

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

TEESSIDE PENSION BOARD REPORT

2 NOVEMBER 2020

DIRECTOR FINANCE – IAN WRIGHT

Pension Board Training

1. PURPOSE OF THE REPORT

- 1.1 To remind Members of the Teesside Pension Board (the Board) of the legal; requirement for all Board Member to have the necessary knowledge and understanding to carry out their role, and to outline and discuss how this level of competency can best be acquired and maintained.

2. RECOMMENDATIONS

- 2.1 That Members note this report and comment on how future training should be prioritised and delivered, and to give a view as to whether the Knowledge Assessment tool described in section 7 of the report should be progressed.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications in respect of the information contained in this report.

4. BACKGROUND

- 4.1 The Local Government Pension Scheme (LGPS) Regulations 2013 were amended in line with requirements introduced by the Public Service Pensions Act 2013 for all public service pension schemes to establish a pension board. Under the LGPS Regulations, each LGPS administering authority had to set up a Local Pension Board with effect from 1 April 2015.
- 4.2 The Pension Fund set up the Teesside Pension Board in line with these legislative requirements. The Board's terms of reference (last amended at the 1 November 2017 Council meeting) set out Board's purpose as follows:

“Statement of purpose

6. *The Board is responsible for assisting the Administering Authority:*

(a) to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and

(b) to ensure the effective and efficient governance and administration of the Scheme.

7. The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. The Board makes recommendations and provides assurance to assist in the management of the Fund.”

4.3 In order to fulfil this function, and to comply with the requirements of the overriding regulations and legislation, the Board needs to have and maintain appropriate knowledge and understanding of the LGPS and pensions in general, In particular (as set out in the Board’s Terms of Reference: a member of the Board **must be conversant with:**

- the legislation and associated guidance of the Local Government Pension Scheme (LGPS), and
- any document recording policy about the administration of the LGPS that is adopted by the Teesside Pension Fund.

a member of the Board **must have knowledge and understanding of –**

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

4.4 The Board has been established for over five years now although the membership has, understandably, not been constant during that time. It is sensible to, at least annually, review and consider the Board’s knowledge and understanding and to agree how future training can be delivered.

5. PENSION BOARD TRAINING

5.1 The main documents the Board is required to be conversant with are:

Regulations and guidance

- The LGPS Regulations 2013
- LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.
- LGPS (Management and Investment of Funds) Regulations 2016
- Together with any guidance issued under these regulations.

All these documents are at <https://www.lgpsregs.org/schemeregs/index.php>

Scheme documents

Member booklets, announcements and other key member and employer communications

Relevant policies of the Administering Authority and/or Pension Committee (for example: conflicts of interest, record-keeping, data protection and freedom of information, internal dispute resolution procedure, reporting breaches).

- The Council's statements (in its role as Administering Authority to the Pension Fund) on
 - Governance Compliance
 - Funding Strategy
 - Investment Strategy
 - Discretionary Policies
 - Communications Policy
- The Pension Fund risk register
- The actuarial valuation report
- The Pension Fund annual report and accounts
- Pension fund external audit report

These documents are mainly available at the following websites, or have been presented to the Board previously:

<https://www.teespen.org.uk/documents/index.php?name=DOCUMENTS>

<https://www.middlesbrough.gov.uk/>

5.2 The main areas the Board is expected to have knowledge and understanding of are:

- Background and Understanding of the Legislative Framework of the LGPS
- General pensions legislation applicable to the LGPS
- Role and responsibilities of the Local Pension Board
- Role and responsibilities of the Administering Authority
- Funding and Investment
- Role and responsibilities of Scheme Employers
- Tax and Contracting Out
- Role of advisors and key persons
- Key Bodies connected to the LGPS

6 TRAINING APPROACH

6.1 The Board has received training previously, but it is appropriate to periodically review the training approach, and to deliver training to all Board members both new and continuing.

6.2 The level of knowledge and understanding required cannot be acquired overnight and can be delivered in a number of ways, through (for example)

- Papers provided to the Board throughout the year
- Training sessions delivered by Council staff or by external companies
- Self-study through access to training materials and documents

6.3 An initial starting point for new Board members is to ensure they complete the Pensions Regulators on-line training modules the Public Service Toolkit, which is at the following web page:

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes>

6.4 Training sessions can be arranged to cover the areas set out in section 5 above. Pension Fund Committee members can also be invited to attend any training.

7. KNOWLEDGE ASSESSMENT

7.1 Actuarial and consultancy firm Hymans Robertson has developed a knowledge assessment tool which has already been used by at least 20 LGPS Funds to help assess the knowledge and understanding of their local pension boards and pension fund committees. The knowledge assessment tool consists of at least five multiple choice questions in each of the following areas:

- Committee Role and Pensions Legislation
- Pensions Governance
- Pensions Administration
- Pensions Accounting and Audit Standards
- Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

7.2 As well as giving an indication of individual strengths and weaknesses, perhaps more importantly this type of assessment helps identify any areas where collectively the Board or (if they also participate) the Committee require development. This would then allow more targeted training to be developed and delivered.

7. NEXT STEPS

7.1 Ongoing training will be delivered using the methods set out in section 6 above. If the Board wishes to consider the Knowledge Assessment approach to help better identify training needs, the Head of Pensions Governance and Investments will liaise with the Chair of the Pension Fund Committee to discuss how this can best be progressed.

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