

**London Borough of Enfield**

**ENFIELD PENSION BOARD**

**Meeting Date: 09 June 2021**

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**Subject:** Enfield Pension Fund Training Needs Analysis & Plan and Training & Development Policy for 2021/22

**Cabinet Member:** Cllr Maguire

**Executive Director:** Fay Hammond

**Key Decision:** [ ]

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**Purpose of Report**

1. This report sets out the need for a training and development programme for members of the Pension Policy & Investment Committee and the Pension Board.
2. The report explains the requirement for good governance of the Pension Fund and the framework of legislation, regulation and guidance which the Fund must comply with. As part of this there is a need for a formal training programme for Members of the Pension Policy & Investment Committee.
3. The report also refers to the Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Pensions Finance, knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector" (2010) (referred to elsewhere in this report as the "CIPFA knowledge and skills framework (2010)").
4. This provides a framework for the training and development of Elected Members and other representatives on public sector pension scheme decision making bodies.

**Proposal(s)**

5. The Pension Board is recommended to:
  - a) Note the assessment and training resources provided by the Pensions Regulator (paragraph 31-34);
  - b) Note the adoption of the CIPFA Local Pensions Boards Technical Knowledge and Skills framework (paragraph 27-30), including the self-assessment matrix (attached as Appendix 2);
  - c) Note and consider the programme for 2021/22 set out within this report (para 43); and

- d) Note and review the contents of the training and development policy attached as Appendix 3 including the Training Record Log for 2021/22 and agree actions at the next PPIC meeting.

### **Reason for Proposal(s)**

6. This Governance is defined as the action, manner or system of governing. Good governance is vital and is promoted in the context of a pension scheme/fund by having Members and Observers on the decision making body who have the ability, knowledge and confidence to challenge and to make effective and rational decisions.
7. The “CIPFA knowledge and skills framework (2010)” provides a framework for the training and development of members/observers with the objective of improving knowledge and skills in all relevant areas of the activity of a Pensions Board.

### **Relevance to the Council’s Corporate Plan**

8. Good homes in well-connected neighbourhoods.
9. Build our Economy to create a thriving place.
10. Sustain Strong and healthy Communities.

### **Background**

11. In accordance with the Public Service Pensions Act 2013 (PSPA) all Board members are required to have knowledge and understanding of pension scheme matters at a level that will allow them to properly exercise the functions of their role.
12. The Pension Fund recognises the importance of training of Committee members and officers in relation to Pension Fund matters. The Fund’s Governance Policy Statement refers to the Fund’s current policy with regard to training. The Annual Report and Statement of Accounts of the Fund include a statement setting out governance compliance against the Myners effective decision making principles.
13. Arrangements for regular training of members and officers are in place, with training delivered in a number of ways including: online training on the Pension Regulator website; external seminars and events (in person or via video conference); training delivered as Committee agenda items; other briefings and research material for personal reading.
14. The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills, and CIPFA’s supporting Framework and guidance documentation were formally adopted by the Pension Policy & Investment Committee at the meeting of November 2019.
15. Following the introduction of the Public Service Pensions Act 2013 the Pensions Regulator has outlined the legal requirements (in addition to the

ones above for Pension Policy & Investment Committee Members) for individual Pension Board members to have the correct level of knowledge and understanding to undertake their role.

### **The CIPFA Code and Framework**

16. In order to ensure all members and officers involved in Pension Fund decisions are adequately trained, CIPFA has developed a Public Sector Pensions Knowledge and Skills Framework to support the Code. The Code and Framework are seen as supporting the requirements of the Public Sector Pensions Act 2013 and Pension Regulator code.
17. The CIPFA Framework supporting the Code of Practice is intended to have two primary uses:
  - i) as a tool for organisations to determine whether they have the right skill mix to meet their scheme financial management needs,
  - ii) as an assessment tool for individuals to measure their progress and plan their development.
18. The Framework sets out 6 core areas of knowledge and skills for those involved in LGPS pensions finance (both members and officers):
  - i) pensions legislative and governance context
  - ii) pensions accounting and auditing standards
  - iii) financial services procurement and relationship management
  - iv) investment performance and risk management
  - v) financial markets and products knowledge
  - vi) actuarial methods, standards and practices
19. An extract of the competency assessment for members has been included with this report at Appendix 1 and is further described at section 3.14 - 3.16.
20. The CIPFA Framework recognises that all LGPS Funds will differ, and each fund will wish to adapt the framework to suit their own requirements e.g. not all funds will be of a size, or take an investment approach, whereby all activities and knowledge are in-house. The framework acknowledges that some Funds will choose to access certain types of expertise from external sources such as investment managers and investment advisers.
21. The key recommendations of the Code and Framework are:
  - i) Formal adoption of the CIPFA Framework as the basis for training and development of members and officers involved in Pension Fund finance matters.
  - ii) Disclosure within the Pension Fund Annual Report and Financial Statements how the framework has been applied, what assessment of training needs has been undertaken, and what training has been delivered against the identified training needs. Enfield Pension Fund currently

complies with both of these recommendations and it is important that this is maintained.

### **Training Policy**

22. Training needs will be assessed using the structure of the 6 core knowledge and skills areas set out at paragraph 3.7. The training needs assessment and the delivery of training will be a combination of group sessions for the Committee and the Board as well as individual activities for members and officers.

### **Group Needs and Training**

23. Group training will be delivered in a variety of ways including:
- i) directly at Pension Policy & Investment Committee and Board by presentations and presentation of reports.
  - ii) specific training sessions/conferences/seminars/visits, provided by e.g. Council officers, investment managers, investment advisors, national bodies such as Chartered Institute of Public Finance and Accountancy (CIPFA), National Association of Pensions Funds Ltd (NAPF), The Pensions Regulator (TPR), etc.
  - iii) provision of and reading of relevant material e.g. research, briefing papers, website content, industry magazines, etc.

### **Individual Needs and Training**

24. The CIPFA Framework provides for self-assessment to identify training needs.
- i) Appendix 1 provides further details of the 6 core competencies and members are asked to review this to self-assess any personal knowledge and skills requirements they feel they may have.
  - ii) For officers this will be part of the Council's Employee Review and Development (PDR- personal development review) process to identify any specific individual officer training needs.
25. Having reviewed these learning assessment tools, members may wish to approach relevant officers to discuss any individual queries or training needs they may have identified. It is important that members appreciate that an in depth understanding of all the core knowledge areas is neither assumed nor necessary. In many cases what the framework expects is only an understanding or awareness of the area, and knowledge of where more detailed knowledge should be sought. This means that members are not necessarily expected to have in depth knowledge of a matter, but a general awareness of the issue and understanding of when to challenge officers, seek further information from them and to be aware of where they might source further information if required.
26. Following this meeting of the Committee, officers will follow up with members to capture feedback from the self-assessment process. An annual report on training will be considered by the Pension Policy & Investment Committee and

Board, to ensure that training needs are regularly assessed, and training arrangements developed.

### **Local Pension Board**

27. The Local Pension Board was established on 1 April 2015 under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013.
28. The regulations require that pension board members must meet certain legal requirements that relate to their knowledge and understanding. Members must:
  - have a working knowledge of the scheme rules and of any policy document for the scheme; and
  - have knowledge and understanding of the law relating to pensions.
29. The Pension Regulator and CIPFA have produced material to assist with training needs assessment and the acquisition of the identified knowledge and skills that are described in the following sections. Pension Board members should take advantage of either or both of these learning resources, if required, to help ensure the attainment of the appropriate level of knowledge and understanding.
30. Following the meeting of the Pension Board and this Committee, officers will follow up with members to capture feedback from the self-assessment process. An annual report on training will be considered by the Pension Policy & Investment Committee and Board, to ensure that training needs are regularly assessed and training arrangements developed.

### **The Pensions Regulator**

31. The Pensions Regulator (tPR) is the UK regulator of work-based pension schemes. The Pensions Regulator works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them.
32. The principal aim of the Pension Regulator is to prevent problems from developing. The Regulator uses their powers flexibly, reasonably and appropriately, with the aim of putting things right and keeping schemes, and employers on the right track for the long term.
33. The Pensions Regulator also provides training resources. On the Pension Regulator website there is a learning assessment tool available which is a useful resource to help Pension Board members identify any training requirements. <http://www.thepensionsregulator.gov.uk/public-serviceschemes/knowledge-and-understanding-duty-on-board-members.aspx>
34. The Pensions Regulator also provides a free online learning programme called the Public Service toolkit which Pension Board members should complete; <https://education.thepensionsregulator.gov.uk/login/index.php>. These resources are freely available to all members and officers.

## **CIPFA: Local Pension Boards A Technical Knowledge and Skills Framework (TKSF)**

35. This TKSF has been developed following the introduction of the Public Pensions Act 2013. This is an extension of the previous CIPFA Knowledge and Skills framework (para 3.5) which had to be revised to include specific reference to the knowledge and skills required by Pension Board Members.
36. TKSF is intended to have two primary uses:
  - i) as a tool to help organisations establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members.
  - ii) as an assessment tool for individuals to measure their progress and plan their development in order to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of a pension board
37. The TKSF covers eight key areas:
  - i) Pensions Legislation
  - ii) Pensions Governance
  - iii) Pensions Administration
  - iv) Pensions account and auditing standards
  - v) Pensions services procurement and relationship management
  - vi) Investment performance and risk management
  - vii) Financial markets and products knowledge
  - viii) Actuarial methods standards and practices.
38. This framework will be adopted by the fund to assist with planning and monitoring training for Pension Board members.
39. Enfield Council members can register on the CIPFA website (<http://www.cipfa.org/>) to download copies of the whole framework document or can contact the officers for assistance in accessing a copy of the framework.
40. Appendix 2 provides a copy of the Self-Assessment Matrix from this framework. Pension Committee members may consider referencing this to identify any training requirements.
41. A very short training session to ensure that all Members and Observers of the Pension Policy & Investment Committee have an understanding of the roles, responsibilities and statutory documents of the fund would arrange early next year.
42. Details of training being delivered are being recorded by officers to be included in the Pension Fund Annual Report as an annual disclosure in line with the CIPFA framework expectations.

## Training Programme 2018/19

43. The following training programme is proposed for the remainder of the 2021/22

Date	Event and Core Knowledge & Skills Areas Covered	Potential Attendees
July - September	<b>Fund Managers Training and Seminars</b> <ul style="list-style-type: none"> <li>▪ Pensions legislative &amp; governance context</li> <li>▪ Pensions Accounting and Audit Standards</li> <li>▪ Investment performance</li> </ul>	All
October - December	<b>Officers / Pension Fund Actuary &amp; Investment Consultant training sessions</b> <ul style="list-style-type: none"> <li>▪ Financial markets &amp; products knowledge</li> <li>▪ Triennial Valuation</li> <li>▪ Investment performance</li> <li>▪ Pensions Legislation /Administration</li> <li>▪ Actuarial methods, standards &amp; practices</li> </ul>	All
January - March	<b>AON / CIPFA Pension Network Workshop Fund Managers Training seminars</b> <ul style="list-style-type: none"> <li>▪ Financial markets &amp; products knowledge</li> <li>▪ Investment Strategy</li> <li>▪ Risk management</li> <li>▪ Pensions legislative &amp; governance context</li> </ul>	All

44. The training programme can be revised based on member feedback and an additional training requirement emerging from discussion of this report and self-assessment of needs (para 24-26).
45. A training programme for 2021/22 would be tabled at a future Committee meeting incorporating the training needs analysis outcome of members for discussion and approval.
46. The Enfield Pension Fund Training and Development Policy attached as Appendix 3, is produced based on the “CIPFA knowledge and skills framework (2010)” which provides a framework for the training and development of members/observers with the objective of improving knowledge and skills in all relevant areas of the activity of managing a Pension Scheme.

### Safeguarding Implications

47. The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

### Public Health Implications

48. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the borough.

### **Equalities Impact of the Proposal**

49. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

### **Environmental and Climate Change Considerations**

50. There are no environmental and climate change considerations arising from this report.

### **Risks that may arise if the proposed decision and related work is not taken**

51. The adoption of a training plan will minimise risks relating to the management of the Fund and should assist in managing down the risk of non-compliance with the Council's obligations under the Regulation as the administering authority of the London Borough of Enfield Pension Fund.
52. Lack of robust governance inevitably involves a degree of risk. The successful identification, monitoring and control of risk are therefore central to the Council's pension fund management.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

53. Any form of decision making process inevitably involves a degree of risk.
54. Effective training and development will help Members to gain sufficient knowledge and skills necessary to make appropriate decisions in minimising risk associated with their roles and responsibilities.

### **Financial Implications**

55. The total cost of training detailed within this report for committee members, board members and relevant officers, will be approximately £15k and will be funded through the pension fund.

### **Legal Implications**

56. Whilst there are no immediate legal consequences arising from this report it is important that members are trained appropriately so that decisions are made from a sound knowledge base thereby minimising the risk of any legal challenge.

### **Workforce Implications**

57. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

### **Property Implications**

58. None

### **Other Implications**

59. None

### **Options Considered**

60. The development and implementation of a training and development plan should ensure that a structured approach is in place for effective decision making, monitoring and management of the Pension Fund. This should in turn ensure that the Council meets its statutory obligations as administering authority to the Fund.

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### **Appendices**

Appendix 1 - CIPFA Knowledge and Skills Framework for Members

Appendix 2 - Self-Assessment Matrix

Appendix 3 - Enfield PF Training and Development Policy including the Training Record Log for 2021/22

### **Background Papers**

- Pensions Finance, knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector, CIPFA (2010)
- Investment decision making and disclosure in the Local Government Pension Scheme, A Guide to the Application of the Myners Principles, CIPFA (2009)

### CIPFA Knowledge and Skills Framework for Members of Pension Committees

#### Core Areas:

#### 1. Pensions Legislative and Governance Context

##### ***General Pensions Framework***

A general awareness of the pensions legislative framework in the UK.

##### ***Scheme-specific legislation***

- An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment.
- An awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.
- A regularly updated appreciation of the latest changes to the scheme rules.
- Knowledge of the role of the administering authority in relation to LGPS.

##### ***Pensions regulators and advisors***

An understanding of how the roles and powers of the Pension Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

##### ***General constitutional framework***

- Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.
- Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

##### ***Pensions scheme governance***

- An awareness of the LGPS main features.
- Knowledge of the Myners principles and associated CIPFA and Society of Local Authority Chief Executives (SOLACE) guidance.
- A detailed knowledge of the duties and responsibilities of committee members.
- Knowledge of the stakeholders of the pension fund and the nature of their interests.
- Knowledge of consultation, communication and involvement options relevant to the stakeholders.

#### 2. Pensions Accounting and Standards

- Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report.