

# Kent Pension Fund Training Strategy 2019

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## **Introduction**

1. This is the training strategy of Kent County Council as Administering Authority for the Kent Pension Fund. The strategy is intended to assist the Superannuation Fund Committee and Local Pension Board members as well as officers in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities.
2. The Kent Pension Fund (the Fund) will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those responsible for financial administration and decision making.
3. The Fund has delegated responsibility for the implementation of the Strategy to the Corporate Director of Finance.
4. The Fund will demonstrate compliance with its training strategy on a yearly basis through an annual report to both the Superannuation Fund Committee and Local Pension Board.

## **Strategy Objectives**

5. Kent County Council recognises the importance of its role as Administering Authority of the Kent County Council Superannuation Fund on behalf of its stakeholders including:
  - 137,416 current and former members of the Fund, and their dependents
  - some 434 employers within the geographical county of Kent
  - the local tax payers within Kent.
6. In relation to the governance of the Fund the objectives relating to knowledge and skills are to:
  - a) Ensure the Kent Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
  - b) Ensure the Kent Fund is effectively governed and administered; and
  - c) Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Ministry of Housing Communities and Local Government (MHCLG).
7. To assist in achieving these objectives, the Kent Pension Fund will aim to comply with the CIPFA Knowledge and Skills Frameworks, the knowledge and

skills elements of the Public Service Pensions Act 2013, The Pensions Regulator's (TPR) Code of Practice for Public Service Schemes, as well as any other LGPS specific guidance relating to the knowledge and skills of Superannuation Fund Committee members, Pension Board members and pension fund officers which may be issued from time to time.

8. The Training Strategy applies to all Members of the Superannuation Fund Committee who require an understanding of:
  - a) Their responsibilities as delegated to them by The Kent County Council as an administering authority of an LGPS fund;
  - b) The fundamental requirements relating to pension fund investments;
  - c) The operation and administration of the Kent Pension Fund;
  - d) Controlling and monitoring the funding level; and
  - e) Effective decisions in the management of the Kent Pension Fund.
9. It also applies to Local Pension Board members who must be conversant with:
  - a) The relevant LGPS Regulations and any other regulations governing the LGPS;
  - b) Any document recording policy about the administration of the Kent Pension Fund;
  - c) And have knowledge and understanding of the law relating to pensions; and
  - d) Such other matters as may be prescribed.
10. In addition it applies to KCC officers responsible for the management and administration of the LGPS including the Corporate Director of Finance (Section 151 Officer) who will be expected to have appropriate knowledge and skills relating to their roles as determined by the Pensions Admin Manager and the Manager Treasury and Investments. They will be expected to:
  - a) receive appropriate training to fill any knowledge gaps identified; and
  - b) seek to maintain their knowledge.

## **CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the Code of Practice")**

11. CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:
  - formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
  - ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
  - publicly report how these arrangements have been put into practice each year.

### **CIPFA Knowledge and Skills Framework – Superannuation Fund Committee**

12. In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:
  - a) Pensions legislative and governance context;
  - b) Pension accounting and auditing standards;
  - c) Financial services procurement and relationship development;
  - d) Investment performance and risk management;
  - e) Financial markets and products knowledge; and
  - f) Actuarial methods, standards and practice.
13. Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee.
14. However the view of the Kent Fund is that members of the Superannuation Fund Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

## **CIPFA Knowledge and Skills Framework – Local Pension Board**

15. In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members:
  - a) Pensions Legislation;
  - a) Public Sector Pensions Governance;
  - b) Pensions Administration;
  - c) Pensions Accounting and Auditing Standards;
  - d) Pensions Services Procurement and Relationship Management;
  - e) Investment Performance and Risk Management;
  - f) Financial markets and product knowledge;
  - g) Actuarial methods, standards and practices.
16. Given that the role of the Local Pension Board is to assist the Committee i.e. the Scheme Manager, Board members should have sufficient knowledge and understanding of the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Kent Pension Fund to be able to challenge the failure of the Kent Fund to comply with regulations and policies.
17. Local Board members should commit sufficient time to their learning and development and the Kent Pension Fund will make appropriate training available to assist and support members in undertaking their roles.

## **Guidance from the Scheme Advisory Board**

18. The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.
19. Knowledge and understanding must be considered in the light of the role of a Local Pension Board and the Fund will make appropriate training available to assist and support members in undertaking their role.

## **The Pensions Regulator's E-learning toolkit**

20. The Regulator has developed an online tool designed to help those running public service schemes to understand the governance and administration requirements in the CIPFA Code of Practice. The toolkit is designed specifically with Local Pension Board members in mind however the material covered is of equal relevance to members of the Superannuation Fund Committee.
21. The Superannuation Fund Committee is encouraged to complete the toolkit. and for the Local Pension Board members this is a mandatory requirement.
22. The toolkit is an easy to use resource and covers short modules. These are:
  - a) Conflicts of Interests;
  - b) Managing Risk and Internal Controls;
  - c) Maintaining Accurate Member Data;
  - d) Maintaining Member Contributions;
  - e) Providing Information to Members and Others;
  - f) Resolving Internal Disputes;
  - g) Reporting Breaches of the Law.

## **The Pensions Regulator's 21st Century Trusteeship guidance**

23. Members of both the Committee and the Board are encouraged to follow the guidance. This programme was launched to raise the standards of governance across all workplace pension schemes. The programme includes what arrangements need to be in place to support good decision making, as follows:
  - a) Clear roles and responsibilities and clear strategic objectives
  - b) A skilled, engaged and diverse Committee and Board led by an effective chair
  - c) Close relationships with employers, advisors and others involved in running the scheme
  - d) Sound structures and processes focused on outcomes
  - e) A robust risk management framework focused on key risks.

## **Markets in Financial Instruments Directive II (MIFID II)**

24. The Kent Pension Fund needs to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as a professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
25. Failure to adequately demonstrate a high level of collective skills and knowledge across the Superannuation Fund Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

## **Initial Induction and Training**

26. On joining the Superannuation Fund Committee and Pension Board all new members receive an initial induction session and are encouraged to become familiar with the Pension Fund website [Fund information - Kent Pension Fund](#) which provides access to
  - The latest Actuarial Valuation report
  - The latest Annual Report and Accounts,
  - Fund policies
27. New members will also be asked to complete an assessment of what learning they need and the status of their current knowledge.
28. They will be expected to complete the TPR toolkit within 6 months of joining the Pensions Board while new Committee members will be encouraged to complete the toolkit within this timeframe.

## **Delivery of training**

29. Consideration will be given to various training resources available in delivering training to the Superannuation Fund Committee and Local Pension Board members. These may include but are not restricted to:
  - a) Internally developed training days;
  - b) Training delivered by investment managers and the Fund's consultants at Committee and board meetings;



- c) In-house and shared training events where it improves economy, efficiency and effectiveness;
  - d) Self-improvement and familiarisation with regulations and documents;
  - e) The Pension Regulator's e-learning programme;
  - f) Attending courses, seminars and external events;
  - g) Regular updates from officers and/or advisers;
  - h) Circulated reading material;
30. Training events will be advertised to members as and when they are notified to officers and members are expected to make officers aware of any events that are of interest.

### **Costs**

31. All costs relating to this training strategy are met by The Kent Pension Fund.

### **Monitoring and reporting**

32. The Fund will maintain a record of all training undertaken by Committee and Board members who will be asked to confirm this record every 6 months.
33. Compliance with the Fund's training strategy will be reported on a yearly basis to both the Superannuation Fund Committee and Local Pension Board.
34. This information will also be included in the Kent County Council Superannuation Fund Annual Report and Accounts.

### **Effective date**

35. This strategy was taken to the Local Pension Board for comment on 11 November 2019 and was subsequently approved by the Pension Fund Committee on 15 November 2019.

### **Review**

36. This strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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