

Cumbria Pension Fund – Fund Policy Document

CUMBRIA LGPS PENSION FUND TRAINING POLICY

Introduction

A major factor in the governance arrangements of the Cumbria LGPS Pension Fund (“the Fund” or “Cumbria Pension Fund”) is ensuring Pensions Committee Members, Local Pension Board Members and Officers have the relevant skills and knowledge. The Public Service Pensions Act 2013 provides for the regulation of the Local Government Pension Scheme (LGPS) by the Pensions Regulator and, accordingly, an increased emphasis on knowledge and understanding.

This Training Policy of Cumbria LGPS sets out the policy agreed by the Pensions Committee concerning the training and development of:

- the Members of the Pensions Committee (“the Committee”) and the Investment Sub Group, including substitutes;
- the Members of Cumbria Local Pension Board (“the Board”) including the Independent Chair and substitutes; and
- Officers of Westmorland and Furness Council (“the Council”) responsible for the management of the Fund,

collectively referred to ‘members of the governing body’ for the purposes of this Policy.

The Training Policy is established to ensure members of the governing body have the appropriate skills and knowledge to perform their respective duties in the administration of the Fund. In setting the Training Policy the Fund takes into account the requirements relating to the following four areas:

a) The Pensions Regulator General Code of Practice

The Pensions Regulator’s General Code of Practice sets out its expectations for the management of pension funds including the knowledge and understanding of the people involved. Whilst the General Code is not a legislative requirement, in the event of any investigations undertaken or any enforcement action, the Pensions Regulator will refer to it.

The Pension Regulator's General Code came into effect on 27 March 2024. The Fund has assessed the requirements of the General Code and updated this Policy accordingly to ensure compliance.

b) CIPFA Knowledge and Skills Code of Practice and Framework

In 2021 CIPFA published an updated Code of Practice on LGPS knowledge and skills ("CIPFA Code of Practice") which updated guidance for Fund Officers and Members of Pension Committees within a knowledge and skills framework which reflects the latest developments in the area for the LGPS.

The CIPFA Knowledge and Skills framework for the LGPS sets out the requirement for those responsible for pension scheme financial management and decision making. The Framework covers eight areas of knowledge identified as the core requirements:

- 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.

The CIPFA Code of Practice recommends (amongst other things) that LGPS Administering Authorities adopt the following statements-

- key principles of the Code of Practice on LGPS Knowledge and Skills;
- recognise that effective management, governance, decision making and other aspects of delivery of the Fund can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them;
- put 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 Fund;

- confirm that the policies and practices are guided by reference to the CIPFA LGPS Knowledge and Skills Framework;
- ensure there are adequate resources in place to ensure all staff, members and other persons responsible for the management, decision making, governance and other aspects of the Cumbria Pension Fund to acquire and retain the necessary LGPS skills and knowledge;
- report annually on how the Training policy has been put into practice throughout the year in the Fund's Annual report; and
- delegate the responsibility for the implementation of the requirements of the CIPFA Code of Practice to an appropriate officer (for the Cumbria Pension Fund this is the Deputy S151 Officer – Pensions) who will act in accordance with the Fund's Training policy and, where they are a CIPFA member, with CIPFA Standards of Professional Practice.

The Cumbria Pensions Committee fully supports the CIPFA Code of Practice and adopts its principles. The CIPFA Code of Practice and Framework are seen as meeting the requirements of the Public Sector Pensions Act 2013.

c) CIPFA Principles of Investment Decision Making and Disclosure

The CIPFA Principles of Investment Decision Making and Disclosure was published in response to the government's report updating the Myners Principles. This indicates Administering Authorities are required to prepare and maintain statements of compliance against a set of six principles for pension fund investment, scheme governance, disclosure and consultation. For details of how the Fund complies with these principles, please refer to the Fund's Investment Strategy Statement.

d) MiFID ii (Markets in Financial Instruments Directive)

The Fund's investment managers undertake both quantitative and qualitative tests to assess whether the Fund as a client can demonstrate their expertise, experience and knowledge to be treated as professional client in accordance with MiFID ii (Markets in Financial Instruments Directive). These tests seek to assess whether the Administering Authority can demonstrate sufficient collective understanding to be capable of making investment decisions in complex asset classes whilst being cognisant of the nature of the risks involved. The Training Policy and subsequent reporting assists the Fund in ensuring knowledge and skills are acquired and maintained.

Policy objectives

The Fund's objectives relating to knowledge and understanding are:

- The Pension Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise, and that the knowledge and expertise is maintained in a changing environment.
- Those persons responsible for governing the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage conflicts of interest.
- To demonstrate the Fund's status as a professional client under the EU directive, MiFID ii (Markets in Financial Instruments Directive) to investment managers, hence accessing appropriate investment products.
- The Pension Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.
- To demonstrate compliance with relevant legislation and guidance.

To assist in achieving these objectives, the Fund will aim for compliance with the CIPFA Knowledge and Skills Framework and the General Code of Practice issued by the Pensions Regulator (as detailed above).

Application of Training Policy

The Training Policy will apply to all Members of the Pensions Committee (including substitutes), Local Pension Board (including the Independent Chair and substitutes) and appropriate Officers who advise the Committee and Board (including but not limited to the Section 151 Officer and the Deputy Section 151 Officer – Pensions), regardless of experience.

Purpose of training

Investment in training harnesses an individual's potential, focuses on what is to be achieved and provides personal development. As such the purpose of training to both Members and Officers of the Cumbria Pension Fund is to:

- equip those charged with the oversight and management of the Fund with the necessary skills, knowledge and training, and
- meet the required needs in relation to the Fund's objectives.

Review and maintenance

This Training Policy is expected to be appropriate for the long-term but to ensure good governance it will be formally reviewed at least annually to ensure it remains accurate and relevant.

Resources

Members are required to invest sufficient time in their learning and development so as to acquire and maintain sufficient knowledge and skills to be effective. The Fund will provide the necessary support from Officers and Advisors and where appropriate will recommend and fund places at external training events.

Members are provided with access to an online 'Pensions Knowledge Library' which as well as containing reference documents, also contains background reading on a range of areas.

The Fund's Training Plan is approved annually by the Pensions Committee and may include various resources or methods of training delivery including:

- In-house sessions from Officers and/or Advisors
- Bespoke training delivered by external providers but specifically designed for the Fund
- External courses, seminars and webinars
- Shared training with other Schemes or Frameworks.

Where possible the Fund will endeavour to schedule internal training sessions to coincide with scheduled meetings of the Pensions Committee or Local Pensions Board.

Officers will recommend appropriate training events to members reflecting assessed training needs. It is recognised that attendees at external training courses benefit from both exposure to a broad range of views and opinions and also allow Members the opportunity to network with peers, Advisors and Officers from other Funds.

Attendees to external training events are asked to share any material such as presentations so that the material can be added to the 'Pensions Knowledge Library' for the benefit of all members.

All members of the governing body are encouraged to read relevant media (for example magazines, news articles) to enhance their knowledge of the pensions and investment industry in general and where possible the LGPS in particular.

Costs associated with complying with this Policy will be paid by the Fund. Members and Officers will be required to agree any costs in advance. Any hospitality received whilst undertaking the Learning Programme should be declared to Officers, in advance where possible or as soon as possible upon return from any event.

Induction

Upon appointment to the Pensions Committee and Local Pension Board, members will be required to attend an induction meeting with Senior Officers of the Fund. This induction session provides an oversight of the LGPS, details of the Cumbria Pension Fund and outlines the key governance arrangements for the Fund including the responsibilities of Committee and Board members.

Members are required to ensure they undertake sufficient training to enable them to demonstrate a basic level of knowledge and understanding needed to undertake their role effectively within six months of their appointment.

Maintenance of knowledge and understanding

A 'Training Needs Assessment' is undertaken on an annual basis to identify both group and individual knowledge gaps based on the CIPFA Knowledge and Skills Framework and the requirements of the Pension Regulator's General Code. This, together with the activities outlined within the Fund's annual business plan, will inform a Training Plan which will be approved by Pensions Committee prior to the commencement of each financial year. The Training Plan may be amended during the year to reflect identified skills gaps or regulatory developments.

The Local Pensions Board review the Training Plan and may add to it should they feel any additional learning is required by its members.

Individual members of the Pensions Investment Sub Group (ISG) will be expected to be knowledgeable in relevant investment matters in order to enable them to fulfil the functions of the ISG.

Compliance and reporting

Throughout the year, Officers will maintain a log of all events attended for each individual member together with any other learning such as completion of any online training modules or other appropriate and measurable pensions-related learning. It is therefore important that Members notify Officers of any activity they undertake.

The Fund is obliged to publish records of Member training which will include attendance at events and other learning activities undertaken. Details of training undertaken, and meeting attendance records, are included in the Fund's Annual Report and will be reported to the Pensions Committee and Local Pension Board on a regular basis (at least annually).

Members are required to undertake necessary training to develop and maintain their knowledge and skills. Where it is considered that a member has not fulfilled this requirement, Officers will discuss this initially with the individual member and then, if required escalate to the Chair of the Pensions Committee or Local Pension Board.

Further escalation may be made to the Administering Authority or nominating bodies (as appropriate). Members of the Local Pension Board could be referred to the appointments panel and could ultimately be removed from the Board.