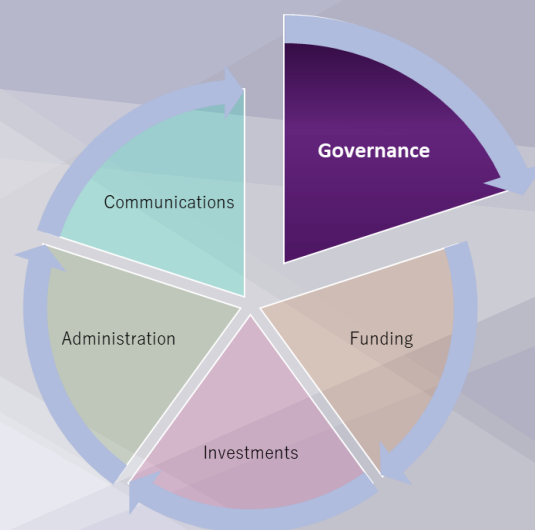


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Essex Pension Fund

Knowledge and Skills Strategy for Board/Committee Members

December 2020



Essex Pension Fund

Knowledge and Skills Strategy for Board/Committee Members

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:



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Essex Pension Fund Knowledge and Skills Strategy for Board/Committee Members

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 Substitute Members, 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 a separate knowledge and skills strategy for Officers.

Knowledge and Skills Requirements

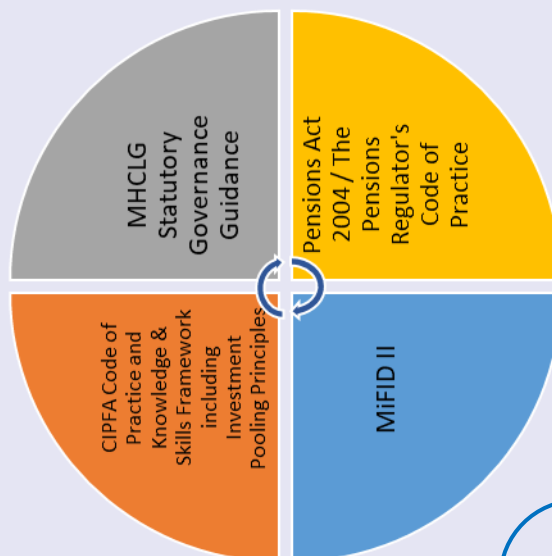
Chartered Institute of Public Finance and Accountancy (CIPFA) launched a Code of Practice and Technical Guidance for Representatives on Pension Fund Committees (PSB/ISC) and Local Pension Board (PAB) Members within knowledge and skills frameworks.

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 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.

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 of 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.



[MHCLG Statutory Governance Guidance](#) states:

- That where 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 Myrers 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 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 Pensions Regulator Code of Practice](#).

Application to the Essex Pension Fund

PSB, ISC and PAB Members, including Substitute Members, Scheme Member and Employer representatives 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.

Essex Pension Fund

Knowledge and Skills Strategy for Board/Committee Members

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 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

- A 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.

Essex Pension Fund

Knowledge and Skills Strategy for Board/Committee Members

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 2 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.

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Essex Pension Fund Knowledge and Skills Strategy for Board/Committee Members

Approval, Review and Consultation

This Knowledge and Skills Strategy was approved on XXXXXXXX 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:

Amanda Crawford, Compliance Manager, Essex Pension Fund

Email – Amanda.crawford@essex.gov.uk

Jody Evans, Interim Director for Essex Pension Fund

Email – Jody.evans@essex.gov.uk

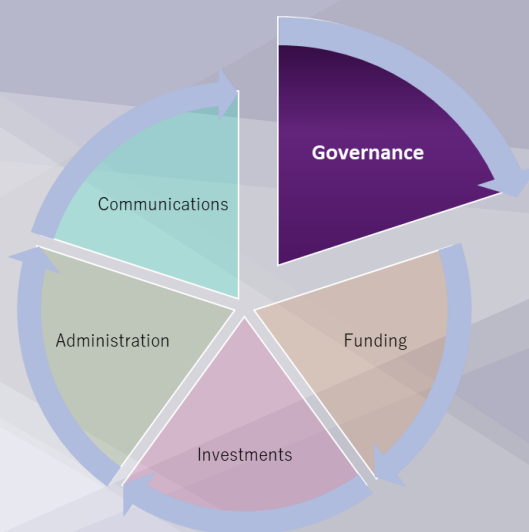
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Essex Pension Fund

Training Plan for Board/Committee Members

December 2020



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Essex Pension Fund Training Plan for Board/Committee Members

Objective

The objective of this Training Plan is to deliver informative and relevant training to the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) Members, including Substitute Members, on a two-year rolling programme to enable efficient and effective decision-making and oversight of the Fund's processes.

Delivery Methods

The delivery of training will be carried out through the following channels:

- One-to-one briefing with a Fund Officer;
- Members' briefing notes as part of Boards/Committee Agenda Packs;
- Bitesize Training - delivered during Boards/Committee meetings;
- In-house training events / workshops - delivered by Fund Officers and/or Advisers;
- External Conferences and Seminars; and
- E-learning and Webinars.

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;
- Within three month's of appointment, a formal Induction Training session will be carried out by Fund Officers; and
- Completion of a Training Needs Analysis to assist in the development of an individual training plan and the Boards/Committee training plans.

The formal Induction Training Session will cover:

- Governance Structure including the role of the:
 - Administering Authority;
 - S151 Officer; and
 - PSB/ISC/PAB Members including Scheme Employer and Scheme Member representatives.
- LGPS Landscape;
- Actuarial Valuation;
- Funding Strategy;
- Investment Strategy;
- ACCESS—Investment Pooling;
- Administration of the Fund; and
- How the Fund communicates with its stakeholders.

Training Credits

Training credits will be awarded to each Board/Committee Member where training events (approved / recommended by the Fund) has been undertaken either in person or by virtual means.

Method of attaining credit	No. of credits awarded for Members who are on both PSB and ISC	No. of credits awarded for PSB only Members and PSB / ISC Substitute Members	No. of credits awarded for PAB Members
Training within meetings	1 credit per meeting		
Fund Specific Training Days	2 credits for a full day's attendance 1 credit for a half day's or less attendance		
Completion of any relevant module of the CIPFA Knowledge and Skills Framework	1 credit per module passed and valid for 2 years		
Completion of any relevant module or subject within The Pensions Regulators (TPR) Code of Practice	1 credit per module passed and valid for 2 years		
Attendance at an approved conference, seminar or external training event / meetings	2 credits for a full day's attendance 1 credit for a half day's or less attendance		
Expected number of credits to be achieved within a 2-year rolling period	<u>18 credits</u>	<u>12 credits</u>	

Training Plan

The Training Plan has been developed in totality and is detailed below. However, there will be some subject areas that will not be relevant to all Members.

Essex Pension Fund

Training Plan for Board/Committee Members



Training Plan

1. Governance



Training Title	Training Need	Linked to:
Governance Structure Overview	An understanding of the Fund's Governance Structure including the roles of: the Administering Authority; S151 Officer; Monitoring Officer, Senior Officers within the Fund, PSB/ISC/PAB Members including Scheme Employer and Scheme Member Representatives	<ul style="list-style-type: none"> • Induction / Refresher Training • Governance Policy and Compliance Statement • Conflicts of Interest Policy • The recording and reporting of Breaches of the Law
Regulations	<p>An understanding of the wider pensions and LGPS Landscape including the LGPS Regulations, MHCLG, Scheme Advisory Board (SAB), Pensions Ombudsman, TPR and Regulatory Reform (current topics include McCloud, £95K Cap, Cost Cap etc)</p> <p>Awareness of relevant statutory guidance and the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Pension Regulator's Code of Practice.</p>	<ul style="list-style-type: none"> • Current LGPS Regulations • Historic LGPS Regulations • CIPFA Training Modules • TPR Code of Practice
Policies	An understanding of the Fund's Policies, Strategies and Publications	<ul style="list-style-type: none"> • Business Plan • Governance Policy and Compliance Statement • Risk Strategy
Financials	The statutory requirements for the compliance with Account and Audit Regulations including the roles of Internal and External Audit	<ul style="list-style-type: none"> • Annual Report and Accounts • Audit Regulations
Procurement	The Procurement for 3 rd Party Service Providers e.g. Independent Governance & Administration Adviser; Administration Software Provider; Investment Consultants etc	<ul style="list-style-type: none"> • LGPS National Frameworks • Public Procurement Regulations



Training Plan

2. Funding



Linked to:

Training Title	Training Need	Linked to:
Triennial Valuation	An understanding of the Triennial Valuation and Interim Valuation processes and the role of the Fund Actuary including the setting of employer contributions	<ul style="list-style-type: none"> The latest Actuarial Valuation Report Public Service Pensions (valuations and employer cost cap) Directions 2014 Annual Interim Review
Funding Strategy	An understanding of the Essex Pension Fund's Funding Strategy	<ul style="list-style-type: none"> Funding Strategy Statement LGPS Regulations 2013 Government Actuary Department (GAD) S13
Employer Risk	An understanding of the different types of employer including employer risk, eg. employer covenant, and the requirements for employer specific Funding Objectives	<ul style="list-style-type: none"> The latest Actuarial Valuation Report Funding Strategy Statement
Employing Authority Discretions	The requirements for Employing Authority Discretions and Delegations	<ul style="list-style-type: none"> The latest Actuarial Valuation Report Funding Strategy Statement
Accounting Standards	How the Fund communicate IAS19/FRS102 requirements to Employers	<ul style="list-style-type: none"> Accounting Standards Communications Policy The Fund's Annual Report and Accounts Audit reports

Essex Pension Fund

Training Plan for Board/Committee Members



Training Plan

3. Investments

			Linked to:
Training Title	Training Need		
Investment Strategy	An understanding of the Fund's Investment Strategy including the Fund's Responsible Investment Policy		<ul style="list-style-type: none"> Investment Strategy Statement Responsible Investment Policy Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
Cost Transparency	How the Fund review Investment Manager Fees through CEM Benchmarking as part of Cost Transparency		<ul style="list-style-type: none"> Cost Transparency Initiative
Investment Performance	How the Fund carry out Investment Performance measurement		<ul style="list-style-type: none"> Investment Strategy Statement
Asset Management	An understanding of the Fund's Cash Flow arrangements including: the Safeguarding of the Fund's Assets; the Role of the Global Custodian; and Treasury Management		<ul style="list-style-type: none"> Treasury Management Strategy ACCESS Pooling Investment Strategy Statement
Pooling	An understanding of the Investment Pooling Collaboration and the Fund's role within the ACCESS Pool including the roles and responsibilities of the various parties involved within ACCESS		<ul style="list-style-type: none"> Inter-Authority Agreement Investment Strategy Statement
Regulations	Awareness of relevant statutory guidance and Chartered Institute of Public Finance and Accountancy (CIPFA) Investment Pooling Principles and Markets in Financial Instruments Directive (MiFID II)		<ul style="list-style-type: none"> Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 CIPFA Training Modules MiFID II Directive



Training Plan

4. Administration



Training Title	Training Need	Linked to:
Administration Strategy	An understanding of the Fund's Administration Strategy and other areas including: Eligibility and Contributions; Additional Voluntary Contributions (AVCs); Transfers and Increasing Benefits; Retirement Benefits; and Annual and Lifetime Allowances	<ul style="list-style-type: none"> • Administration Strategy • Automatic Enrolment • Internal Dispute Resolution Procedure (IDRP) • Annual Allowance Legislation • AVCs in the LGPS • Retirement Planning
Regulations	Regulatory impacts on the Fund in regard to the wider pensions and LGPS Landscape – Regulatory Reform (including McCloud, £95K Cap, Cost Cap etc)	<ul style="list-style-type: none"> • Historic LGPS Regulations • Current LGPS Regulations
Discretions	The requirements for Administering Authority Discretions and what these mean for the Fund	<ul style="list-style-type: none"> • Administering Authority Policy on Discretions
Digital Transformation	An understanding of the Fund's ambition for greater Digitalisation of the Fund and Digital Transformation and delivery methods and what this involves	<ul style="list-style-type: none"> • Business Plan • Communications Policy



Training Plan

5. Communications		
Training Title	Training Need	Linked to:
Communications	How communications impacts on every area of the Fund's work and how this links into the Fund's Communications Policy	<ul style="list-style-type: none">Communications Policy

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Essex Pension Fund Training Plan for Board/Committee Members



Conferences and Seminars

Examples of Board/Committee Conferences is detailed below:

Conference / Seminar	Time of year / frequency	Board / Committee
LGA Annual LGPS Governance Conference	January / Annual	PSB / PAB
LGC Investment Seminar	February / Annual	ISC
CIPFA Local Pension Board Training	February and October / Biannual	PAB
ACCESS Investor Days	April and October / Biannual	ISC
PLSA LA Conference	May / Annual	PSB
LGC Investments & Pension Summit	September / Annual	ISC
Investment & Training Seminar	October / Triennial	ISC
LGA LGPS Fundamentals	October – December / Annual (3x1 day sessions Induction/Refresher)	PSB / ISC / PAB
LAPFF Members Meetings	Quarterly	ISC Chairman / Vice Chairman
LAPFF Annual Conference	December / Annual	ISC Chairman / Vice Chairman