

Cronfa Bensiynau Clwyd
Clwyd Pension Fund

Gweinyddwyd gan
Administered by



FLINTSHIRE COUNTY COUNCIL

**Administering Authority for
Clwyd Pension Fund**

KNOWLEDGE AND SKILLS POLICY

September 2021

KNOWLEDGE AND SKILLS POLICY

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Introduction and Background

This is the Knowledge and Skills Policy for the Clwyd Pension Fund (“the Fund”). The Policy details the knowledge, skills and training strategy for members of the Pension Fund Committee and Pension Board, and senior officers responsible for the management of the Fund.

The Knowledge and Skills Policy provides Pension Fund Committee, Pension Board members and senior officers of the Fund with a clear framework setting out how they acquire and retain knowledge and skills required to perform their individual roles. The ultimate aim being to ensure that those responsible for the management, delivery and governance and decision making in the Clwyd Pension Fund have the appropriate levels of knowledge and skills.

Flintshire County Council (the “Administering Authority”) is responsible for the local administration of the Fund which is part of the Local Government Pension Scheme (“the LGPS”). The Fund comprises around 52 employers with active members, and approximately 49,000 scheme members (including active members, deferred and pensioner members, and their dependants).

Aims and Objectives

Mission Statement

The Clwyd Pension Fund's Mission Statement is:

- to be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all our customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within our resources.
- to work effectively with partners, being solution focused with a ‘can do’ approach.

Knowledge and Skills Aims and Objectives

In relation to the knowledge and skills of those managing the Fund, our specific objectives are as follows:

- Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and skills, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
- Those persons responsible for governing the Clwyd Pension Fund have sufficient knowledge and skills to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
- Those persons responsible for the management and governance of the Clwyd Pension Fund are expected to be committed to attending and engaging with suggested training in accordance with the Knowledge and Skills Policy.

All Pension Fund Committee members, Pension Board members and senior officers of the Fund to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To whom this Policy Applies

This Knowledge and Skills Policy applies to all members of the Pension Fund Committee and the local Pension Board, including scheme member and employer representatives. It also applies to the Pension Fund Management Team, the Chief Finance Officer (as statutory Section 151 Officer), and the Administrator (in their advisory role to the Fund) (collectively referred to as the senior officers of the Fund in this Policy).

Different levels of knowledge will be required for those to whom this Policy applies:

- The Chartered Institute of Public Finance and Accounting ("CIPFA") suggests that **Pension Fund Committee members** should take a holistic view which is strategic and concentrates on the principles involved, and on performance and communication in line with their roles and responsibilities set out in their terms of reference. CIPFA also suggests that it is appropriate to consider the knowledge and skills of a committee as a collective, ensuring that the collective degree of knowledge and understanding is appropriate for the purposes of enabling the committee as a whole to properly exercise their delegated responsibility on behalf of the administering authority. They also state Committee members should be assisted, where necessary, to have the confidence to make knowledgeable challenges to the information and advice given to them. Based on these suggestions, for the purposes of this Policy, we expect Pension Fund Committee members to have an awareness and a general understanding of most areas, albeit there will be some areas where a stronger understanding is required. When assessing the necessary knowledge and skills we will also have regard to the desire to attain a collective degree of knowledge and understanding. In addition, the **Chair** of the Pension Fund Committee is expected to have a higher level of knowledge in some areas.
- **Pension Board members** have a legal requirement to have a level of knowledge that is appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board. Similarly, to Committee members, this means Board members will be expected to have an awareness and a general understanding of most areas, albeit there will be some areas where a stronger understanding is required.
- **Senior officers** include the Pension Fund Management Team, Chief Finance Officer and Administrator:
 - The Pension Fund Management Team must have the level of knowledge required to undertake their role and as such will be experts in the area of their specific responsibility and have a strong or detailed level of knowledge in other areas.
 - The Chief Finance Officer and the Administrator must have the level of knowledge required to undertake their respective statutory and advisory roles, and in the case of the Chief Finance Officer they must have appropriate professional qualifications.

All other officers involved in the daily management and operation of the Pension Fund are required to have appropriate knowledge and skills relating to their roles.

All officers are subject to the Performance Management process requirements as set by Flintshire County Council.

Legislative and Guidance Requirements

Legislative requirements

There are two explicit legislative requirements relating to knowledge requirements which apply to the LGPS:

- MiFID II (Markets in Financial Instruments Directive) and
- Section 248A of the Pensions Act 2004.

MiFIDII

MiFIDII requires the Administering Authority to opt up to professional status to allow it to continue to access the full range of vehicles and managers needed to meet the needs of the investment strategy. As part of this process, evidence has to be provided that Pension Fund Committee members have an appropriate level knowledge and that adequate governance arrangements were in place. The Administering Authority maintain this status by continuing to demonstrate the competency of existing and new Pension Fund Committee members and this Knowledge and Skills Policy will support that aim.

The Pensions Act 2004 and The Pension Regulator's Code of Practice

Section 248a of the Pensions Act 2004, as amended by The Public Service Pensions Act 2013 (PSPA13), requires Pension Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

These requirements are incorporated and expanded on within The Pension Regulator's Code of Practice.

There are other legislative and guidance requirements that impact on knowledge and skills in the LGPS including fiduciary and public law duties, MHCLG statutory governance guidance and the fact that pensions are not a local authority executive function.

Guidance

CIPFA's Code of Practice and Knowledge and Skills Frameworks

CIPFA's Code of Practice on LGPS Knowledge and Skills (published June 2021) is underpinned by five key principles which are that LGPS administering authorities:

- recognise that effective management, decision making, governance and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them
- have the necessary resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS to acquire and retain the necessary LGPS knowledge and skills
- have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS
- have associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework while also having regard for overriding legal requirements, the Pensions Regulator and other government guidance
- have designated a named individual to be responsible for ensuring that policies are implemented.

CIPFA have published two Frameworks including:

- Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers (published June 2021)
- Technical Knowledge and Skills Framework for Local Pension Boards (published July 2015).

Both Frameworks cover eight areas of knowledge and skills identified as the core requirements. The areas (as set out in the LGPS Committee Members and LGPS Officers Framework are:

- 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
- Pensions services procurement, contract management and relationship management.

Each area has a list of competencies and the level of knowledge expected for each competency is split into categories to help demonstrate the level of knowledge required.

In addition, the CIPFA Framework highlights that there are a number of non-technical skills (e.g. using judgement and common sense in decision making and absorbing, analysing and processing large volumes of information) which should be considered when determining the ability of Committee Members, Pension Board members and senior officers to effectively discharge their duties.

Application of Legislation and Guidance to the Clwyd Pension Fund

As recommended by the CIPFA Code of Practice on LGPS Knowledge and Skills, in relation to the management of the Clwyd Pension Fund, we have adopted the requirements of the Code as outlined below:

1. We adopt the key principles of the Code of Practice on LGPS Knowledge and Skills.
2. We recognise that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
3. We aim to have 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 LGPS.
4. These policies and practices are guided by reference to the CIPFA LGPS Knowledge and Skills Framework.
5. We will ensure that we have adequate resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.
6. We will report annually on how its knowledge and skills policy has been put into practice throughout the financial year in the Clwyd Pension Fund's annual report.
7. We have delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Head of Clwyd Pension Fund who will act in accordance with this Knowledge and Skills Policy.

We also fully support the guidance included in the Pension Regulator's Code of Practice and understand the need for appropriate knowledge and skills to allow professional status to be awarded for MiFIDII purposes.

This Knowledge and Skills Policy highlights how we will strive to achieve those through use of a rolling training plan together with regular monitoring and reporting.

Wales Pension Partnership Training Policy

One of the key areas of knowledge covered by this Policy is investment pooling. A proportion of the Clwyd Pension Fund's assets are invested through the Wales Pension Partnership. The Wales Pension Partnership has its own Training Policy¹ which was approved by its Joint Governance Committee. Accordingly the Chair and Vice-Chair of the Clwyd Pension Fund Committee (as members of the Joint Governance Committee) and senior officers of the Fund who are members of the Officer Working Group must also comply with the requirements of that Policy. In line with that Policy, Clwyd Pension Fund Committee members, Board members and senior officers may be invited to attend Wales Pension Partnership training events.

Monitoring and Ongoing Review of Knowledge and Skills

A key element of delivering our Policy objectives is ensuring that the level of knowledge and skills is monitored, and gaps in knowledge are determined. We will do this in a number of ways:

- We will carry out a training needs analysis for the main roles of Pension Fund Committee members, Pension Board members and Senior Officers customised appropriately to the key areas in which they should be proficient (including the CIPFA competencies).
- We will regularly ask Pension Fund Committee members, Pension Board members and Senior Officers to highlight training needs.
- We will monitor attendance at training and events to ensure any lack of attendance is followed-up.

The output from these will be key in developing the Clwyd Pension Fund Training Plan.

The Clwyd Pension Fund Training Plan

Attaining, and then maintaining, relevant knowledge and skills is a continual process for Pension Fund Committee members, Pension Board members and senior officers, and that training is a key element of this process. We will develop a rolling Training Plan based on the following key elements:

¹ <https://www.walespensionpartnership.org/media/h2af1i0a/7-wpp-training-policy.pdf>

Training Needs for Key Requirements

The key knowledge requirements where proficiency is expected will be identified for the main roles of Pension Fund Committee members, Pension Board members and senior officers. These will include the CIPFA competencies. Training will be provided in relation to each of these areas as part of any induction and on an ongoing refresher basis in accordance with training needs.

Hot Topic Training

The Training Plan will be developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or an area of change for the Fund. This training may be targeted at specific roles.

General Awareness

Pension Fund Committee members, Pension Board members are expected to have a regularly updated awareness, and senior officers are expected to have a detailed knowledge of ongoing developments and current issues. This allows them to have the right level of understanding of pension related matters appropriate for their roles and which may not be specific to the Clwyd Pension Fund.

Each of these training requirements will be focussed on the role of the individual i.e. a Pension Fund Committee member, a Pension Board member or the specific role of the officer.

Training will be delivered through a variety of methods including:

- In-house training days provided by officers and/or external providers
- Training as part of meetings or immediately or after meetings (e.g. Pension Fund Committee or Pension Board) provided by officers and/or external advisers
- External training events
- Circulation of reading material, documentation and information
- Attendance at seminars and conferences offered by industry-wide bodies
- Attendance at meetings and events with the Clwyd Pension Fund's investment managers and advisors, either directly or as part of the Wales Pensions Partnership
- Links to on-line training

- Access to the Clwyd Pension Fund website where useful Clwyd Pension Fund specific material is available
- Qualifications relevant to senior officers.

In addition, Clwyd Pension Fund officers and advisers are available to answer any queries on an ongoing basis including providing access to materials from previous training events.

Initial Information and Induction Process

On joining the Pension Fund Committee, the Pension Board or the Clwyd Pension Fund Management Team, a new member or officer will be provided with the following documentation to assist in providing a basic understanding of Clwyd Pension Fund:

- The members' guide to the Local Government Pension Scheme (provided via the Clwyd Pension Fund website)
- The latest Actuarial Valuation report
- The Annual Report and Accounts, which incorporate:
 - The Funding Strategy Statement
 - The Governance Policy and Compliance Statement
 - The Investment Strategy Statement including Clwyd Pension Fund's statement of compliance with the LGPS Myners Principles
 - The Communications Strategy
- The Administration Strategy
- The administering authority's Discretionary Policies
- This Knowledge and Skills Policy
- The latest Fund Business Plan
- The Procedure for Recording and Reporting Breaches of the Law
- The Conflicts of Interest Policy
- Other policies as relevant

In addition, a training plan will be developed to assist each Pension Fund Committee member, Pension Board member or officer in achieving, within six months, their identified individual training requirements.

Availability of training to other key stakeholders

The CIPFA Knowledge and Skills Code of Practice recommends that the administering authorities makes training opportunities available to other key stakeholders involved in the Fund's activities such as the internal auditors, audit committee members and Chief Finance Officers of non-administering authority employers participating in the Fund. In delivering this Policy we will consider if training offered to Pension Fund Committee, Pension Board and Officers should be extended to other stakeholders, including scheme employers, or if bespoke

training should be provided to specific groups (as required). We will consider how training can be provided on request from other stakeholders.

Identifying if Policy Objectives are being Met

In order to identify whether we are meeting the objectives of this policy we will:

1) Compare and report on attendance at training based on the following:

- Individual Training Needs – ensuring a training needs analysis is carried out at least once every two years* which drives the content of the Fund's training plan.
- Hot Topic Training – attendance by at least 75% of the required Pension Fund Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focussed at a particular group of Pension Fund Committee members, Pension Board members or senior officers depending on the subject matter.
- General Awareness – each Pension Fund Committee member, Pension Board member or senior officer attending at least one day each year of general awareness training or events.
- Induction training – ensuring areas of identified individual training are completed within six months of appointment.

*in exceptional circumstances, such as a major change to the Committee membership where induction training is being carried out, a training needs analysis may be deferred to a later date.

2) Ask our Independent Adviser to provide an annual report on the governance of the Fund each year, a key part of which will focus on the delivery of the requirements of this Policy.

Key Risks

The key risks to the delivery of this Policy are outlined below. The Pension Fund Committee members, with the assistance of the Clwyd Pension Fund Advisory Panel, will monitor these and other key risks and consider how to respond to them.

- Changes in Pension Fund Committee and/or Pension Board membership and/or senior officers potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and related events, and/or formal meetings by Committee Members, Pension Board Members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
- Insufficient resources being available to identify training needs, deliver or arrange the required training.
- The quality of advice or training provided is not an acceptable standard.

Reporting

The following information will be included in the Clwyd Pension Fund's Annual Report and Accounts and, as part of that, also shared with the Pension Fund Committee on an annual basis:

- The training provided / attended in the previous year at an individual level
- The results of the measurements identified above.

At each Pension Fund Committee and Pension Board meeting, members will be provided with details of forthcoming seminars, conferences and other relevant training events as well as a summary of the events and attendance since the previous meeting.

Costs

All training costs related to this Knowledge and Skills Policy are met directly by Clwyd Pension Fund

Approval, Review and Consultation

This Knowledge and Skills Policy was originally approved at the Clwyd Pension Fund Committee meeting on 5 November 2014 and further amendments were approved on 26 November 2015 (by the Pension Fund Committee) and in September 2018 (using officer delegations). This latest version was approved on [INSERT DATE]. It will be formally reviewed and updated at least every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about anything in or related to this Knowledge and Skills Policy, please contact:

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