

The London Borough of Enfield Pension Fund Training/CPD Action Plan

Introduction

At the Committee meeting held on 22nd May 2017 a report setting out the Fund's strategy for developing a formal training/CPD plan in line with the CIPFA Code of Practice and the Pension Regulator Code of Practice was presented to members. Members requested a further report on how to implement this strategy. This was very timely given the increased attention emanating from the need to demonstrate that Committee decisions are made in a considered and professional manner to meet the MIFID 2 requirements.

The Committee is very fortunate to have members with a sound and thorough knowledge of governance, investment issues and an understanding of risk around pension investments. Nevertheless, it is necessary for the Committee to be able to document what training has been undertaken and to formally assess its future requirements

With the potential intake of new members onto the Committee after the 2018 local elections, a clear strategy is, therefore required for the induction and training of new members. This paper will set out a proposed way forward.

The training/CPD plan will also extend to the Local Pension Board. Wherever possible training will be run concurrently with the PP&IC and with other LGPS units.

Recommendations

The Committee agree to adopt the training action plan and to include it as a standing item on future Committee agendas to monitor progress.

The Committee agree a training plan on an annual basis at the first meeting of the Municipal Year. The training plan will be developed taking into consideration the needs of the Committee, the Board and officers to both enhance existing knowledge and skills and to develop new areas of understanding.

Individual Training Needs

Each Committee member will undertake to complete a check list of knowledge requirements. Members are encouraged to undertake a gap analysis and identify any development needs so that appropriate training can be arranged.

Members are encouraged to undertake the Pension Regulator Public Sector tool kit. This provides comprehensive coverage of all Pension Fund matters.

The link to the Pension Tool is shown below. **Appendix 2** sets out the syllabus:
<https://education.thepensionsregulator.gov.uk/login/index.php>

New Members joining the Pension Policy & Investment Committee or the Local Pension Board will be required to complete a training programme. Normally this will include:

- An officer-led induction course on the LGPS. **Appendix 3** provides a check list of areas to be covered.
- Completion of the Pension Regulator self-assessment toolkit, and
- Attendance at the LGA three day (over three months) investment training course as set-out in **Appendix 1**.

Hot Topic Training

Training items may be included on Committee agendas to ensure appropriate training is provided in relation to hot topic areas, such as a high risk area or a specific area where decisions need to be made.

General Awareness

PP&IC members, Pension Board members and senior officers 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 London Borough of Enfield Pension Fund. Attendance at conferences and training events will be encouraged, especially those specific to the LGPS.

Appendix 1

Pension Topic Areas	Tick Box <input checked="" type="checkbox"/>
The Benefits Framework “Past and Present”	
• Brief history of the LGPS and its interaction with State provision	
• The 2014 Scheme – a core scheme plus discretions; a look at the comprehensive benefit structure of the scheme	
• Differences in the 2015 Scheme in Scotland	
• Administering Authority and Employing Authority Discretions	
The Investment Framework	
• The Management and Investment of Funds Regulations 2009 – the statutory framework for investments	
• CIPFA Principles – a look at the six investment principles	
• Statement of Investment Principles	
• Interaction with the Funding Strategy Statement	
• Governance Compliance Statements	
• Annual Reports and Auditing	
Delivering the Service	
• Partnership Working	
• Framework Agreements	
• Financial Services procurement and relationship management	
• Supplier risk management	
• Performance of support services	
Traditional Asset Classes	
• UK Equities, Overseas Equities	
• UK Gilts, UK Index-Linked Gilts	
• Corporate Bonds, Property	
• Why invest in Fixed Income and Equity Markets?	
• Long Term Investment Performance of Equities and Fixed Income	
• Benchmarks used	
• Cashflows	
• The Bond Market	
• Return / Risk Profiles	
Valuations	
• The Purpose of an Actuarial Valuation	
• Assets and Liabilities	
• How do liability calculations work	
• What assumptions are used?	
Funding Strategy Statements	
• What is the funding strategy?	
• Different Employers – different characteristics and objectives	
• What is the strength of the covenant?	
• Deficit Recovery Periods	
Corporate Governance	
• Approach to Corporate Governance	

• Voting, Activism and Engagement	
• Institutional Shareholders Committee principles	
• Socially Responsible Investment	
Communication Strategies/Policies	
• Policy Statement Requirements	
• LGPS – Valuable part of employment package	
• Purpose and effect – Changes and Choices	
• A look at some good practice initiatives	
Established Alternative Investments	
• Private Equity, Commodities, Hedge Funds, Emerging Markets, Currency Funds, High Yield Bonds and Overlays	
• The market evolution of Alpha and Beta	
• Private Equity sectors	
• Commodities – what do they cover and why include them in a portfolio?	
• The Hedge Fund universe	
• The background to Emerging markets	
• The value of Currency Funds and Currency Overlays	
• How High Yield Bonds fit into the Bond market	
Duties and Responsibilities of Committee Members	
• The LGPS in its legal context	
• General local authority legal issues	
• LGPS specific duties and responsibilities	
• Wider duties and responsibilities	
• What happens when things go wrong?	
The Future for the LGPS	
• LGPS2014 – outstanding/new issues	
• Cost control mechanism	
• Managing investment fees	
New governance arrangements	
• The new, evolving requirements	
• Committee vs Board - delegation and representation	
• The governance budget	
• The Pension Regulator's involvement	
Bringing it all together	
• The Evolution of LGPS Benchmarks	
• Portfolios and Portfolio Construction	
• Portfolio Concepts	
• Combining Assets in your Portfolio	
• Risks and Efficient Frontiers	
• Standard Deviation	
• Correlation	
• Diversification	

Pension Regulator Public Sector tool kit

Appendix 2

Module	Tutorials included	Average completion time (mins)
Introducing pension schemes	<ul style="list-style-type: none">• What is a pension scheme?• Benefits• What is a trustee?• Important documents	60
The trustee's role	<ul style="list-style-type: none">• Becoming a trustee• Trustee meetings• Conflicts of interest• Duties and powers• Trustee liabilities and protections	75
Running a scheme	<ul style="list-style-type: none">• Scheme governance• Risk management and internal controls• Scheme administration and member data• Introducing advisers and service providers• Appointing advisers and service providers	75
Pensions law	<ul style="list-style-type: none">• Pensions related legislation• The Pensions Regulator• Tax and the state pension• Internal dispute resolution procedure	75
An introduction to investment	<ul style="list-style-type: none">• Investment in a pension scheme• Setting an investment strategy• Types of asset – Common assets• Types of asset – Alternative assets• Capital markets and economic cycles• Risk and reward• Active and passive management• Suitability and diversification• Reviewing investments	135

Module	Tutorials included	Average completion time (mins)
How a DB scheme works	<ul style="list-style-type: none"> • The basics • Managing the liabilities • Employer covenant • Risks to employer covenant • Implications of winding up a DB scheme • Corporate transactions 	90
Funding your DB scheme	<ul style="list-style-type: none"> • The statutory funding objective • Valuing the scheme's liabilities • Calculating the liabilities • Impact of assumptions • Individual and bulk transfers • Additional employee funding 	90
DB recovery plans, contributions and funding principles	<ul style="list-style-type: none"> • Determining the contribution rate • Accrued benefits funding methods • Recovery plans • Future service funding methods • Agreeing a schedule of contributions • The statement of funding principles 	90
Investment in a DB scheme	<ul style="list-style-type: none"> • Understanding investment strategy • Changing asset and liability values • Future projections and scenario analysis • Stochastic modelling • Changing the asset allocation strategy • Reviewing the investment strategy 	120

Initial Information and Induction Process

On joining the Pensions Committee, the Pension Board or the London Borough of Enfield Pension Fund Management Team, a new member or officer will be provided with the following documentation to assist in providing them with a basic understanding of London Borough of Enfield Pension Fund:

- The members' guide to the Local Government Pension Scheme (LGPS)
- The latest Actuarial Valuation report
- The Annual Report and Accounts, which incorporate:
 - The Funding Strategy Statement
 - The Governance Policy and Compliance Statement
 - The Investment Strategy Statement (ISS) including the London Borough of Enfield Pension Fund's statement of compliance with the LGPS Myners Principles
- The Communications Policy
- The Administration Strategy
- The administering authority's Discretionary Policies
- This Training Policy

In addition, an individual training plan will be developed to assist each Pensions Committee member, Pension Board member or officer to achieve, within six months, their identified individual training requirements.

2) Consider whether the objectives have been met as part of the annual self-assessment carried out each year which is completed by all Pensions Committee members, Pension Board members and senior officers.