

# Pension Fund Committee

8
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## Dorset County Council



Date of Meeting	13 June 2013
Officer	Chief Treasury and Pensions Manager
<b>Subject of Report</b>	<b>Training Policy</b>
Executive Summary	<p>The Pension Fund Committee meeting on 14 June 2012 agreed a training policy for the Fund and committed to minimum levels of training. The report including the agreed policy is contained at Appendix 1. This policy has not been amended, but is included for sake of completeness</p> <p>As part of the policy it is agreed that the elected members training is monitored, and recorded in a Training Log. An updated Training Log is contained in Appendix 2.</p> <p>Appendix 3 contains a schedule of future training opportunities available to members of the Committee. If any member wishes to attend any of the training courses or seminars listed officers will make the necessary arrangements. Attendance on some of the attached schedule of events will be limited for budgetary reasons. Members will be eligible to apply for reimbursements of the costs of training events, and reasonable travel costs, where they are not met centrally by the Fund.</p> <p>This report is not recommending any change to the existing agreed policy, but is an update to the training log, and the schedule of training available.</p>
Impact Assessment:	Equalities Impact Assessment: N/A

	Use of Evidence:N/A
	Budget/ Risk Assessment: N/A
Recommendation	That the Committee review and comment upon the training policy, log and schedule of available training.
Reason for Recommendation	To continue to comply with the CIPFA Public Sector Pensions Finance Knowledge and Skills, and to ensure that the Fund has appropriate training arrangements in place.
Appendices	<ol style="list-style-type: none"><li>1. Training Policy report of 14 June 2012</li><li>2. Update member training log</li><li>3. Schedule of future training opportunities.</li></ol>
Background Papers	CIPFA Code of Practice on Public Sector Pensions Knowledge and Skills framework.
Report Originator and Contact	Name: Nick Buckland Tel: 01305 224763 Email: n.j.buckland@dorsetcc.gov.uk

**Nick Buckland**  
**Chief Treasury and Pensions Manager**  
June 2013

Agenda Item:

# Pension Fund Committee

8

## Dorset County Council



Date of Meeting	14 June 2012
Officer	Pension Fund Administrator
<b>Subject of Report</b>	<b>Training Policy</b>
Executive Summary	<p>The Fund has for a number of years placed a strong emphasis on member training, and has provided members of the Pension Fund Committee with a range of training opportunities designed to aid the decision making process. This report seeks to formalise this into a training policy, and uses the CIPFA Public Sector Pensions Knowledge and Skills framework as a basis for doing this.</p> <p>The report recommends the adoption of the CIPFA framework and recommends a formal policy of member training be adopted. It is important to note that the level of training required of members is no more than has been informally in place for several years.</p>
Impact Assessment:	Equalities Impact Assessment: N/A
	Use of Evidence: N/A
	Budget/ Risk Assessment: There are no additional budgetary implications as a result of this report.
Recommendation	<ol style="list-style-type: none"> <li>1. That the Fund adopts the CIPFA Knowledge and Skills framework as a basis for member training</li> <li>2. That the Fund adopts this training policy, and commits to the minimum levels of training as set out paragraphs 2 and</li> </ol>

	3. That the Fund adopts the formal wording in paragraph 2.5 as the key part of its training policy
Reason for Recommendation	To comply with the CIPFA Public Sector Pensions Finance Knowledge and Skills, and to formalise the arrangements already in place.
Appendices	<ol style="list-style-type: none"><li>1. Schedule of future training opportunities</li><li>2. Updated member training log.</li></ol>
Background Papers	CIPFA Code of Practice on Public Sector Pensions Knowledge and Skills framework.
Report Originator and Contact	Name: Nick Buckland Tel: 01305 224763 Email: n.j.buckland@dorsetcc.gov.uk

## 1. Background

- 1.1 As an administering authority of the Local Government Pension Scheme, Dorset County Council has always recognised the importance of ensuring that all officers and members of the Pension Fund Committee charged with the financial management and decision making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The Fund provides and arranges training for officers and members of the Pension Fund Committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.
- 1.2 Whilst the Dorset Fund has considered and provided training opportunities for a number of years a formal policy has never been agreed. This has been identified by the Fund's Independent Professional Observer as a potential weakness.
- 1.3 The desirability of pension fund decision making being overseen by persons with the right skills and expertise was recognised in 2001 in the UK Government's *Institutional Investment in the United Kingdom: A Review*, undertaken by Lord Myners.
- 1.4 The first Myners' Principle explicitly states that:
- i) Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
  - ii) Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.
- 1.5 In 2011, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice titled: Public Sector Pensions Finance Knowledge and Skills framework. This report is therefore designed to formally document the Fund's policy on training, and to comply with the Code of Practice and Governance requirements.

## 2. CIPFA Public Sector Pensions Finance Knowledge and Skills framework

- 2.1 The CIPFA Knowledge and Skills framework is underpinned by four key principles:
- i) Organisations responsible for the financial administration of public sector pensions 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.
  - ii) 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.
  - iii) 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.
  - iv) The organisation has designated a named individual to be responsible for ensuring that policies are implemented.

- 2.2 The Code usefully provides a framework for elected members Knowledge and Skills, and separates the requirements into six areas.
- 2.3 This framework will be used to assess knowledge and identify future training needs to ensure effective decision making. These key areas are shown below:
1. **Pensions legislative and governance context**
    - General and scheme specific legislation
    - Scheme Governance
    - Pensions regulators and advisors
    - Legislative framework
  2. **Pensions accounting and auditing standards**
    - Audit and accounting regulations and requirements
  3. **Financial Services procurement and relationship management**
    - Understanding public procurement
    - Supplier risk management
  4. **Investment performance and risk management**
    - Fund performance
    - Performance of advisers
  5. **Financial markets and product knowledge**
    - Investment strategy
    - Financial markets
  6. **Actuarial methods, standards and practices**
    - Valuations
    - Bulk transfers
- 2.4 A self assessment questionnaire was issued to all members of the Committee in April 2012, with the aim of identifying current levels of knowledge against each criteria, and informing the training programme going forward. At the time of writing only two responses had been received and those members whose response is outstanding are encouraged to return their completed questionnaires.
- 2.5 To underline the Fund's commitment to continuing training of members of the Committee, in line with the CIPFA Knowledge and Skills framework it is recommended that the following statement is adopted as part of this training policy:
- “The Council recognises the importance of ensuring that all staff and members charged with financial administration and decision making with regard to the Dorset County Pension Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- It therefore seeks to utilise individuals who are both capable and experienced and it will provide and arrange training for staff and members of the Pension Fund Committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills”

### **3. Training**


- 3.1 As part of their commitment to good scheme governance, all Pension Fund Committee members will be expected to attend at least three Committee meetings each year and three half day training sessions each year. The three training sessions are over and above any training that forms part of the formal Committee meetings.
- 3.2 Training opportunities for Committee members include the following events:
- Internal training events (such as the training day on 13 November 2012)
  - Fund events including the annual employers meetings
  - Seminars and conferences offered by industry wide bodies, such as the NAPF local authority conference, LAPFF annual conference, LGC events, and the Local government Pension Investment Forum
  - Formal LGPS Trustee training events organised by the Local Government Employers
  - Training events hosted by the Fund's managers and advisers, generally arranged to coincide with Committee meetings in London
- 3.3 A log of attendance has been maintained for several years, and under the requirements of the CIPFA Knowledge and Skills framework this will now be published in the Fund's Annual Report.
- 3.4 A key requirement of the CIPFA Knowledge and Skills framework is that the nominated officer, in Dorset's case the Pension Fund Administrator, is obliged to confirm, in the Fund's Annual Report that he is comfortable that all of those involved in managing the Pension Fund have the required levels of knowledge.
- 3.5 The statement that the Pension Fund Administrator is obliged to make in the Annual Report, requires him to confirm that officers and Members charged with the financial decision making for the pension scheme collectively possess the requisite knowledge and skills required to discharge their duties. The key word here is "collectively".
- 3.6 A schedule of forthcoming training opportunities, and an updated members training log are attached as appendices to this report.

### **4. Reimbursement of Training expenses**

- 4.1 All members of the Pension Fund Committee will be eligible to apply for reimbursement of the costs of training events, and reasonable travel costs, where these are not met centrally by the Fund.

## Member Training Log

Date	Event	Duration (Days)	Member Attendance								
			John Beesley	John Lofts	Neil Sorton	Johnny Stephens	Mike Lovell	Ron Coatsworth	Mike Byatt	Andy Canning	Colin Jamieson
<b>2011</b>											
18 February 2011	Chairmans Briefing	0.25			✓						
23 February 2011	Asset Allocation Strategy with JLT	0.25	✓	✓	✓	✓					
17 March 2011	Setting the Strategy with JLT	0.50	✓		✓						
10 June 2011	Chairmans Briefing	0.25			✓						
15 June 2011	Reviewing Investment Strategy with JLT	0.50	✓	✓	✓	✓		✓			
05 September 2011	Chairmans Briefing	0.25			✓						
8-9 Sept 2011	LGC Investment Conference	1.50	✓								
13 October 2011	Local Gov. Pensions Investment Forum	1.00									
03 November 2011	Annual Employers Meetings	0.50	✓	✓	✓		✓				
21 November 2011	Chairmans Briefing	0.25			✓						
23 November 2011	Role of a Custodian - HSBC - Performance Measurement, Stocklending	0.50	✓	✓	✓	✓	✓	✓			
23 November 2011	Managing a Property portfolio - CBREi	0.25	✓	✓	✓	✓	✓	✓			
<b>2012</b>											
17 February 2012	Chairmans Briefing	0.25			✓						
22-23 May 2012	NAPF Local Authority conference	1.50	✓	✓	✓						
11 June 2012	Chairmans Briefing	0.25			✓						
	Inflation Hedging & Introduction to LGPS										
14 June 2012	Benefits	0.50	✓	✓	✓	✓	✓	✓			
6-7 Sept 2012	LGC Investment Conference	1.50	✓		✓						
10 October 2012	Local Gov. Pensions Investment Forum	1.00									
14 November 2012	Annual Employers Meeting	0.50	✓	✓	✓		✓	✓			
16 November 2012	Chairmans Briefing	0.25			✓						
21 November 2012	Global Emerging Market Equity	0.50	✓	✓	✓		✓	✓			
21 November 2012	Diversified Growth Funds	0.25	✓	✓	✓		✓	✓			
<b>2013</b>											
15 February 2013	Chairmans Briefing	0.25			✓						
21/22 May 2013	NAPF Local Authority conference	1.50	✓		✓						
07 June 2013	Chairmans Briefing	0.25									
12 June 2013	New Member Training	0.50									

 = not a Committee member at this time



## Appendix 3

### Pension Fund Committee Training Opportunities

#### Conferences

CIPFA - Introduction to the LGPS	London	26-Jun-13
LGC Investment Summit	Celtic Manor, Newport	5-6 September 2013
Local Government Pension Investment Forum	London	03-Oct-13
Trustee Training - Inisght investments	London	21-Oct-13
LAPFF Annual Conference	Bournemouth	5-6 December 2013
Local Government Employers - Pension Fund Fundamentals training - 3 days	Cardiff or London	Oct - Dec 2013

#### Information on all external conferences and training available from officers

#### Training on Specific Issues/with Specific Managers

Linked to Committee meetings	London (generally)
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#### Recent/Future Topics

Inflation Hedging Bonds	TBC - Alternative investments?	Jun-13
Global Equity Markets	UK Equity Market Investing	Nov-13
	New Member Training	Jun-13
Diversified Growth Investing	Global Emerging Market Equity	Nov-12
Liability Hedging Bond Investing	Introduction to LGPS Benefits	Jun-12
Role of a Custodian, Performance Measurement	Property Investing	Nov-11
Setting the Investment Strategy	Quantitative US Equity Investing	Jun-11
Bonds and Cash Management	UK Equity Investing	Nov-10
Global Equity Investing	Property Investing	Jun-10
Investing in Hedge Funds	Private Equity Investing	Nov-09

#### All member training Day

Training Day hosted by Barnett Waddingham	Dorchester	13 November 2012
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