



LOCAL PENSION BOARD – 5 FEBRUARY 2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND TRAINING NEEDS SELF ASSESSMENT

Purpose of the Report

1. The purpose of this report is to:
 - i. Provide the Local Pension Board (LPB) with an update on Training Needs Self Assessments which have been undertaken;
 - ii. Set out progress against the Fund's Training Policy and 2024 Training Plan.

Policy Framework and Previous Decisions

2. The Local Pension Committee (LPC) first agreed a Training Policy on 8 November 2019 in line with best practice at the time. The latest version of the Training Policy was approved by the Committee on 19 June 2024.
3. The policy, and regular training, is required because of:
 - the distinction of fiduciary duty owed to the Fund, compared to members' and officers' usual business;
 - the complexity of pension and investment issues;
 - inevitable changes in the membership due to the election cycles;
 - the Fund being treated by investment managers as a professional client and the requirement to comply with the Markets in Financial Instruments Directive (MiFID II);
 - the potential consequences of not administering the Fund in an appropriate manner;
 - responsible investing, net zero and how the Fund achieves this.
4. Training requirements are also reflected in the Terms of Reference of both the LPC and the LPB, which state members 'must demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training.'

Background

5. Since the LPB's formation there has been legislation setting out that Board members have a personal responsibility to have an appropriate level of knowledge and understanding for the purposes of enabling them to exercise properly their functions as a member of the LPB.
6. As part of its 2023 consultation 'Next Steps on Investment', the previous Government proposed that each administering authority set a training policy for LPB members, and that the administering authority report regularly on training undertaken and whether this is in line with the training policy. Proposals that administering authorities should prepare and publish a governance and training strategy, including its approach to knowledge and training of committee members, are also set out within the current consultation "Fit for the Future", which closed on 16 January 2025, and are set out in full elsewhere on today's agenda. The Fund has historically reported training undertaken by both LPC and LPB Members annually within the Fund's Annual Report as part of best practice, and as recommended by the Scheme Advisory Board's Good Governance review.
7. As identified by The Pension Regulator, good governance is essential for a pension scheme to be successful, with a clear link between good governance and good fund performance.
8. Hymans Robertson Aspire online training has been in place for a number of years. Over 2023 Hymans reviewed its offering and issued new refreshed modules, which reset all members' Aspire training records at zero, as of September 2023. Members were asked to undertake these modules in light of the updated information and as part of the Fund's Training Policy.
9. In early 2024 the Pensions Regulator published a new General Code of Practice (the code) for governing bodies of pension schemes to assist them in meeting their legal obligations and in ensuring their scheme is well governed. The Fund's Training Strategy and Plan aligns with this.

Training Needs Assessment

10. The Chartered Institute of Public Finance and Accounting (CIPFA) published guidance on Pensions Knowledge and Skills in 2021. The guidance identifies eight core areas where appropriate knowledge and skills should be achieved and maintained:
 - 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, contact management and relationship management
11. To best meet the training needs of Committee and Board Members, a training needs analysis was carried out at the end of 2024. The form consisted of 39 self-assessment questions against CIPFA's eight core areas.
 12. As of 15 January 2025 eight out of 12 Committee and five out of six Board members have completed their assessments. The anonymised results are attached at Appendix A to this report. Any members that have not yet completed the training needs assessment are asked to do so as soon as possible, to support development of this year's training programme which will be brought alongside the Fund's budget and business plan.
 13. The results of the questionnaire, together with the current priorities for the Fund are used to decide on the approach and topics of training offered, this can be on a collective and individual basis.
 14. Members are also invited to provide any comments on the current training plan, and officers will look at how further collaboration can be utilised to support training.

2024 Training Plan Completion

15. As part of the revised Training Policy agreed in June 2024 a training plan was developed in line with Hymans' on-line Aspire training that Members should complete all modules within six months of approval of the policy, or their appointment. This followed engagement with Committee and Board members on the best approach to training, either with members completing the modules in their own time at home or attending sessions at County Hall, which would include question and answer sessions and be relevant to upcoming agenda items.
16. As of January 2024, for Members that have been appointed since the revised Training Policy, nine LPC members are compliant (out of 12) while 3 LPB members are compliant (out of 5). It is noted that while not completely compliant most have completed modules and/or attended meetings which also contain training material.
17. A record of completion of all training, including Hymans on-line training, undertaken by Committee and Board members is included within the Fund's Annual Report presented in September each year. Essentially, training progress will be shown as a snapshot of the position as at 31 March each year. Appendix B provides a summary of current progress against the Training Policy anonymised; however, this will be unredacted for the version that goes as part of the Annual Report.

Recommendations

18. It is recommended that:
 - a) All members should complete the training needs assessment if not yet completed by 5 February 2025.

- b) Members not in current compliance with the Training Policy should commit to progressing completion of Hymans Aspire modules, noting that a record will be taken as at 31 March 2025 for the Fund's Annual report.

Background Papers

Local Pension Committee, 19 June 2024, Agenda Item 13, Revised Training Policy:
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=7540&Ver=4>

Equality Implications

None.

Human Rights Implications

None

Legal Implications

The Director of Law and Governance has been consulted on this report.

Under MiFID II (Markets in Financial Instruments Directive) local and public authorities must satisfy a qualitative test that allows them to be treated as a professional investor with the capacity to make investment decisions. This test requires the Local Pension Committee to satisfy those providing investment services that it possesses the expertise, experience and knowledge required to be capable of making its own investment decisions and understanding the risks involved.

The Local Pension Committee's Terms of Reference sets out that members must demonstrate to the Administering Authority their capacity to attend and prepare for meetings and to participate in required training in order to reach the required standard in line with MiFID II and the Fund's Terms of Reference. It is for the Scheme Manager (the Administering Authority) to be satisfied that those appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Committee.

In line with these duties under their role, Committee members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. A written record of all relevant training and development (whether internal or external) undertaken by Committee members should be maintained. All members will undertake an annual personal training needs analysis and regularly review their skills, competencies, and knowledge to identify gaps or weaknesses, as well as the mandatory training that the Scheme Manager considers is required to ensure the Board and Committee operates as effectively as possible. All information in relation to training and development of all members shall be made available to the Committee and Board as part of the Review Process.

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.

Appendices

Appendix A – Training Needs Assessment Anonymised

Appendix B – Current Training Progress Anonymised

Officers to Contact

Declan Keegan, Director of Corporate Resources

Tel: 0116 305 7668

Email: Declan.Keegan@leics.gov.uk

Simone Hines, Assistant Director Finance, Strategic Property and Commissioning

Tel: 0116 305 7066

Email: Simone.Hines@leics.gov.uk

Bhulesh Kachra, Senior Finance Analyst - Investments

Tel: 0116 305 1449

Email: Bhulesh.Kachra@leics.gov.uk

Cat Tuohy, Responsible Investment Analyst

Tel: 0116 305 5483

Email: Cat.Tuohy@leics.gov.uk

This page is intentionally left blank