


<p>Non-Executive Report of the:</p> <p><b>Pensions Board</b></p> <p>27<sup>th</sup> November 2017</p>	
<b>Report of:</b> Zena Cooke, Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Work Plan and Training Review by Pensions Board November 2017/18</b>	

<b>Originating Officer(s)</b>	Bola Tobun, Investment & Treasury Manager
<b>Wards affected</b>	All wards

## Summary

This report outlines the work plan and also sets out the need for a training and development programme for Pension Board members for their review in meeting their regulatory or statutory function.

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 and that therefore there is a need for a formal training programme for Members of the Pensions Board.

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)". This provides a framework for the training and development of Elected Members and other representatives on public sector pension scheme decision making bodies such as the Tower Hamlets Pensions Board.

Following discussion at the board meeting, Members will consider the training needs identified, prioritise them and agree a training plan for the year 2018/19.

## Recommendations:

Members are recommended to:

- Note the current training and development policy for the Tower Hamlets Pension Fund attached as Appendix 1;
- Note and review work plan (attached as Appendix 2) is in line with core functions as outlined in the Tower Hamlets Pension Board terms of reference (attached as appendix 3); and
- Note and review the training log (attached as appendix 4) for addition of identified training needs or changes to the proposed schedule training.

## **1. REASONS FOR THE DECISIONS**

- 1.1 The purpose of the paper is to identify topics that will come to the attention of the Board in the next twelve months and to seek Members input into future agendas. Suggestions on future training are also requested.

## **2. ALTERNATIVE OPTIONS**

- 2.1 No alternative.

## **3. DETAILS OF REPORT**

- 3.1 The Local Government Pension Scheme operates within a statutory and regulatory framework which includes the Superannuation Act 1972 and various statutory instruments including the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended). The department for Communities and Local Government (CLG) which is the government department responsible for the Local Government Pension scheme and CIPFA have also issued codes and guidance in respect of the scheme. The CLG Local Government Pension Scheme Governance Compliance Statements Statutory Guidance (2008) sets out nine principles for the governance of schemes including training.
- 3.2 The current Pensions Committee agreed a Training Policy. Since the approval of the Training Policy, training has been provided in the form of presentations to the entire Board and through opportunities for individuals to attend training courses such as those provided by the Local Government Employers' organisation.
- 3.3 It is best practice for a Pension Fund to maintain a work plan. Therefore reviewing the work plan and identifying training needs will enable the board to set out the key activities anticipated in the coming twelve months in the areas of governance, members/employers, investments and accounting. The Board is invited to consider whether it wishes to add or amend items set out in the work plan and the training log.
- 3.4 Section 248a of the Pensions Act 2004, as amended by the Public Services Pensions Act 2013, sets out the following:

***Requirement for knowledge and understanding: pension boards of public service pension schemes***

*(1) This section applies to every individual who is a member of the pension board of a public service pension scheme.*

*(2) An individual to whom this section applies must be conversant with:*

*(a) the rules of the scheme, and*

*(b) any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.*  
*(3) An individual to whom this section applies must have knowledge and understanding of:*

*(a) the law relating to pensions, and*

*(b) such other matters as may be prescribed.*

*(4) The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*

- 3.5 To assist Boards in satisfying this statutory requirement, CIPFA produced a Knowledge and Skills Framework for Pension Board members (attached at appendix A), alongside a self-assessment matrix will be sent to each Board member to assess their competencies, and to identify areas where more training should be provided.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 The work plan for the Board has been put together to assist in the management of the Fund, so that the Council is able to perform its role as the administering authority in a structured way. The Work Plan is not intended to cover all aspects of Pension Fund administration; rather it is designed to assist with meeting part of its delegated function as administering authority to the Fund.

- 4.2 There are no financial implications arising from this report.

#### **5. LEGAL COMMENTS**

- 5.1 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. The workplan sets out in detail how the Pensions Board will fulfil its role and comply with its statutory duties.

#### **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will reduce the contribution and increase the funds available for corporate priorities.
- 6.2 A viable pension scheme also represents an asset for the recruitment and retention of staff to deliver services to the residents.

#### **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 This report helps in addressing the required knowledge and skills needed for Members to understand the duties and responsibilities of a trustee and how best to fulfil these effectively, efficiently and in accordance with regulatory requirements.
- 7.2 A work plan should result in a more efficient process of managing the Pension Fund.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 There is no Sustainable Action for A Greener Environment implication arising from this report.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 The adoption of a work 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 Tower Hamlets Pension Fund.
- 9.2 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.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 There are no crime and disorder reduction implications arising from this report.
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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- [None]

#### **Appendices**

Appendix 1 - Tower Hamlets Pension Fund Training and Development Policy

Appendix 2 - Pension Board Work Plan

Appendix 3 - Tower Hamlets Pensions Board Terms of Reference

Appendix 4 - Pension Board Training Log

### **PENSIONS KNOWLEDGE AND SKILLS FRAMEWORK FOR PENSIONS BOARD MEMBERS**

#### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of "Background Papers" used in the preparation of this report**

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)

#### **Officer contact details for documents:**

- Bola Tobun Investment & Treasury Manager x4733

## **APPENDIX A**

### **PENSIONS KNOWLEDGE AND SKILLS FRAMEWORK FOR PENSIONS BOARD MEMBERS**

#### **Core technical areas and areas of knowledge**

##### **Legislative and governance framework**

- ☐ General pensions framework
- ☐ Scheme-specific legislation for LGPS
- ☐ Pensions regulators and advisors
- ☐ Constitutional framework for pension fund Boards within administering authorities
- ☐ Pension scheme governance

##### **Accounting and auditing standards**

- ☐ Accounts and Audit regulations
- ☐ Role of internal and external audit

##### **Procurement of financial services and relationship management**

- ☐ Procurement requirements of UK and EU legislation
- ☐ Supplier risk management

##### **Investment performance and risk management**

- ☐ Monitoring of investment performance
- ☐ Performance of advisors
- ☐ Performance of the Pensions Board
- ☐ Performance of support services

##### **Financial markets and investment products**

- ☐ Investment strategy
- ☐ Financial markets
- ☐ Regulatory requirements regarding investment products

##### **Actuarial methods, standards and practices**

- ☐ Valuations, funding strategy and inter-valuation monitoring
- ☐ Ill-health and early retirement
- ☐ Admitted bodies
- ☐ Outsourcing and bulk transfers