

Report for ACTION

Item Number: 10

The Royal Borough



Windsor &  
Maidenhead

<b>Contains Confidential or Exempt Information</b>	NO - Part I
<b>Title</b>	Training Plan for the Berkshire Pension Board
<b>Responsible Officer(s)</b>	Kevin Taylor
<b>Contact officer, job title and phone number</b>	Kevin Taylor Deputy Pension Fund Manager 01628 796715
<b>Member reporting</b>	n/a
<b>For Consideration By</b>	Berkshire Pension Fund Board
<b>Date to be Considered</b>	26 November 2015
<b>Implementation Date if Not Called In</b>	n/a
<b>Affected Wards</b>	None
<b>Keywords/Index</b>	Pension Board

### Report Summary

The purpose of this report is to request the Board to formally adopt the training plan and framework as now amended following discussions at the last Pension Board meeting on 3 August 2015.

### If recommendations are adopted, how will residents, fund members and other stakeholders benefit?

Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Better governance and administration of the Pension Fund	Ongoing

### 1. Details of Recommendations

In accordance with the Pension Regulators Code of Practice No. 14 (Governance and Administration of Public Service Pension Schemes) every individual member of the Berkshire Pension Board must:

- a) Be conversant with:
  - i) the rules of the Local Government Pension Scheme (LGPS), in other words the Regulations and other regulations governing the

- ii) LGPS (including the Transitional Regulations, the Investment Regulations and earlier regulations as they still apply); and
- ii) any document recording policy about the administration of the Pension Fund, and

b) Have the knowledge and understanding of:

- i) the law relating to pensions; and
- ii) such other matters as may be prescribed.

The Pension Board must develop a training policy to meet the statutory requirements of ensuring all of its members have capacity to fulfil their obligations associated with their role.

The attached framework has been redesigned to take account of members' previous comments so that Board members gain the knowledge and understanding required of them in a structured way.

**RECOMMENDATION:** The Berkshire Pension Board is asked to approve the attached training framework.

## **2. Reason for Recommendation(s) and Options Considered**

Pension Board members are required to have a 'working knowledge' of the Scheme and associated pension legislation in order to carry out their duties. It is implicit that Members of the Board understand their responsibilities and obligations as set out in the Terms of Reference and Members need to be able to challenge any failure to comply with the Scheme rules.

Pension Board members must continuously analyse their own training needs and personal development to ensure that they are confident in fulfilling their legal responsibilities.

## **3. Key Implications**

Pension Board Members have a legal duty to fulfil their obligations with regard to the level of knowledge and understanding required. Failure to achieve this could lead to a loss of public confidence.

## **4. Financial Details**

Failure by the Board to fulfil its statutory responsibilities could lead to fines being imposed by the Pensions Regulator.

## **5. Legal Implications**

Failure by the Board to meet its statutory obligations under legislation could lead to a number of potential possibilities including the intervention of the Pensions Regulator, a judicial review, a complaint to the Local Government or Pensions Ombudsman or an adverse comment by the Administering Authority auditor or the national Scheme Advisory Board.

## **6. Value For Money**

Not relevant.

## **7. Sustainability Impact Appraisal**

There are no known implications.

## **8. Risk Management**

Members of the Pension Board to be clear as to the legal responsibilities placed upon them in order to mitigate the risk of the Board being ineffective.

## **9. Links to Strategic Objectives**

Linked to strategic objectives of the Pension Fund in accordance with overriding pension scheme regulations.

## **10. Equalities, Human Rights and Community Cohesion**

There are no known implications.

## **11. Staffing/Workforce and Accommodation implications:**

None.

## **12. Property and Assets**

None.

## **13. Any other implications:**

None.

## **14. Consultation**

Not applicable.

## **15. Timetable for Implementation**

Immediate.

## **16. Appendices**

None.

## **17. Background Information**

Public Service Pensions Act 2013, Local Government Pension Scheme Regulations 2013 (as amended), The Pensions Regulator's Code of Practice, Shadow Scheme Advisory Board guidance.

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## **A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements**

### **1. TPR public service toolkit**

- a. Conflicts of Interest
- b. Managing Risk and internal controls
- c. Maintaining accurate data
- d. Maintaining member contributions
- e. Providing information to members and others
- f. Resolving internal disputes
- g. Reporting breaches of the law

### **2. TPR Code of Practice No. 14: Governance and administration of public service pension schemes**

- a. Governing your scheme
  - i. Knowledge and understanding required by pension board members
  - ii. Conflicts of interest and representation
  - iii. Publishing information about schemes
- b. Managing risks
  - i. Internal controls
  - ii. Managing risks
  - iii. Risk register
- c. Administration
  - i. Scheme record-keeping
  - ii. Maintaining contributions
  - iii. Providing information to members
- d. Resolving issues
  - i. Internal dispute resolution
  - ii. Reporting breaches of the law

### **3. Pensions legislation**

- a. The legislative framework for pensions in the UK
- b. Specific LGPS regulations and statutory guidance
  - i. Understanding scheme membership and eligibility
  - ii. Understanding scheme benefits
- c. LGPS discretions and their impact on the pension fund, employers and local taxpayers
- d. Keeping up to date with changes to the rules
- e. Other related legislation
  - i. The Public Service Pensions (Record Keeping and Miscellaneous Amendment) Regulations 2014
  - ii. The Occupational and Personal (Disclosure of Information) Regulations 2013
  - iii. The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2000
  - iv. Part 8 of the Finance Act 2004

#### **4. Pensions governance**

- a. Understanding the governance structure, nationally and locally, and the roles each body plays
  - i. DCLG (Responsible Authority)
  - ii. The Administering Authority (Scheme Manager)
  - iii. The Scheme Advisory Board
  - iv. The Pensions Regulator
  - v. The Pensions Advisory Service
  - vi. The Pensions Ombudsman
  - vii. The Government Actuary
- b. Knowledge of the stakeholders of the pension fund and the nature of their interests
- c. Knowledge of consultation, communication and involvement options relevant to the stakeholders
- d. Governance policies
  - i. Cash management
  - ii. Due diligence
  - iii. Funding Strategy Statement
  - iv. Governance Compliance Statement
  - v. Investment Philosophy
  - vi. Statement of Investment Principles

#### **5. Pensions administration**

- a. Understanding best practice in pensions administration e.g. performance and cost measures
- b. Understanding the required and adopted scheme policies and procedures relating to:
  - i. Pension Administration Strategy
  - ii. Member data maintenance and record-keeping processes
  - iii. Contribution collection
  - iv. Scheme communications policy, documents and materials
  - v. Service Level Agreements
- c. Knowledge of how the pension fund interacts with HMRC
- d. Additional Voluntary Contributions – operation, investment choices, performance and payment schedule
- e. The role of the scheme employer
- f. Stewardship report

#### **6. Pensions accounting and auditing standards**

- a. An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice
- b. An understanding of the role of both internal and external audit
- c. An understanding of the roles played by third parties

## **7. Investment performance and risk management**

- a. An understanding of the importance of monitoring asset returns relative to liabilities and a broad understanding of ways of assessing long-term risks
- b. An awareness of the Myners principles of performance management and the approach adopted by the administering authority
- c. Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime
- d. An understanding of the risk and return characteristics of the main asset classes and their role in long-term pension fund investing
- e. A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks
- f. An understanding of the limits placed by regulation on the investment activities of local government funds
- g. An understanding of how the pension fund interacts with HMRC and overseas taxation systems in relation to investments

## **8. Actuarial methods, standards and practices**

- a. A general understanding of the role of the fund actuary
- b. Knowledge of the valuation process and inter-valuation monitoring
- c. An awareness of the importance of monitoring early and ill health strain costs
- d. An understanding of the implications of admitting new employers to the fund and the cessation of those employers
- e. A general understanding of the relevant considerations in relation to outsourcings and bulk transfers
- f. A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers

## **9. Pension services procurement and relationship management**

- a. Current public procurement policy and procedures
- b. Brief overview of UK and EU procurement legislation
- c. Awareness of how the pension fund monitors and manages the performance of their outsourced providers





KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK				
UNIT 1: THE PENSION REGULATOR'S PUBLIC SECTOR ONLINE TOOLKIT				
LEARNING NEEDS ANALYSIS		PERSONAL DEVELOPMENT		
<i>Knowledge required</i>	<i>Rate my skills 1 = no knowledge 5 = highly skilled</i>	<i>Training requirements</i>	<i>Timescale</i>	<i>Where to go next</i>
1A: Conflicts of interest	1 2 3 4 5			
1B: Managing risk and internal controls	1 2 3 4 5			
1C: Maintaining accurate data	1 2 3 4 5			
1D: Maintaining member contributions	1 2 3 4 5			
1E: Providing information to members and others	1 2 3 4 5			
1F: Resolving internal disputes	1 2 3 4 5			
1G: Reporting breaches of the law	1 2 3 4 5			

  

KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK				
UNIT 2: TPR CODE OF PRACTICE No.14: GOVERNANCE AND ADMINISTRATION OF PUBLIC SERVICE PENSION SCHEMES				
LEARNING NEEDS ANALYSIS		PERSONAL DEVELOPMENT		
<i>Knowledge required</i>	<i>Rate my skills 1 = no knowledge 5 = highly skilled</i>	<i>Training requirements</i>	<i>Timescale</i>	<i>Where to go next</i>
2A: Governing your Scheme				
i) Knowledge and understanding required by pension board members	1 2 3 4 5			
ii) Conflicts of interest and representation	1 2 3 4 5			
iii) Publishing information about schemes	1 2 3 4 5			
2B: Managing Risks				
i) Internal controls	1 2 3 4 5			
ii) Risk management	1 2 3 4 5			

iii) Risk register	1	2	3	4	5			
2C: Administration								
i) Scheme record-keeping	1	2	3	4	5			
ii) Maintaining contributions	1	2	3	4	5			
iii) Providing information to members	1	2	3	4	5			
2D: Resolving issues								
i) Internal disputes resolution	1	2	3	4	5			
ii) Reporting breaches of the law	1	2	3	4	5			

KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK								
UNIT 3: PENSIONS LEGISLATION								
LEARNING NEEDS ANALYSIS			PERSONAL DEVELOPMENT					
Knowledge required	Rate my skills 1 = no knowledge 5 = highly skilled					Training requirements	Timescale	Where to go next
3A: The legislative framework for pensions in the UK	1	2	3	4	5			
3B: Specific LGPS regulations and statutory guidance								
i) Understanding scheme membership and eligibility	1	2	3	4	5			
ii) Understanding scheme benefits	1	2	3	4	5			
3C: LGPS discretions and their impact on the pension fund, employers and local taxpayers	1	2	3	4	5			
3D: Keeping up to date with changes to the rules	1	2	3	4	5			
3E: Other related legislation								
i) The Public Service Pensions (Record Keeping and Miscellaneous Amendment) Regulations 2014	1	2	3	4	5			
ii) The Occupational and Personal (Disclosure of Information)	1	2	3	4	5			

Regulations 2013					
iii) The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2000	1	2	3	4	5
iv) Part 8 of The Finance Act 2004	1	2	3	4	5

<b>KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK</b>							
<b>UNIT 4: PENSIONS GOVERNANCE</b>							
<b>LEARNING NEEDS ANALYSIS</b>			<b>PERSONAL DEVELOPMENT</b>				
<b>Knowledge required</b>	<b>Rate my skills 1 = no knowledge 5 = highly skilled</b>					<b>Timescale</b>	<b>Where to go next</b>
4A: Understanding the governance structure, nationally and locally, and the role each body plays							
i) DCLG (Responsible Authority)	1	2	3	4	5		
ii) The Administering Authority (Scheme Manager)	1	2	3	4	5		
iii) The Scheme Advisory Board	1	2	3	4	5		
iv) The Pensions Regulator	1	2	3	4	5		
v) The Pensions Advisory Service (TPAS)	1	2	3	4	5		
vi) The Pensions Ombudsman	1	2	3	4	5		
vii) The Government Actuary	1	2	3	4	5		
4B: Knowledge of the stakeholders of the pension fund and the nature of their interests	1	2	3	4	5		
4C: Knowledge of consultation, communication and involvement options relevant to the stakeholders	1	2	3	4	5		
4D: Governance policies							
i) Cash management	1	2	3	4	5		

ii) Due diligence	1	2	3	4	5		
iii) Funding Strategy Statement	1	2	3	4	5		
iv) Governance Compliance Statement	1	2	3	4	5		
v) Investment Philosophy	1	2	3	4	5		
vi) Statement of Investment Principles	1	2	3	4	5		

KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK							
UNIT 5: PENSIONS ADMINISTRATION							
LEARNING NEEDS ANALYSIS					PERSONAL DEVELOPMENT		
<i>Knowledge required</i>	<i>Rate my skills</i> 1 = no knowledge 5 = highly skilled				<i>Training requirements</i>	<i>Timescale</i>	<i>Where to go next</i>
5A: Understanding best practice in pensions administration	1	2	3	4	5		
5B: Understanding the required and adopted scheme policies and procedures							
i) Pension Administration Strategy	1	2	3	4	5		
ii) Member data maintenance and record-keeping process	1	2	3	4	5		
iii) Contribution collection	1	2	3	4	5		
iv) Scheme communications policy, documents and materials	1	2	3	4	5		
v) Service Level Agreement	1	2	3	4	5		
5C: Knowledge of how the pension fund interacts with HMRC	1	2	3	4	5		
5D: Additional Voluntary Contributions – operation, investment choices, performance and payment schedule	1	2	3	4	5		
5E: The role of the scheme employer	1	2	3	4	5		
5F: Stewardship report	1	2	3	4	5		

**KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK**

**UNIT 6: PENSIONS ACCOUNTING AND AUDITING STANDARDS**

<b>LEARNING NEEDS ANALYSIS</b>		<b>PERSONAL DEVELOPMENT</b>		
<b>Knowledge required</b>	<b>Rate my skills 1 = no knowledge 5 = highly skilled</b>	<b>Training requirements</b>	<b>Timescale</b>	<b>Where to go next</b>
6A: Understanding the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice	1 2 3 4 5			
6B: Understanding the role of both internal and external audit	1 2 3 4 5			
6C: Understanding the roles played by third parties	1 2 3 4 5			

**KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK**

**UNIT 7: INVESTMENT PERFORMANCE AND RISK MANAGEMENT**

<b>LEARNING NEEDS ANALYSIS</b>		<b>PERSONAL DEVELOPMENT</b>		
<b>Knowledge required</b>	<b>Rate my skills 1 = no knowledge 5 = highly skilled</b>	<b>Training requirements</b>	<b>Timescale</b>	<b>Where to go next</b>
7A: Understanding the importance of monitoring asset returns relative to liabilities and a broad understanding of ways of assessing long-term risks	1 2 3 4 5			
7B: Awareness of the Myerners principles of performance management and the approach adopted by the administering authority	1 2 3 4 5			
7C: Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime	1 2 3 4 5			
7D: Understanding of the risk and return characteristics of the main asset classes and their role in long-term pension fund investing	1 2 3 4 5			
7E: Understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks	1 2 3 4 5			

7F: Understanding of the limits placed by regulation on the investment activities of local government funds	1	2	3	4	5		
7G: Understanding of how the pension fund interacts with HIMRC and overseas taxation systems in relation to investments	1	2	3	4	5		

KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK							
UNIT 8: ACTUARIAL METHODS, STANDARDS AND PRACTICES							
LEARNING NEEDS ANALYSIS				PERSONAL DEVELOPMENT			
<i>Knowledge required</i>	<i>Rate my skills</i> 1 = no knowledge 5 = highly skilled			<i>Training requirements</i>	<i>Timescale</i>	<i>Where to go next</i>	
8A: General understanding of the role of the fund actuary	1	2	3	4	5		
8B: Knowledge of the valuation process and inter-valuation monitoring	1	2	3	4	5		
8C: Awareness of the importance of monitoring early and ill health strain costs	1	2	3	4	5		
8D: Understanding the implications of admitting new employers to the fund and the cessation of those employers	1	2	3	4	5		
8E: General understanding of the relevant considerations in relation to outsourcings and bulk transfers	1	2	3	4	5		
8F: General understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers	1	2	3	4	5		

KNOWLEDGE AND UNDERSTANDING: TRAINING FRAMEWORK							
UNIT 9: PENSION SERVICES PROCUREMENT AND RELATIONSHIP MANAGEMENT							
LEARNING NEEDS ANALYSIS				PERSONAL DEVELOPMENT			
<i>Knowledge required</i>	<i>Rate my skills</i> 1 = no knowledge 5 = highly skilled			<i>Training requirements</i>	<i>Timescale</i>	<i>Where to go next</i>	
9A: Current public procurement policy and procedures	1	2	3	4	5		

9B: Brief overview of UK and EU procurement legislation	1	2	3	4	5			
9C: Awareness of how the pension fund monitors and manages the performance of their outsourced providers	1	2	3	4	5			

