



Knowledge and Skills Strategy for Board/Committee Members

September 2020

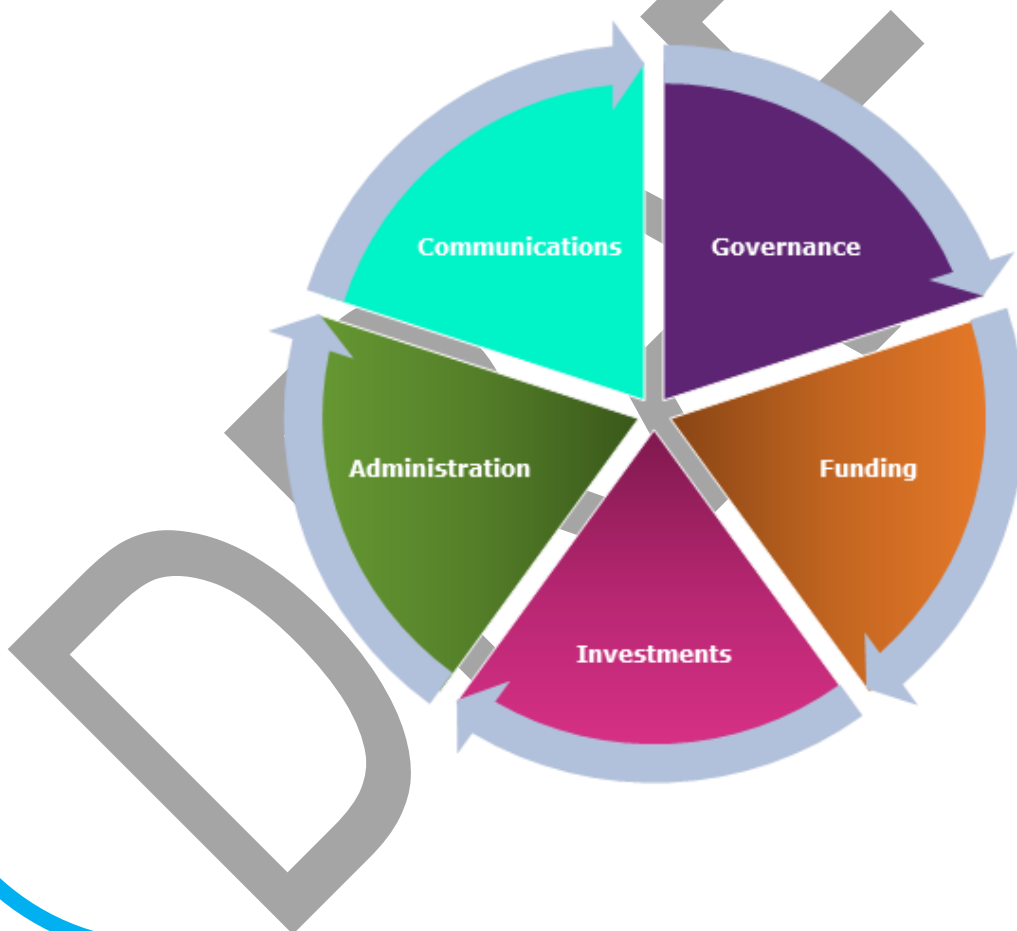
Essex Pension Fund

Background and Introduction

This is the Knowledge and Skills Strategy for the Essex Pension Fund (the “**Fund**”) which details the knowledge and skills strategy for Members of the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Pension Advisory Board (PAB).

This Knowledge and Skills Strategy has been established to aid PSB, ISC and PAB Members in performing and developing personally in their individual roles, with the ultimate aim of ensuring the Fund is managed by individuals who have appropriate levels of knowledge and skills.

This strategy has been developed covering the five key areas of the Fund:



Aims and Objectives

The aims and objectives of this strategy is to:

- Ensure the Fund is managed and its services delivered by people who have appropriate levels of knowledge and expertise;
- Ensure Board/Committee Members receive the right training to give them the required knowledge to enable robust decision-making;
- Ensure training is delivered at the right time in the most effective way; and
- Ensure refresher training takes place at the most relevant time to ensure the knowledge level of Members is appropriately maintained.

To whom this Strategy applies

In accordance with the Council's Constitution, Essex Pension Fund Board and Committee Members are expected to attend regular training sessions in order to maintain an appropriate level of knowledge and skills to perform their roles effectively.

This Knowledge and Skills Strategy applies to all members of the PSB, ISC and PAB, including Scheme Member and Employer representatives.

Senior Officers within the Essex Pension Fund Management Team, the Director for Essex Pension Fund and the Executive Director Finance and Technology (Section 151 Officer) will also be required to have appropriate knowledge and skills relating to their role which is captured in separate knowledge and skills strategy for Officers.

Knowledge and Skills Requirements

Chartered Institute of Public Finance and Accountancy (CIPFA) launched a Code of Practice and technical guidance for Representatives on Pension Fund Committees (PSB/ISC) and Local Pension Board (PAB) Members within knowledge and skills frameworks.

The Frameworks detail the knowledge and skills required for those involved in the management and decision making of LGPS funds. They cover eight areas of knowledge and skills identified as the core requirements including areas such as legislation, governance, administration, investment matters and actuarial matters.

CIPFA's guidance highlights that, with the introduction of investment pooling arrangements, comes a need for a wider range of knowledge. The guidance supplements the existing CIPFA Knowledge and Skills framework and specifies that LGPS funds will need to ensure elected members who are members of the oversight committee (ACCESS Joint Committee (AJC)) have a more in-depth level of knowledge in relation to investment pooling arrangements.

CIPFA Code of Practice and Knowledge & Skills Framework including Investment Pooling Principles

Ministry of Housing, Communities and Local Government (MHCLG) Statutory Governance Guidance

MiFID II

Pensions Act 2004 / The Pensions Regulator's Code of Practice

MHCLG Statutory Governance Guidance states:

- That where lay members sit on a main or secondary Committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.
- In line with the Myners Principles, Members of formal Committees who take investment decisions should have sufficient expertise to be able to evaluate critically any advice they take.
- The Administering Authority must report on the extent to which training facilities are extended to lay members sitting on either main or secondary LGPS Committees.
- That in relation to the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training in respect of Members involved in the decision-making process.
- That where such a policy exists it applies to all members of committees, sub-committees, advisory panels or any other form of secondary forum.
- That the Administering Authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

The implementation of Markets in Financial Instruments Directive (MiFID II) led to the need for the Fund to be opted up to professional status to allow the Fund to continue to access the full range of vehicles and managers needed to meet the needs of the Investment Strategy.

As part of this process the Fund had to provide evidence that PSB/ISC Members had an appropriate level knowledge and that adequate governance arrangements were in place. In order to maintain this status, the Fund will need to continue to demonstrate the competency of existing and new PSB/ISC Members and this Knowledge and Skills Strategy will support that aim.

The Pensions Act 2004 includes a requirement for Local Pension Board members to have a degree of knowledge and understanding appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pension Board (PAB). This is expanded on in the Pension Regulator's Code of Practice.

Application to the Essex Pension Fund

PSB, ISC and PAB Members are expected to maintain an appropriate level of knowledge and skills to perform their role effectively, and to meet the requirements of overriding legislation, statutory and professional guidance.

All Board/Committee members will receive appropriate training to fill any knowledge gaps identified and must seek to maintain their knowledge.

The Fund fully supports the use of the CIPFA Code of Practice on LGPS Knowledge and Skills, and its associated Frameworks, and tPR's Code of Practice, as well as understanding the need for appropriate knowledge and skills to allow professional status to be awarded for MiFID II purposes. The Fund adopts the principles and requirements of these, and this Knowledge and Skills Strategy highlights how the Fund will strive to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

Delivery

The Fund recognises that attaining and maintaining relevant knowledge and skills is a continual process for PSB/ISC Members and PAB Members, and that training is a key element of this process. The Fund has, therefore, developed an example of a two-year rolling Training Plan based on the following key elements and is provided at Appendix A to this strategy.

Induction Training

- On joining the PSB, ISC or PAB, a new Member will be provided with electronic documentation to assist in providing a basic understanding of the Fund, e.g. the Fund's three-year Business Plan, Annual Report and Policies.
- Within 3 month's of appointment, a new Member will also receive formal Induction Training carried out by Fund Officers as part of a one-to-one briefing or, if there is more than one new member, in-house training.
- In addition, an individual training plan will be developed to assist each PSB/ISC Member and PAB Member in achieving, within 12 months of assessment, their identified individual training requirements (captured by the completion of the Training Needs Analysis).

Individual Training Needs Analysis

- An individual training needs analysis has been developed for the main roles of PSB/ISC Members and PAB Members customised appropriately to the key areas in which they should be proficient. This will include all the areas highlighted within CIPFA Knowledge and Skills Frameworks.
- Training will be required in relation to each of these areas and will be delivered in the most effective way e.g. one-to-one briefing, training days or Bitesize Training for all Members as part of a Board/Committee meeting.

Bitesize Training

- An example of the draft Training Plan has been developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or an area of change for the Fund. An example of this would be Valuation training leading up to the Valuation process.
- This training will usually be delivered through PSB, ISC or PAB meetings as bitesize training to effectively cover the required topic and to aid decision-making where applicable.

General Awareness

- PSB/ISC Members and PAB Members are expected to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters appropriate for their roles and which may not be specific to the Fund.
- This training will be covered throughout the 24 month period and an assessment will be made on how the training is most effectively delivered, either through: in-house training days provided by Fund Officers and/or external Advisers / Suppliers; training as part of meetings (bitesize training) provided by Fund Officers and/or external Advisers; external training events; circulation of reading material; attendance at seminars and conferences offered by industry-wide bodies; attendance at meetings and events with the Fund's investment managers and advisers; links to on-line training and webinars; and access to the Essex Pension Fund website where useful Fund specific material will be available.

Monitoring Knowledge and Skills

In order to identify whether we are meeting the objectives of this strategy we will:

1) Compare and report on attendance at training based on the following:

- Induction training – ensuring initial induction training is completed by new Members within 3 months of appointment;
- Individual Training Needs Analysis (for new Members) – ensuring a training needs analysis is undertaken for each new Member within 3 months of appointment with the identified training requirements delivered within 12 months of assessment;
- Individual Training Needs Analysis (for existing Members) – ensuring a training needs analysis is undertaken for each individual at least once every two years with the identified training delivered within 12 months of the assessment;
- EPF in-house training – ensuring attendance by at least 80% of the required PSB/ISC/PAB Members at planned EPF training days and Bitesize Training sessions as part of Board/Committee meetings;
- General Awareness – each PSB/ISC Member and PAB Member achieving the required training credits within a two-year rolling period.

2) Ask our Independent Governance and Administration Adviser to assist in the annual evaluation on the governance of the Fund each year, a key part of which will focus on the delivery of the requirements of this strategy.

Key Risks

The key risks to the delivery of this strategy are contained within the Fund's Risk Register which can be found on the essexpensionfund.co.uk website.

Reporting

The following information will be included in the PSB, ISC and PAB meeting Agenda Packs on an annual basis:

- The training provided / attended in the previous year at an individual level; and
- The results of the measurements identified above.

In addition, quarterly reporting through the Fund's Scorecard will be provided to the PSB and PAB at each meeting in regard to the progress in achieving the above.

Furthermore, at each PSB, ISC and PAB meetings, Members will be provided with details of forthcoming seminars, conferences and other relevant training events that are on the horizon.

Approval, Review and Consultation

This Knowledge and Skills Strategy was approved on 23 September 2020 by the PSB. It will be formally reviewed and updated by the PSB at least every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about this strategy, please contact:

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EXAMPLE Two-year rolling Training Plan

Appendix A

| Proposed Delivery Methods | | | | | | | | |
|---|-------------------------------------|-------------------------|-------------------|--------------------------------------|--|-----------------------|--|--------------------------------|
| Topic | One-to-One Briefing with an Officer | Members' Briefing Notes | Bitesize Training | In-house Training Events / Workshops | External Conferences & Training Seminars | E-Learning / Webinars | KSF / tPR area(s) | Frequency |
| General Training | | | | | | | | |
| General overview of LGPS – Induction / Refresher: <ul style="list-style-type: none">Member's Role | ✓ | | | ✓ | | ✓ | KSF1, KSF2, tPR1 | Within 3 months of appointment |
| Members individual needs on specific areas arising during the year | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Multiple | As and when required |
| Governance related Training | | | | | | | | |
| <ul style="list-style-type: none">LGPS LandscapeAdministering AuthorityS151 OfficerEmployersPSBScheme Employer / Scheme Member Board RepresentativesISCPABThree-year Business PlanPerformance measurement (Scorecard)Risk ManagementFund responsibilities / PoliciesAccounts and audit regulationsRole of internal and external audit3rd Party Service ProvidersProcurement process for Independent Governance & Administration Adviser | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | KSF1, KSF2, KSF4, KSF5, KSF6, tPR1, tPR2, tPR7 | Within 24 rolling months |

EXAMPLE Two-year rolling Training Plan

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| Funding related Training | | | | | | | | |
| <ul style="list-style-type: none">Funding principles and preparing for the Actuarial ValuationValuation basicsRole of the PSB and PABPurpose of the Valuation / Funding Strategy StatementLast Actuarial Valuation overviewWhole Fund and Employer resultsContribution stabilityFunding StrategyEmployer Risk / Employer specific Funding ObjectivesExperience from recent ValuationsMarkets (asset returns and yields)Longevity experienceInterim Valuation3rd Party Service ProvidersProcurement process for Actuary | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | KSF5, KSF7, KSF8 | Within 24 rolling months |

EXAMPLE Two-year rolling Training Plan

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|--|-------------------------------------|-------------------------|-------------------|--------------------------------------|--|-----------------------|------------------------------|--------------------------|
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| Investment related Training | | | | | | | | |
| <ul style="list-style-type: none"> Investment Strategy Statement Responsible Investment Bitesize Training by Asset Class Asset / Liability Study Training Review of Investment Manager Fees / Cost Transparency Cash Flow Training Asset Pooling (ACCESS) Investment Performance measurement Safeguarding the Fund's Assets Role of the Global Custodian 3rd Party Service Providers Procurement process for Institutional Investment Consultants Procurement process for Independent Investment Adviser Procurement process for Investment / Fund Managers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | KSF5, KSF6, KSF7, CIP, MIFID | Within 24 rolling months |

EXAMPLE Two-year rolling Training Plan

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| Administration and Communications related Training | | | | | | | | |
| <ul style="list-style-type: none"> Fund Administration Pension Discretions / LGPS Discretions and Policies Government Consultations Joining Contributions Benefits including tax Transfers Retirement and lump sum Increasing Benefits Annual Allowance Lifetime Allowance 3rd Party Service Providers Procurement Process for Administration System provider | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | KSF1, KSF3, KSF5, tPR3, tPR4, tPR5, tPR6 | Within 24 rolling months |

Key

CIPFA Knowledge and Skills Framework (KSF): Pensions Legislation **KSF1**, Public Sector Governance **KSF2**, Pensions Administration **KSF3**, Pension Accounting and Auditing Standards **KSF4**, Financial Services Procurement and Relationship Management **KSF5**, Investment Performance and Risk Management **KSF6**, Financial Markets and Products Knowledge **KSF7**, Actuarial Methods, Standards and Practice **KSF8**.

CIPFA Investment Pooling (CIP): **CIP**

The Pensions Regulator (TPR) Toolkit: Conflicts of Interest **tPR1**, Managing Risk and Internal Controls **tPR2**, Maintaining Accurate Member Data **tPR3**, Maintaining Accurate Member Data **tPR3**, Maintaining Member Contributions **tPR4**, providing information to Members and others **tPR5**, Resolving Internal Disputes **tPR6**, Reporting Breaches of the Law **tPR7**.

MIFID II: **MIFID II**