pack providing key documents and strategies related to the Committee or Board.
- undertake induction training with officers before taking up their role.
- be provided access to LGPS Online Learning Academy which contains LGPS specific learning modules which reflect the eight core knowledge areas set out above and complete recommended modules as set out by Officers.

ii. Ongoing Commitment to Training

13. An assessment of the training needs of the members of Committee and Pension Board and relevant officers will be undertaken annually to inform the programme of training, and will be reported to Committee and Board. In line with this individual training plans will be developed.

14. Training Needs Analysis will allow officers to provide training plans depending on level of experience. A rolling Training Plan will be developed, which will take into account individual training needs, topical issues, such as when decisions are required in relation to complex issues, or in new areas not previously considered, as well as general awareness.

15. Training will be provided in a variety of ways, using methods including:

- In-house training sessions provided by officers or external providers, either before, during or after meetings.
- Group training sessions, including group Hymans LGPS Online Learning Academy (LOLA) sessions.
- Individual completion of the on-demand Hymans LOLA modules.
- External training opportunities through conferences, webinars and seminars such as those organised by the Local Government Association and LGPS Central.
- Circulation of reading material, including Committee and Board report and minutes.
- The Fund's Information Pack which contains relevant Fund policies and documents.

16. At a minimum, within 6 months of appointment, or a refresh of e-learning, all members are expected to complete all LOLA modules within the Training Plan. Requirements of timescales of completion in year are reported annually. The Fund recognises different training styles of members and therefore provides for flexibility in approaches taken to completion.

17. Board and Committee members have expressed a preference for joint training sessions with officers using the LOLA. This is reflected in the training plan but if members are not able to attend these sessions, then individual completion of the modules will be required.

iii. Other External Training Opportunities

18. A number of external training opportunities take place across the year. Further information will be provided to Committee members when opportunities become available, as well as any other suitable events. Further details of these will be circulated by officers and will be paid for by the Pension Fund.

Fund Officer Requirements

19. It is important that Officers in the Fund have the necessary skills and knowledge to carry out the tasks of managing the Fund's investments and administering the payment of benefits.

20. The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required for the role. The Officers should be familiar with the requirements of the CIPFA Code of Practice on Knowledge and Skills and should have knowledge of the six areas of the framework.

21. Alongside access to the Hymans LOLA system, officers will attend relevant training events and seminars during the year to ensure they remain up to date with latest requirements. In addition, officers are also required to keep up to date with relevant issues affecting the pension fund.

Cost

22. Where there is a cost involved in providing the training this will be met directly by the Fund.

Key Risks

23. The key risks to the delivery of this policy are outlined below. The Chairmen of the Committee and Board, with the assistance of Fund Officers, will monitor these and other key risks and consider how to respond to them.

- Changes to Board or Committee membership.
- Poor attendance and/or lack of engagement at training and/or formal meetings by members and/or officers resulting in a poor standard of decision making, administration and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being of an acceptable standard.

- The requirements placed on members create difficulties for them.

Monitoring and Reporting

24. To identify whether the objectives of the Policy are being met, fund officers will maintain a training log to record training attended by members and officers. Members must notify officers of any training they have completed outside of the Fund, in order that the log be kept up to date.
25. Members who attend external events will be required to report back to the Committee/Board (as relevant) to share their knowledge with other members.
26. Reporting against this policy will be presented to the Fund Committee and Pension Board as part of the Fund Annual Report and Accounts. This will report successful completion of training using the following criteria, as well as training undertaken during the year:
 - a. Completion of mandatory induction training.
 - b. Completion of the LOLA modules mandatory training within six months of appointment.
 - c. Fulfilment of the Committee and/or Board's respective Terms of Reference.
 - d. Compliance with all applicable legislation and regulation.
27. The Chair of the Local Pension Board and Committee will be kept updated on Members progress against the policy.
28. Failure to complete the required training is in breach of the Training Policy and Terms of References. Membership of the Committee or Board may be terminated prior to the end of the term of office if they are no longer able to demonstrate they have the capacity to attend and prepare for meetings, or participate in the required training.
29. Officers involved in the management and administration of the Fund are set annual objectives which will include an element of professional development. These objectives are monitored as part of each individual's annual appraisal.

Approved by the Local Pension Committee

19 June 2024

Appendix

Areas of Knowledge and Understanding for the Fund.

Pension Legislation – Board and Committee

1. General pensions legislative framework in the UK, for example defined benefit, defined contribution, tax treatment and auto-enrolment.
2. The roles and powers of the UK Government in relation to the LGPS
3. The main features of the LGPS legislation relating to benefits, administration and investment.

Pension Governance – Board and Committee

4. The role of Leicestershire County Council as administering authority in relation to the LGPS in relation to the Fund
5. The role of the Scheme Advisor Board and the Pensions Regulator, Pensions Advisory Service and Pensions Ombudsman to the workings of the LGPS
6. Awareness of the Pension Regulator's Code of Practice for public sector pension schemes
7. The role of the Local Pension Committee
8. The role of the Local Pension Board
9. The roles and statutory responsibilities of the Administering Authority S151 officer
10. Potential conflicts of interest, how they are identified and managed.

Pensions financial strategy, management, accounting reporting and audit standards – Board and Committee

11. Requirements on the Fund in relation to accounting legislation and the Fund's Annual Accounts.
12. Audit Regulations and legislative requirements relating to internal controls and external audit for the Pension Fund.

Pension Administration and Communications – Board and Committee

13. The Administration and Communication Strategy and how the service is delivered and communicated to the Fund's members and employers.
14. An understanding of how Fund breaches in law are reported
15. Understanding of Fund policies relating to member data, record keeping, internal dispute procedures, cyber risk and contributions.
16. LGPS discretions and how employers' discretionary policies impact on the Fund.

17. Tax treatment of pensions, retirement lump sums annual allowance and lifetime allowance
18. The Fund's Additional Voluntary Contribution arrangements and choice of investments offered to members
19. Statutory deadlines and key performance indicators of the Pension Fund.

Pension Services Procurement and Relationship Management – Board and Committee

20. An understanding the background of public procurement and the roles of key decision makers and organisations in relation to pensions administration (ie. Actuarial services, Investment Advisors, AVC providers)
21. Supplier risk management. (ie. procurement procedure, risk assessments, what to look for when selecting an investment manager).
22. An understanding of how the Fund monitors and manages outsourced providers (software providers, tracing agencies)

Investment Strategy, asset allocation, pooling performance and risk management - Committee

23. How pension fund management risks are monitored and managed.
24. The role of the Fund's investments in paying future pension payments.
25. Awareness of the Fund's Investment Strategy Statement
26. Key aspects of Investment Manager Monitoring
27. The Fund's approach to responsible investment and engagement, and stewardship activities undertaken by fund managers and other partners.
28. The Fund's approach to climate risk and opportunities.
29. Investment pooling and the role of LGPS Central.

Financial Markets and Products Knowledge - Committee

30. The risk and return characteristics of the main asset classes and their role in long-term pension fund investing, including different investment vehicles available (ie. segregated or pooled, acti...
31. Understanding of the primary importance of the Fund's Strategic Asset Allocation (at every January Committee).
32. Awareness of the limits placed by regulation on the investment activities of the Fund (ie. fiduciary duty, ESG, and Fund discretions).

Funding strategy, actuarial methods, standards and practice – Board and Committee

33. The actuarial valuation process, including development of the funding strategy statement.
34. Key assumptions in the actuarial valuation
35. The types of employer eligible to join the Fund
36. The importance of the employer covenant
37. How employers' contribution rates are set
38. Where an employer leaves the Fund, how the promised pensions liabilities are paid for.

39. How employer outsourcings and bulk transfers are dealt with.