

Report to: Pension Board

Date of meeting: 5 November 2021

By: Chief Finance Officer

Title: Training Report

Purpose: To provide an update on training needs, opportunities undertaken and planned events

RECOMMENDATIONS

The Pension Board is recommended to:

- 1) Note the outcome of the self-assessment knowledge and understanding survey**
 - 2) Note the amount of training undertaken and made available in the past year**
 - 3) Note the type of events planned for the year ahead**
 - 4) Identify areas it would like training on as a priority**
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1. Background

1.1 This report is brought to the Pension Board to provide an update on the outcome of the knowledge and understanding survey, provide details of training undertaken by members of the Pension Board and Committee. It also outlines training plans for the year ahead.

1.2 In May 2021 the East Sussex Pension Fund (ESPF) appointed a Pensions Training Co-ordinator to assist with building an understanding of existing Pension Board and Committee members' knowledge and understanding. This role also covers the sourcing of training opportunities.

2. Knowledge and understanding levels

2.1 Members of the Pension Board have a legal duty to develop and maintain appropriate knowledge and understanding of pension matters to fulfil their role. Whilst this duty does not extend to members of the Pension Committee it has previously been accepted that, being decision makers, Committee members should have an equivalent level of knowledge. This is in line with accepted best practice in the industry.

2.2 On 19 August 2021 members of the Pension Board and Pension Committee were invited to complete a self-assessment of their knowledge and understanding of pension matters. This self-assessment was based on the guidance provided by Chartered Institute of Public Finance and Accountancy (CIPFA) and The Pensions Regulator.

2.3 At the time of writing, responses had been received from one of the six Pension Board members plus the independent Chair and four of the five Pension Committee members.

2.4 Completing the questionnaire has allowed Officers to assess the training needs of both the Board and Committee as a whole and individual members. As such, it has been instrumental in helping define subjects that should be covered by bespoke events, outside of those made available through third party organisations.

2.5 Overall, the Pension Board generally scored well across all the areas of knowledge. However, the low response rate means Officers cannot state that the reported knowledge levels are an accurate reflection of the current knowledge levels of all Pension Board members.

2.6 Pensions Legislation and Guidance has been highlighted as an area where Committee members would benefit from further training. The Pensions Board reported a slightly higher level of knowledge and understanding. An understanding of Pensions Legislations underpins other areas referred to in the questionnaire and was a relatively low scoring topic consistently.

2.7 Pensions governance scored well, with an average score for the Pension Board of 3.7/5 and Pension Committee reporting an average of 3/5. There was a range of results within this topic with a lack of certainty by Committee members about the level of knowledge and understanding required of their role.

2.8 The results of the questionnaire showed that there is generally a reasonable understanding of the Funding Strategy. Within actuarial matters the levels of knowledge and understanding were reduced by lower scores on questions relating to the triennial valuation. Training will be a priority in this area over the next year ahead of the 2022 triennial valuation.

2.9 Pension Administration was highlighted particularly as an area for development. This includes a reported need for additional training on the Additional Voluntary Contribution offering made available to Fund members. Within this topic area there is also significant cross over with the requirement to better understand underlying legislation.

2.10 The Pension Board is not heavily involved in the setting of the investment strategy but reports a good level of understanding in this area. Likewise, members of the Pension Committee are broadly comfortable with this topic. The aspect of investing which is least well understood is the ACCESS pool with Committee members showing a need for further training on the relevant legislation and the limits of the expectation to invest through the pool. A need for greater understanding of pooling was also identified as the key area of Financial Markets which needs to be better understood.

2.11 The final area covered by the questionnaire is pension services, procurement, management and relationship management. This topic further identifies a lower level of knowledge of investment pooling and the legal requirements surrounding procurement processes.

3. Training undertaken in the past year

3.1 In the past year members of the Pension Board and Pension Committee have been offered training opportunities covering a range of topics such as cyber security, employer covenant and the role of the Pension Committee and Pension Board.

3.2 Both the Pension Board and Pension Committee have had changes to their membership in the past year and the new members are in the process of carrying out their induction and initial training.

3.3 The induction training for the new members of both the Pension Board and Committee was particularly well attended by both new and existing members. It was also well received as an introduction to the role. All members of the Pension Board and Committee have also been asked to complete the Public Service Toolkit provided by The Pensions Regulator. To date three Pension Board members, the Pension Board Chair and three Pension Committee members have completed all of the modules in this course.

3.4 Members of both the Pension Board and the Pension Committee have also been recommended to sit a module from the Trustee Toolkit relating to fraudulent activity targeting members. Whilst the Trustee Toolkit is not designed overall to be relevant to Public Service

schemes, this module provides insight into the approach that would be taken by the Pension Administration Team when dealing with a request to transfer out.

4. Training plans for the year ahead

4.1 In the next 12 months ESPF will go through the Triennial Valuation process, when a review of the Fund's assets and liabilities will take place with a view to setting employer contribution rates. The self-assessment questionnaire highlighted this as an area in which training would be required and Officers will look to source training on this topic by the end of the financial year and ahead of the Valuation process.

4.2 The self -assessment process has also identified a need for training to be provided on Pensions Legislation covering both governance and investments. As an understanding of relevant legislation was highlighted in a number of areas Officers will be looking into providing a training event covering this topic as a priority area.

4.3 In addition to these higher priority areas, training needs have also been identified covering the following topics:-

- Pensions Administration and best practice
- Investment pooling
- Procurement process
- Covenant reviews
- The Fund's AVC offerings
- The Communication Policy
- Cessations and Admissions to the Fund
- Cyber security
- The wider pensions landscape and regulators
- Budget setting

4.4 Over the course of the next 12 months Officers will look to source opportunities for the members of the Pension Board and Committee to develop their understanding of these areas. The training is likely to be a mix of external events, internal events led by service providers and Officer led internal events. Where a matter is expected to arise through the work plan, Officers will seek to provide "just in time" training as is anticipated ahead of the Triennial Valuation. It is likely not all items in the list, above, will be covered and items will be prioritised based on the work plan.

4.5 Where training has been provided recently, such as on covenant reviews, Officers will consider what additional information would be useful for members of the Board and Committee. Officers will continue to liaise with chairs to facilitate this decision.

4.6 Where training has previously been discussed but not yet provided, Officers will look to incorporate this into the outlined events. Where there is a specific event, if members of the Pension Board would like to be treated as a priority, they are encouraged to inform Officers so the request can be taken into account.

Conclusion

5.1 The Pension Board is asked to note the results of the research into Pension Board and Committee member training needs.

5.2 A variety of areas where further development would be of assistance. Officers will look to prioritise these needs and deliver appropriate events, however, the Pension Board is invited to raise areas they would like training on where this is seen as a particular priority.

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