

Report To: **GMPF LOCAL PENSIONS BOARD**

Date: 24 July 2017

Reporting Officer: Sandra Stewart, Director of Pensions
Euan Miller, Assistant Director of Pensions (Funding and Business Development)

Subject: **ASSESSMENT OF LOCAL BOARD TRAINING NEEDS**

Report Summary

Local pensions board members are required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004. The degree of knowledge and understanding must be “*appropriate for the purposes* of enabling the individual to properly exercise the functions of a member of a local board”.

Shortly after its inception, each member of the Board at that time undertook an individual assessment of their knowledge and understanding in order to identify the training needs of the Board as a whole. The results of this assessment are attached as Appendix 1 to this report.

The Board are asked to consider whether and how they wish to assess their current levels of knowledge and understanding which will help form a training plan for the forthcoming year.

Recommendations: Board members are recommended to:

- i) Note the knowledge and understanding requirements of their role as a Board member;
- ii) Consider whether and how they wish to assess their current levels of knowledge and understanding, which will help form a training plan for the forthcoming year.

Policy implications: None.

Financial Implications: None.

(Authorised by the Section 151 Officer)

Legal Implications: The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

The 2015 Governance Regulations require employer and member representatives to have the “capacity” to represent employers and members respectively. Board members are also required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004.

Risk Management: The purpose of the Local Board is to oversee compliance type activities and to support effective and efficient governance of the Fund. Thus its role is likely to focus on mitigating risks.

ACCESS TO INFORMATION:

NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers:

For further information please contact Euan Miller, Assistant Executive Director – Funding and Business Development.



Telephone: 0161 301 7141



e-mail: ewan.miller@tameside.gov.uk

1. INTRODUCTION

- 1.1 The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, which can be accessed via the link below:

http://www.legislation.gov.uk/ukxi/2015/57/pdfs/ukxi_20150057_en.pdf

- 1.2 In summary the role of the Board is to assist Tameside MBC in its role as a scheme manager of the Scheme: Such assistance is to:
- (a) secure compliance with the Governance Regulations, any other legislation relating to the governance and administration of the Scheme and any requirements imposed by the Pension Regulator in relation to the Scheme and;
 - (b) to ensure the effective and efficient governance and administration of the Scheme.

2 REQUIREMENTS OF BOARD MEMBERS

- 2.1 The 2015 Governance Regulations require employer and member representatives to have the “capacity” to represent employers and members respectively. Board members are also required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004. The degree of knowledge and understanding must be “*appropriate for the purposes* of enabling the individual to properly exercise the functions of a member of a local board”.
- 2.2 In general terms, Board members’ breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge information or advice they are given. Members should be able to identify and where relevant challenge any failure to comply with regulations, other legislation and the requirements of the Pensions Regulator.
- 2.3 The Pensions Regulator’s Code of Practice on the governance and administration of public service pension schemes came into effect on 1 April 2015. Pages 12 to 17 of this document set out the knowledge and understanding required of Board members. The code of practice can be accessed via the link below:
- <http://www.thepensionsregulator.gov.uk/docs/draft-code-14-governance-administration-public-service-pension-schemes.pdf>
- 2.4 As a minimum, Board members must be conversant with:
- a) The rules of the Scheme (which are set out in the LGPS regulations)
 - b) Any document recording policy about the administration of the Scheme.
- 2.5 Being conversant with these documents means having a working knowledge so that they can be used effectively by Board members when carrying out their duties.
- 2.6 As the LGPS is a funded scheme, documents which record policy about the administration of the Scheme will also include those related to funding and investment matters.
- 2.7 **Appendix 2** to this report lists the documents with which Board members should be conversant and contains links to the relevant documents.

3 ACQUIRING, REVIEWING AND UPDATING KNOWLEDGE AND UNDERSTANDING

- 3.1 Training is a very important part of the role of Board members and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations and add value in their role. Tameside MBC officers will support Board members in acquiring the relevant training.

4 ASSESSMENT OF CURRENT LEVELS OF KNOWLEDGE AND UNDERSTANDING

- 4.1 Shortly after its inception, each member of the Board at that time undertook an individual assessment of their knowledge and understanding using a template provided in order to identify the training needs of the Board as a whole. The results of this self-assessment are attached as Appendix 1 to this report.
- 4.2 This document was designed to assess where the gaps in the Board's knowledge and understanding may lie and where particular focus should be given in the training plan. Board members were asked to score their existing level of knowledge and understanding a mark of between 1 and 5, with a score of 1 being no existing knowledge and a score of 5 being highly-skilled.
- 4.3 Individual Board members are not expected to be an expert in all areas, however the Board needs to target a training plan towards ensuring there is the necessary knowledge and understanding across the Board as a whole.
- 4.4 At the previous review, the areas where it was agreed the collective level of knowledge and understanding should be improved were:

Internal controls – including how scheme members' data is kept and how employer and employee contributions are monitored and recorded.

Resolving disputes – How disputes between members, employers and the Fund are raised, documented and resolved.

Funding and investment – including the purpose of the actuarial valuation process and how contribution rates are set, the purpose of the Fund's Statement of Investment Principles and Funding Strategy Statement and the role of the Fund's custodian.

- 4.5 These areas were the focus of the training programme during 2016.
- 4.6 The Board is asked to consider whether and how it wishes to assess its current levels of knowledge and understanding, which will help form a training plan for the forthcoming year. One potential option is for Board members to retake the self-assessment which most of the members undertook previously and for the results to be analysed at the next meeting.

5 OTHER TRAINING MATERIALS

- 5.1 The Pensions Regulator has developed an online learning programme specifically to help meet the needs of pension board members. The programme is broken down into 7 different modules and an individual completion of the individual modules is automatically logged. Members can register for the Pensions Regulator's Toolkit via the following link:

<https://education.thepensionsregulator.gov.uk/login/index.php>

- 5.2 Board members are invited to the two annual training days provided by the Fund's investment managers, which several of the Board members have been attending.

- 5.3 Board members are encouraged to attend meetings of the Management Panel as observers.
- 5.4 Board members will be notified of other training events which are considered appropriate. Expenses of attending external events will be reimbursed.
- 5.5 Trustee Training opportunities shared with panel members. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.

UBS Trustee Training Day Hilton Hotel, Deansgate, Manchester	9 August 2017
LGC Investment Summit Celtic Manor, Newport	7-8 September 2017
Fundamentals Training Day 1 Park Plaza Hotel, Leeds	4 October 2017
Fundamentals Training Day 2 Park Plaza Hotel, Leeds	1 November 2017
Fundamentals Training Day 3 Park Plaza Hotel, Leeds	5 December 2017
PLSA Annual Conference Manchester Central	18–20 October 2017
LAPFF Annual Conference Highcliffe Marriott, Bournemouth	6-8 December 2017

6 RECCOMENDATIONS

- 6.1 As set out on the front of the report.