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London Borough of Haringey Pension Fund

Approach of the Pensions Committee and Board to Training, and Update on CIPFA Pensions Knowledge and Skills Guidance

A paper by the Independent Advisor

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Introduction

This paper is primarily concerned with the approach of the Pensions Committee and Board to Training with an emphasis on this in the context of the new guidance issued by CIPFA in June 2021. This is contained in two publications - the ***Code of Practice on LGPS Knowledge and Skills*** and the ***Knowledge and skills framework for LGPS committee members and LGPS officers***.

This paper includes an update on the CIPFA guidance relating to Pensions Knowledge and Skills issued in June 2021. It also proposes that the Haringey Pension Fund revise its approach, including approving a new Training Policy, in line with this guidance at its meeting on 15 March 2022.

The updating of the Haringey Pension Funds' approach to the Training (knowledge and skills) of the Members of the Pensions Committee and Board, and Senior Officers, in March 2022, will mean that when the Pensions Committee and Board meets for the first time after the 2022 Local Elections all the then Members of the Pensions Committee and Board will be required to undergo Training and acquire knowledge and skills based on the latest national (CIPFA) guidance.

Summary & Independent Advisor's Proposals for the Haringey Fund

The Haringey Pension Fund has previously adopted (in 2013 and 2016) CIPFA guidance in relation to Pensions Knowledge and Skills which have subsequently informed and guided the approach to the Training of members of the body responsible for the Pension Fund. These have been the Corporate Committee (until 2014), the Pensions Committee (2014 to 2016), the Pensions Committee and Board (since 2016).

The approach of the Pensions Committee and Board to Training has, since its creation in 2016, been based on recommendations approved at the final meeting of the former Pensions Committee on 11 July 2016. These recommendations

were approved after consideration of a detailed paper by the Independent Advisor entitled “***Pensions Knowledge, Understanding and Skills***”

In June 2021 CIPFA issued new guidance in relation to Pensions Knowledge and Skills (in two documents) and this paper seeks to provide an overview and commentary on these.

The paper proposes that the Pensions Committee and Board adopt, at its meeting on 15 March 2022, the CIPFA 2021 ***Code of Practice on LGPS knowledge and skills including specifically the five key principles*** and the ***seven statements*** which are listed on pages 15 and 17 of the 2021 Code of Practice (and are replicated on page 5,6 and 7 of this paper) and the ***eight core technical areas*** which are listed on page 7 of the Code (and are replicated on page 8 of this paper). The adoption of the 2021 Code of Practice to be applicable to the Pensions Committee and Board, and Senior Fund Officers.

It is further proposed that the Pensions Committee and Board approve a ***Training Policy*** for Committee and Board Members, and Senior Fund Officers taking account of the guidance on pages 25 to 27 of the ***Knowledge and skills framework for LGPS committee members and LGPS officers*** 2021. This ***Training Policy*** is to include specific areas of knowledge to be covered in relation to the eight Core technical areas taking particular cognisance of the content of pages 21 to 24, 32 to 36, 37 to 44 and 11 to 16 of the 2021 CIPFA Framework. This Training Policy has been prepared by the Independent Advisor in consultation with the Head of Pensions and Treasury.

Background and developments to 2016

The delivery of effective and comprehensive training is needed to facilitate the delivery of necessary knowledge and skills for those responsible for the governance, decision making and operation of the Pension Fund. The Pensions Committee and Board is the primary governance and decision-making body within the Haringey Pension Fund (the Fund). However, Officers also have important roles in the overall governance/operation of the Fund. Therefore, the Fund’s approach to Pensions Knowledge and Skills must cover both the Pensions Committee and Board, and the Senior Fund Officers.

In 2010 CIPFA issued (separate) ***Pensions Knowledge and Skills Frameworks*** for Members (which to give it its full title is *Pensions Knowledge and Skills Framework Technical Guidance for Elected Representatives and Non-executives in the Public Sector*) and Officers. These included six areas of knowledge and skills CIPFA identified as core. These were:

- Pensions legislative and governance context
- Pensions accounting and auditing standards
- Financial Services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards, and practices

A notable omission from the 2010 CIPFA Framework was that Pensions Administration was not included as a core area of knowledge and skills.

In 2011 CIPFA issued a ***Code of Practice on Public Sector Pensions Finance Knowledge and Skills*** which supplemented the Pensions Knowledge and Skills Frameworks issued in 2010. The ***Code of Practice*** sought to promote compliance with the principle that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice, and resources necessary to make them effectively and monitor their implementation, and
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

A paper by the Independent Advisor entitled “*Pensions Knowledge and Skills*” was considered by the Corporate Committee at its meeting held on 14 March 2013. This paper provided the background to the need for Committee Members and observers to have a broad range of Pensions Knowledge and Skills.

The paper also described and explained the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (2011) and the CIPFA “*Pensions Finance, knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector*” (2010). Finally, the paper made proposals for the development and delivery of a series of training sessions to cover the six areas within the CIPFA Knowledge and Skills Framework. The Corporate Committee resolved to adopt the 2011 CIPFA Code of Practice and this together with the 2010 Knowledge and Skills Framework for Elected Representatives and Non-Executives provided the framework for the provision of training to the Corporate Committee and then the Pensions Committee until 2016.

As a consequence of the Public Service Pensions Act 2013 and the LGPS Regulations 2013 the governance of the LGPS was significantly amended and enhanced from 1 April 2015. These reforms included the introduction of the requirement for each LGPS Fund in England and Wales to establish a Pension Board consisting of representatives of Employers and Employees. This was to be a separate body to the Pensions Committee (or equivalent) and was to have the role of “*assisting*” it. There was however provision for the creation of a joint Pensions Committee and Board if expressly authorised by the Secretary of State.

Haringey applied to the Secretary of State to create a joint Pensions Committee and Board and this application was approved. Haringey was the only Council/Fund in London and one of only two in England and Wales (the other was Hampshire County) to apply to establish a joint Pensions Committee and Board. The establishment of a joint Pensions Committee and Board created a body whose members have a both wider role and are subject to a more rigorous legal/regulatory framework than is applicable to members of a Pensions Committee where there is also a separate Pensions Board.

Given both the 2015 national reforms to LGPS governance and the decision of the Secretary of State in 2016 to approve Haringey's application to establish a joint Pensions Committee and Board the final meeting of the Pensions Committee (11 July 2016) received a paper from the Independent Advisor entitled "*Pensions Knowledge, Understanding and Skills.*"

This paper highlighted the clear requirements for a comprehensive approach by the new joint Pensions Committee and Board to Pensions training and the acquisition of Pensions Knowledge and Skills. The paper made clear reference to the fact that the level of Knowledge and Skills required by Members of the Pensions Committee and Board was (due to legislative and guidance requirements) clearly greater than that expected from Members of a Pension Committee where there is also a separate Pensions Board.

The Independent Advisor's 2016 paper proposed a number of changes and enhancements to the approach to Training adopted by the Fund in 2013. These included adopting the most recent CIPFA Code of Practice, the adoption of the "Haringey Pensions Knowledge and Skills Framework," that all members appointed to the new joint Pensions Committee and Board complete the Pension Regulators on line "Public Service Toolkit," that a Training Needs Analysis be issued to all members of the new joint Pensions Committee and Board and that the Independent Advisor be requested to prepare a series of "core" training sessions to cover the seven core areas within the "Haringey Pensions Knowledge and Skills Framework." The proposals in the Independent Advisors paper were included in the covering Officer report and have provided the framework within which Training has been delivered to the Pensions Committee and Board since 2016.

The "Haringey Pensions Knowledge and Skills Framework" was devised by the Independent Advisor to reflect the greater and more extensive knowledge and understanding required of Members of a joint Pensions Committee and Board compared to Members of a Pensions Committee where there is also a separate Pensions Board. This framework was constructed by supplementing the 2010 CIPFA Knowledge and Skills Framework already referred to by adding additional areas covered in a CIPFA publication of July 2015. This publication was the CIPFA "*Local Pension Boards A Technical Knowledge and Skills Framework.*" In particular this 2015 framework gave greater emphasis to Pensions Governance than the 2010 framework for Elected Members and also included Pensions Administration as a new and separate area of knowledge and skills. Furthermore, the contents of the Haringey Framework reflected the latest developments in the LGPS to June 2016 and therefore included, for example, specific reference to Investment Pooling as an area in respect of which training be provided.

The new CIPFA Pensions Knowledge and Skills guidance of June 2021

In June 2021 CIPFA issued two documents which update and replace (firstly) the previous Code of Practice on Knowledge and Skills, and (secondly) the separate, 2010, Pensions Knowledge and Skills Frameworks for Members and Officers. These have been issued as a consequence of the significant alterations to the governance and operation of the LGPS of recent years during which (to quote the

Foreword to the 2021 Knowledge and Skills Framework) “has faced unprecedented changes and challenges” which “are likely to continue into the future.” Two such examples (amongst a number) are the introduction of MiFID II (in 2018) and the likely enhanced governance requirements arising from the recently concluded Scheme Advisory Board Good Governance Review.

The **Code of Practice on LGPS Knowledge and Skills** of June 2021 seeks (in the words of the accompanying **Knowledge and skills framework for LGPS committee members and LGPS officers** (page 9)) “to embed the requirements for identifying the adequacy of, acquiring and maintaining of appropriate knowledge and skills.”

Page 7 of the 2021 Code of Practice states “Every LGPS administering authority should secure adequate resources and appropriate training...” having, also on page 7, set out the broad areas of knowledge required by those responsible for decision making, management, scrutiny, or oversight of the LGPS (these are also stated on page 21 of the 2021 Knowledge and Skills framework). Page 7 of the Code also includes the statement “CIPFA has produced and updated this Code of Practice to put these requirements into a formal structure...” CIPFA further indicate that those to whom the Code is applicable include Pension Committee Members, Pension Board Members and Fund Officers.

On page 13 of the 2021 Code of Practice CIPFA state “It is hoped that all LGPS administering authorities will adopt this Code as part of their LGPS knowledge and skills policy (or equivalent) as appropriate to their circumstances. It is expected this will be the case for all administering authorities where key LGPS officers are CIPFA professional members.” The 2021 Code of Practice is underpinned by five key principles (listed on page 15 of the Code). These are similar to those in the previous version of the Code (adopted by the Pensions Committee in 2016) but expanded to reflect the present regulatory and more complex environment within which the LGPS now operates. The five principles which underpin the 2021 Code of Practice are:

1. Administering authorities responsible for the administration of the LGPS recognise that effective management, decision making, governance and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
2. Administering authorities have the necessary resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.
3. Administering authorities have in place formal and comprehensive objectives, policies and practices, strategies, and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance, and decision making of the LGPS.

4. The associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework, while also having regard for overriding legal requirements, The Pensions Regulator and other government guidance.
5. The administering authority has designated a named individual to be responsible for ensuring that policies are implemented.

CIPFA recommends (on page 17 of the Code) that all Administering Authorities (whose role is normally exercised by the Pension Committee or Pensions Committee and Board or equivalent) adopt as part of their knowledge and skills framework seven statements. These are similar to the CIPFA recommended statements adopted by the Pensions Committee in 2016 but have been updated to reflect the regulatory and more complex environment within which the LGPS now operates. The seven statements within the 2021 Code of Practice CIPFA recommend be adopted are:

1. This LGPS administering authority adopts the key principles of the Code of Practice on LGPS Knowledge and Skills.
2. This LGPS administering authority recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
3. This administering authority has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of LGPS knowledge and skills for those responsible for the management, delivery, governance, and decision making of the LGPS.
4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework.
5. This administering authority will ensure that it has adequate resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.
6. This administering authority will report annually on how its knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.
7. This administering authority has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the administering

authority's knowledge and skills policy statement, and, where they are a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

It is suggested, by the Independent Advisor, that the Committee and Board adopt the 2021 **Code of Practice on LGPS Knowledge and Skills** including specifically the above five principles and seven statements at its meeting on 15 March 2022.

In June 2021 CIPFA also issued the **Knowledge and skills framework for LGPS committee members and LGPS officers**. This replaces and represents a clear enhancement of the 2010 version(s). In the words of CIPFA (page 9 of the new 2021 Framework) "*This publication consolidates and updates (and supersedes) two existing publications:*

- *Pensions Finance Knowledge and Skills Framework: Technical Guidance for Pensions Practitioners in the Public Sector, published in 2010*
- *Pensions Finance Knowledge and Skills Framework: Technical Guidance for Elected Representatives and Non-executive Members in the Public Sector, also published in 2010.*

It reflects the latest developments in the area of knowledge and skills for the LGPS at the time of publication (2021). A separate framework remains in place for local pension board members.

The document is intended to promote good governance in the LGPS in the key area of knowledge and skills. It is designed to be used by LGPS officers and the scheme's decision-making bodies (such as LGPS pension committees) as a framework in the assessment of knowledge and skills, the delivery and recording of training, and ultimately the development of knowledge and understanding of all those with a responsibility to manage and administer their LGPS fund.

The Framework should be read in conjunction with CIPFA's Code of Practice on LGPS Knowledge and Skills (latest version updated and published in 2021) ..."

The 2021 CIPFA **Knowledge and skills framework for LGPS committee members and LGPS officers** also states (page 11) "*The need for a high level of knowledge and skills for those involved in the management of the LGPS is underpinned by various items of legislation, legal opinion and guidance...*" The Framework then highlights "*some of this*" on pages 11 to 16.

The 2021 CIPFA Code and Framework identify eight Core technical areas (on page 7 and page 21 respectively) "*where appropriate knowledge and skills should be achieved and maintained.*" The eight core areas (and their actual content) in the 2021 Framework clearly build upon but significantly expand the six core areas identified by CIPFA in 2010 and the extensions included in the CIPFA 2015 Framework for Pension Boards. The eight Core areas identified in the 2021 Code and Framework are:

- pensions legislation and guidance
- pensions governance
- funding strategy and actuarial methods
- pensions administration and communications
- pensions financial strategy, management, accounting, reporting and audit standards
- investment strategy, asset allocation, pooling, performance, and risk management
- financial markets and products
- pension services procurement, contract management and relationship management.

It is suggested, by the Independent Advisor, that the Pensions Committee and Board adopt the above eight Core areas of knowledge and skills as those to be covered in its Training Policy and any training delivered in accordance with that policy. The eight Core areas are explained in further detail on pages 21 to 24 of the Framework and the actual content of each core area is set out in separate “*knowledge matrices*” for Pension Committee Members (pages 32 to 36 of the Framework) and Fund Officers (pages 37 to 44 of the Framework).

The 2021 Framework (pages 25 to 27) also provides guidance on the “*Delivery, monitoring, reporting and compliance*” with the 2021 Knowledge and Skills Framework. This includes:

- Guidance on the Training Policy that is expected of all LGPS Funds by the 2021 CIPFA Code of Practice.
- The delivery of training.
- Monitoring and ongoing review of knowledge and skills including recording attendance at training.
- Reporting and Compliance which includes reference to the fact that the 2021 Code of Practice requires each Administering Authority (LGPS Fund) to designate “*a named individual*” with responsibility for ensuring their policies (arrangements) are implemented.

It should be noted that the CIPFA Local Pension Boards A Technical Knowledge and Skills Framework 2015 remains in force. While this Training Policy has taken cognisance of this document the principal framework utilised in the preparation of this policy has been the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers 2021. This is because not only does this document take account of developments in the LGPS since 2015 (to mid 2021) but it was also prepared specifically for Pensions Committee Members and therefore in relation to those with the decision-making function within a LGPS Fund. In contrast the Pension Board Member role is, under the LGPS Regulations 2013 (as Amended), one of assisting not decision making.

Therefore the Independent Advisor has prepared, in consultation with the Head of Pensions and Treasury, a Training Policy for Pension Committee and Board Members, and Senior Fund Officers, taking account of the guidance on pages 25 to 27 of the ***Knowledge and skills framework for LGPS committee members and LGPS officers 2021***. This Training Policy includes specific areas of knowledge to be covered in relation to the eight Core technical areas taking particular cognisance of the content of pages 21 to 24, 32 to 36, 37 to 44 and 11 to 16 of the 2021 CIPFA Framework. This Training Policy is also included in the papers for the 15 March Pensions Committee and Board.

John Raisin

3 February 2022

Main Background Sources

London Borough Haringey Corporate Committee “*Pension Fund Training & Development*” and attached paper by the Independent Advisor, Agenda Item 8, 14 March 2013

London Borough of Haringey Pensions Committee “*Pensions Training Policy and Framework*” and attached paper by the Independent Advisor, Agenda Item 11, 11 July 2016.

Local Pension Boards A Technical Knowledge and Skills Framework, CIPFA, July 2015

Code of Practice on LGPS Knowledge and Skills, CIPFA, June 2021.

Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers, CIPFA, June 2021.

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