

# **London Borough of Harrow Pension Fund**

## **Draft Training Policy**

**March 2022**

# Pension Fund Training Policy

## Introduction

1. This is the Training Policy of the London Borough of Harrow Pension Fund, which is managed and administered by the London Borough of Harrow.
2. The Training Policy is established to support all those charged with the governance and administration of the Pension Fund in having sufficient knowledge and understanding to ensure that all decisions, actions and other activities are carried out in an informed and appropriate way. This means that advice and guidance from external bodies can be challenged and tested appropriately and that the Fund's operational and strategic direction is in accordance with best practice and guidance. The Training Policy has the ultimate aim of ensuring that the London Borough of Harrow Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.
3. The purpose of the training policy is to:
  - Equip members and officers with the necessary skills and knowledge to be competent in their role.
  - Provide those with responsibility for governing the Fund to evaluate the information they receive and effectively challenge it where appropriate.
  - Support effective and robust decision making.
  - Meet the required needs in relation to the Fund's objectives.
4. It is important that members of the Pension Fund Committee, the Local Pensions Board and Fund Officers commit to participating in appropriate training events to ensure that they have the necessary skills required to support them in their decision-making role.
5. This policy has been approved by the Pension Fund Committee at its meeting in March 2022 and will be reviewed annually.

## Policy Application

6. This Training Policy applies to all individuals that take on a decision making, scrutiny or oversight role in the Fund. This includes:
  - Officers of the administering authority involved in the management and administration of the Fund
  - Members of the Pension Fund Committee
  - Members of the Pension Board

## Policy Objectives

7. In relation to training, the Administering Authority's objectives are to ensure that:
  - Those persons charged with the financial management and decision-making with regard to the LGPS Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them;

- Those persons responsible for the day-to-day administration and running of the Fund are appropriately equipped with the knowledge and skills required to discharge their duties and responsibilities in relation to the Fund;
  - Those persons responsible for providing governance and assurance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based, and to manage any potential conflicts of interest.
8. All Members and Officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensure that these objectives are met.
9. To achieve these objectives, the Fund will have regard to the following publications:
- CIPFA Technical Knowledge and Skills Framework for Local Pension Boards;
  - CIPFA Knowledge and Skills Framework;
  - Public Service Pensions Act 2013
  - The Pensions Regulator's (TPR) Codes of Practice for Public Service Schemes.
  - Local Government Pension Scheme (LGPS) Pension Board Guidance
10. The London Borough of Harrow Council fully supports the use of the CIPFA Knowledge and Skills Frameworks, and the Pension Regulator's Codes of Practice. These documents will form the basis of the training strategy using a rolling training plan together with regular monitoring and reporting.

## **Pension Board**

11. In accordance with Regulation Section 248A of the Pensions Act 2004 and redrafted by the Pensions Act 2013, every member of the London Borough of Harrow Local Pension Board must be conversant with:
- The rules of the Local Government Pension Scheme (LGPS), such as the Transitional Regulations and the Investment regulations.
  - Any document recording policy about the administration of the Harrow Pension Fund which is for the time being adopted in relation to the Harrow Pension Fund.
12. Local Pension Board members should also have knowledge and understanding of:
- The law relating to pensions
  - Such other matters as may be prescribed.
  - Public Sector Toolkit by the Pensions Regulator (TPR) as part of the online TPR Trustee Toolkit
13. Although the toolkit is designed with Board members in mind, the material covered is of equal relevance to members of the Committee and Fund Officers. The Pension Regulator website is available at: <https://trusteetoolkit.thepensionsregulator.gov.uk/>

## **Markets in Financial Instruments Directive II (MIFID II)**

14. Harrow Pension Fund needs to demonstrate a high level of skills and knowledge across the Pension Fund Committee and Local Board to enable the Fund to opt-up and be recognised as a professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund. Failure to demonstrate adequately a high level of collective skills and knowledge across the Pension Fund Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

## **Areas of Knowledge and Skills Required**

15. All Committee, Local Pension Board members and Officers must have a knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to a degree appropriate for them to be able to carry out their role, responsibilities and duties.
16. The core requirements for those working in public sector pensions are:
  - Pensions Legislation - To have a working knowledge of the Local Government Pension Scheme regulatory and legislative frameworks and discretionary policies.
  - Public Sector Pensions Governance - To understand elements of the governance structure, including the role of the Local Pension Board.
  - Pensions Administration - To understand the requirements of the scheme's interactions with members in this complex area and assist the Scheme Manager to ensure compliance with the regulations.
  - Pensions Accounting and Auditing Standards - To understand the way pension funds are accounted for and the audit and reporting requirements.
  - Pensions Services Procurement and Relationship Management - To gain an understanding of the procurement rules for the public sector and the different delivery models available for pension fund investment and administration services.
  - Investment Performance and Risk Management - To gain an understanding of investment risks and performance.
  - Financial Markets and Product Knowledge - To understand how the Fund manages its investment portfolio, to ensure that this is done effectively.
  - Actuarial Methods, Standards and Practices - To understand the work of the Actuary and the way in which actuarial information is produced.

## **Training Plan**

17. To be effective, training must be recognised as a continual process and will be centred on 3 key points
  - The collective knowledge of the committee
  - The general pensions environment
  - Coping with changes (e.g. legislation)
18. On joining the fund committee or Local Board, induction will be provided. This will involve covering their roles and responsibilities to allow them to participate in decision making. This will include provision of links to contain key documents relevant to the Fund (for example the Funding Strategy Statement; the Investment

Strategy Statement) and other useful information. Training plans will be developed on an annual basis.

19. There will be updates as required taking account of the identification of any knowledge gaps, changes in legislation, key legislation (e.g. triennial valuation) and receipt of updated guidance.
20. Training will also be provided to support and in advance of any key decisions required, where applicable.
21. Training will be delivered through a variety of methods including:
  - In-house training provided by Officers or external trainers;
  - Training as part of a formal meeting;
  - External training events;
  - Circulation of reading material;
  - Shared training with other Funds or frameworks;
  - Attendance at seminars and conferences;
  - On-line training toolkit provided by the Pensions Regulator; and
  - Self-improvement and familiarisation with regulations and documents.
22. Where appropriate, training will be provided jointly for the Pension Fund Committee, and Local Pensions Board members and Officers.
23. A training schedule will be developed by Officers in consultation with the Pension Fund Committee and Local Pensions Board to achieve the following:
  - maintain a general awareness to ensure members have an ongoing understanding and knowledge of developments and current issues in the pensions' arena;
  - training is delivered to ensure appropriately timed training is provided in relation to "hot topics"; and
  - individual and collective training needs are assessed and delivered.
24. In order to identify whether the objectives of this Training Policy are being met, the Administering Authority will maintain a Training Log which records any training delivered, as well as the attendance of Pension Fund Committee and Local Pension Board members at training events and learning activities.

## **Key risks**

25. The key risks to the delivery of this Policy are outlined below. The pension fund committee members, with the assistance of the Pension Board and Officers, will monitor these and other key risks and consider how to respond to them.
  - Changes to the committee and/or pension board membership and/or officers potentially diminishing knowledge and understanding.
  - Poor attendance and/or a lack of engagement at training and/or formal meetings by committee members, pension board members and/or other officers resulting in a poor standard of decision making, administration and/or monitoring.
  - Insufficient resources being available to deliver or arrange the required training.
  - The quality of advice or training provided is not of an acceptable standard.

## **Reporting**

26. A report will be presented to the Pension Fund Committee and the Local Pension Board on an annual basis setting out:

- the training provided/attended in the previous year at an individual level;
- commentary on how this compares to the Training Plan; and
- any actions required, such as a review of the Training Plan.

This information will also be included in the Fund's Annual Report and Accounts.

## **Costs**

27. All training costs will be met directly by the Pension Fund but are not expected to be a significant part of the budget of the Fund with some training being provided free by officers or by external providers.

## **Effective date**

28. This Policy was approved by the LB Harrow Pension Fund Committee on 9 March 2022.

## **Review**

29. This policy is expected to be appropriate for the long term but will be reviewed each year alongside the draft annual training plan to ensure it remains accurate and relevant.