

## London Borough of Southwark Pension Fund Training Policy (DRAFT)

### Introduction

1. Southwark Council is committed to providing training to those involved in the governance of the Southwark Pension Fund and to ensure that the Pensions Advisory Panel and the Local Pensions Board members have the necessary skills and knowledge to effectively discharge their responsibilities. There is an expectation that officers involved in the governance of the Fund participate in the relevant training activities as part of their Continuing Professional Development.
2. The objectives of this policy are to:
  - Ensure that the Fund is managed, and its services delivered, by members and officers with the appropriate knowledge and expertise to demonstrate competence in their role.
  - Provide those responsibility for governing the Fund to evaluate the information that they receive and feel confident in being able to challenge where appropriate.
  - Support effective and robust decision making, ensuring that decisions comply with prevailing regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Department for Levelling up, Housing and Communities (DLUHC).
  - Ensure an understanding of the operation and administration of the London Borough of Southwark Pension Fund.
3. In the context of both the Markets in Financial Instruments Directive II (MiFiD II) and the 2023 consultation on the pooling of LGPS scheme assets, it is important that members of both the Pensions Advisory Panel and the Local Pension Board commit to participating in training to ensure that they have the necessary skills required to support them in their role.
4. Officers responsible for the management and administration of the LGPS are expected to participate in appropriate training to fill any knowledge gaps and to maintain their level of understanding of their role. For those with professional memberships (e.g. CIPFA) this will also ensure that Continuing Professional Development (CPD) requirements are met.
5. Compliance with this training plan will be monitored throughout the financial year and will be reported on in the annual report.

### MiFiD II and LGPS Pooling Consultation

6. Under MiFiD II regulations (which came into effect on 3 January 2018), those that are responsible for the management of the London Borough of Southwark Pension Fund need to demonstrate a high level of skills and knowledge to enable the Fund to opt-up and be recognised as a professional investor. Being downgraded to retail investor status means that the Fund will not have access to the type of investment products commensurate with the types of investment in which the Fund invests.

7. Failure to adequately demonstrate a high level of collective knowledge and skills across the Pensions Advisory Panel and Local Pension Board could result in the loss of professional investor status and access to the appropriate investment opportunities.
8. The 2023 consultation on the future direction of LGPS pooling includes reference to the need for appropriate expertise for those taking with pension fund decision making. Members of Pensions Boards have mandatory training requirements. However, this is not currently the case for the Pensions Advisory Panel (or equivalent Pensions Committee), although it is generally accepted as best practice. Government is therefore proposing that each administering authority set out a training policy for committee members (i.e. members of PAP) and that the training undertaken by members should be reported on regularly.

### **Local Pension Board**

9. In accordance with Section 248A of the Pensions Act 2004 and redrafted by the Pensions Act 2013, every member of the Southwark Local Pension Board must be conversant with:
  - The rules of the Local Government Pension Scheme (LGPS), for example, Investment regulations.
  - Any document recording policy about the administration of the Southwark Pension Fund.
10. Local Pension Board members should also have knowledge and understanding of:
  - The law relating to pensions
  - Any other matter that may be prescribed.

### **Induction Training**

11. On joining the Pensions Advisory Panel or Local Pension Board, all new members will receive an induction pack and will attend an induction meeting with the Senior Finance Manager – Treasury and Pensions. The induction pack includes relevant training slides and links to key fund documents, which can be found on the Pension Fund website.
12. Local Pension Board members must complete, by their first meeting or within the first three months of their appointment (whichever is earlier), the online training courses provided in the Public Service Toolkit by the Pension Regulator (TPR), and within six months of their appointment, the TPR Trustee Toolkit.
13. Local Pension Board members must attend the three-day LGA LGPS Pension Fundamentals Training at the earliest opportunity and within the first 12 months of their appointment. Attendance can be in-person or online and the cost of attendance will be paid for out of the Pension Fund.

14. Local Pension Board members must familiarise themselves with the Southwark Pension Fund website and the information held on the site:  
[Policies | London Borough of Southwark \(southwarkpensions.co.uk\)](https://www.southwarkpensions.co.uk/Policies)
15. Members of the Local Pension Board and Pensions Advisory Panel must assess their training needs by completing the training needs analysis template that the Pensions Regulator has provided to support this process:  
[db-trustees-assess-your-learning-needs.pdf \(thepensionsregulator.gov.uk\)](https://www.thepensionsregulator.gov.uk/db-trustees-assess-your-learning-needs.pdf)  
(An excerpt can be found at Appendix 3).
16. While it is mandatory for Local Pension Board members to complete the training identified above, this policy also requires that members of the Pensions Advisory Panel also complete the training to ensure ongoing best practice is applied in the governance of the pension fund.

### **The Pensions Regulator Toolkit**

17. The TPR Trustee toolkit provides a guide to understand the Governance and administration requirement in public service schemes Code of Practice no. 14.
18. The toolkit includes ten Essential Learning for Trustee compulsory modules and seven Public Service Toolkit compulsory online learning modules that must be completed successfully to pass the induction training.
19. The ten essential learning for trustee compulsory modules test Board members knowledge in the following key areas:
  - Introducing pension schemes
  - The trustee's role
  - Running a scheme
  - Pensions law
  - An introduction to investment
  - How a defined benefit (DB) scheme works
  - Funding your defined benefit scheme
  - Defined benefit recovery plans, contributions and funding principles
  - Investment in a defined benefit scheme
  - Pension scams.
20. The seven Public Service Toolkit compulsory modules test Board members knowledge in the following key areas:
  - Conflicts of interest
  - Managing risk and external controls
  - Maintaining accurate member data
  - Maintaining member contributions
  - Providing information to members and others
  - Resolving internal disputes
  - Reporting breaches of the law.

21. While the toolkit is designed with Local Pension Board members in mind, the material is of equal relevance to members of the Pensions Advisory Panel
22. The Pension Regulator trustee toolkit can be found here:  
[Welcome to The Trustee toolkit \(thepensionsregulator.gov.uk\)](http://thepensionsregulator.gov.uk)

### Delivery of Training

23. Training and development support for PAP/board members and officers will be delivered in a variety of ways:

PAP/Board Members	Officers	Examples
Pension Regulator online toolkit	Pension Regulator online toolkit	See Para 17- 22
LGA Fundamentals training course	LGA Fundamentals training course	See details in Appendix 2
Seminars, conferences and external events	Seminars, conferences and external events	PLSA events LGC events DG Publishing LGPS in conversation
Investment adviser/consultant training	Investment adviser/consultant training	Performance assessment Asset classes
Actuary training	Actuary training	Valuation assumptions and methodology
Fund manager training	Fund manager training	Asset class training
Officer updates		Newsletter
Online resources	Online resources	SAB website <a href="http://lgpsregulationsandguidance.org">LGPS Regulations and Guidance (lgpsregs.org)</a>

24. Where appropriate, training will be provided jointly for the PAP, Local Pensions Board and officers. In addition, officers will circulate potential external training/CPD opportunities on a monthly basis or as they arise. Should members be made aware of any training opportunities that are not captured in regular officer updates, these should be notified to officers for circulation.
25. Where possible, a standing agenda item for training for PAP/LPB members will be included at each quarterly meeting. Should a standalone meeting be required solely for training purposes, this will be set up to be as accessible as possible for as many members as possible. This may mean that the meeting is held on a hybrid basis.

26. Further details on training and development opportunities for 2023/2024 can be found in Appendix A

### **CIPFA Knowledge and skills framework**

27. There are eight core technical key areas of knowledge and skills that have been identified by CIPFA as the core requirements for working in the LGPS:
- Pensions legislative and governance
  - 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.
28. The PAP and LPB are expected to have collective understanding and officers are expected to have a detailed understanding of these areas of knowledge and skills.

### **Training Plan**

29. To be effective, training must be recognised as a continual process and will have three pillars:
- The collective knowledge of the PAP/LPB
  - The general pensions environment
  - Ongoing developments (e.g. legislative changes)
30. At present there is a minimum of four Local Pensions Board and four Pensions Advisory Panel meetings per annum.
31. All members and officers will be expected to complete a minimum of four hours training per financial year, in addition to any induction training. Officers may have additional requirements if they are members of professional bodies (e.g. CIPFA) that have specific CPD requirements.
32. Members of the PAP and LPB must be able to commit sufficient time to prepare for meetings and keep under review their knowledge and understanding.
33. Training plans will be reviewed and developed on at least an annual basis. Where knowledge gaps are identified intra-year, the training plan will be updated accordingly. This may also take into consideration updates to legislation or guidance updates.

## **Acquiring, Monitoring and Reviewing Knowledge and Skills**

34. PAP and LPB members must ensure that they have appropriate degrees of knowledge and understanding to carry out their stewardship role. Therefore members should invest sufficient time in their learning and development alongside their responsibilities and duties.
35. To ensure that PAP and LPB members have sufficient breadth of knowledge and understanding, they must undertake a personal training needs analysis and annual review of their skills, competencies and knowledge to identify any gaps or weaknesses.
36. The Pensions Regulator has provided a training needs analysis template to support this process:  
[db-trustees-assess-your-learning-needs.pdf \(thepensionsregulator.gov.uk\)](https://www.thepensionsregulator.gov.uk/db-trustees-assess-your-learning-needs.pdf)
37. Periodically, the PAP and Board members' knowledge will be independently assessed and benchmarked against other Administering Authorities. Any perceived gaps in knowledge will be incorporated into future training plans.

## **Officer Training**

38. Officers of the Fund must have the necessary skills and knowledge to carry out the tasks of managing the Fund's investments and administering the payment of benefits.
39. The knowledge and skills required of staff are set out in job descriptions, including any formal qualifications required for the role. Officers must be familiar with the requirements of the CIPFA Code of Practice on Knowledge and Skills and should have knowledge of the six areas of the framework (see paragraph 27)
40. Should there be any gaps identified in the knowledge and skills of officers, any training needs should be incorporated into the officer's personal development plan.
41. Officers will attend relevant training events and seminars during the year to ensure that they remain up to date with latest requirements and developments. Officers are also required to keep up to date with relevant issues affecting the pension fund.
42. For officers, there will be a particular focus on the following areas:
  - Public sector pensions governance – understanding the guidance and regulations in relation to local pensions boards and keeping up to date with how other Funds are working with their boards. This will ensure that the Pension Board can be supported effectively and add value to the governance of the Fund.

- New Investment Arrangements – understanding the implications of how the Southwark Pension Fund will comply with the Markets in Financial Instruments Directive (MiFiD II) or the prevailing LGPS pooling regulations.
- New Investment Products – keeping up to date with what the market (including London CIV) is offering.
- Accounting issues – keeping up to date with the latest CIPFA guidance on the format of the Pensions Fund Statement of Accounts and content of the Annual Report, including any responsible Investment related reporting such as climate related financial disclosures (TCFD).
- Pensions Administration Regulations – keeping up to date with updates/new releases.
- Actuarial methods, Standards and practices – understanding the work of the actuary and the ways in which actuarial information is produced.

### **Cost**

43. Where there is a cost associated with providing training, this will be paid by the Southwark Pension Fund
44. A budget will be allocated for training in the Fund's business plan. Where possible, training and support will be provided at nil cost through officers, conferences and seminars with free places, fund managers and advisers.

### **Training monitoring and reporting**

45. To ensure that the objectives of this training policy are being met, officers will maintain a training log to record attendance at training events. Under MiFiD II opt-up requirements, evidence of both this training policy and training received in the previous year must be provided to third parties to ensure that professional investor status is maintained.
46. The officer designated with responsibility for training must be notified by members and officers of their completion of any training. The following is a pro-forma reporting tool for such reporting:

Role	Event	Provider	Date	Event Type	Content	Duration (hrs)
Pensions Investments Manager	Investment Seminar	Local Government Chronicle	March 2023	In person conference	Investment and pooling updates	10

47. On an annual basis, members and officers will be asked to confirm their training record to enable this to be reported in the Fund annual report.

48. PAP and LPB members will be required to complete a Self-Assessment questionnaire annually to identify any development needs. Should any areas be omitted from the prevailing training plan, this will be updated to reflect any additional needs or to provide refresher training where relevant.
49. A report will be presented to the PAP and LPB on an annual basis setting out:
  - Training attended by members in the previous year
  - Any actions required, such as updating the Training Plan.
50. Where a member has not completed the required training in the timeframes set out in this policy, and has no mitigating factors, this will be reported to the chairs of the PAP and LPB for action.
51. Should any member of the LPB no longer be able to demonstrate their capacity to attend and prepare for meetings, or to participate in required training or otherwise to carry out the requirements of the role, their membership may be reviewed.
52. Officers involved in the management and administration of the Fund are set annual objectives which will include an element of professional development. These objectives will be monitored as part of the individual's annual performance review/appraisal.



## Appendix A

### Sample of Training and Development Opportunities 2023/24

Provider	Event title	Areas covered	Date	Duration	Audience	Cost
LGA	Fundamentals 1	Legal framework of the LGPS	In person – 12/10/23 Online – 19 <sup>th</sup> & 26 <sup>th</sup> October	1 day	PAP, LPB (Officers optional)	£280 & VAT per day in person £240 & VAT online
LGA	Fundamentals 2	LGPS Investments	In person - 2/11/23 Online 16 <sup>th</sup> & 23 <sup>rd</sup> November	1 day	PAP, LPB (Officers optional)	
LGA	Fundamentals 3	Duties and Responsibilities	In person - 5/12/23 Online – 11 <sup>th</sup> & 19 <sup>th</sup> December	1 day	PAP, LPB (Officers optional)	
LGA/Scheme Advisory Board	LGA Governance Conference	Complaint handling SAB update Legal updates RI Regulatory challenges	Hybrid	2 days	LPB, Officers	TBC
CIPFA	Pension Board Annual Conference	SAB update RI and the LGPS	May 2024? Hybrid	1 day	LPB	TBC
PLSA	Local Authority Conference	Pooling Impact investing Asset class updates Governance	17-19 June 2024 In person	2 days	PAP, Officers	TBC in person On demand £250 pp

Provider	Event title	Areas covered	Date	Duration	Audience	Cost
SPS	LGPS Sustainable Investment & other topical issues	<ul style="list-style-type: none"> <li>Consider different investment strategies effective in the new economic environment</li> <li>Hear discussions of the next steps for investment in the LGPS</li> <li>Consider practical approaches to climate and impact investments</li> </ul>	19/10/23	1 day	PAP, Officers (max 3)	No charge
SPS	Property, Infrastructure & Real Asset Investments	Impact of prevailing conditions on performance and prospects ESG/impact/climate considerations Cost and implementation issues	7/12/2023	1 day	Officers (max 3)	No charge
SPS	Annual Bond Investment Conference	Topical investment strategies, opportunities and new ideas available in the bond/credit/fixed income space	11/1/2024	1 day	Officers (max 3)	No charge
SPS	ESG Investment & Current Issues Conference	TBC	14/2/2024	1 day	Officers (max 3)	No charge

Provider	Event title	Areas covered	Date	Duration	Audience	Cost
SPS	Local Authority Pension Funds' Annual Investment Conference	TBC	13/3/2024	1 day	PAP, officers (max 3)	No charge
SPS	Local Authority Pension Funds' ESG & current issues conference	TBC	22/10/2024	1 day	PAP, officers	No charge
LGC	Investment Seminar Investment Summit	Various LGPS updates and manager presentations	March 2024 - Cheshire	2 days	Officers	No charge
			September 2024 - Birmingham	2 days	Officers, PAP	Free places may be available
LAPFF annual conference		Responsible Investment Issues	Early December 2023	2 days	Officers	Charge TBC
DG publishing	LGPS Live	Topical LGPS issues	First Wednesday of every month (PM) online	½ day	PAP, officers	No charge
Fund Manager events LGIM	Client Conference 2023	Risk management Geopolitical issues Sustainability issues AI	3 <sup>rd</sup> October 2023	1 day	Officers	No charge
Newton	Investment Conference	TBC	March 2024	½ day	PAP/LPB/Officers	No charge

Provider	Event title	Areas covered	Date	Duration	Audience	Cost
London CIV	Annual Strategy & RI conference	Drivers of return Asset allocation Affordable housing Private markets LGPS consultation Responsible investment (various)	4 <sup>th</sup> and 5 <sup>th</sup> September	2 days (can attend 1 or both)	PAP/LPB/Officers	No charge
London CIV	Client Training	Artificial Intelligence	3/10/2023	Evening 90 minutes	PAP/LPB/Officers	LCIV

## **Appendix B**

### **LGA Pension Fundamentals Training Sample Agenda**

#### **Day one**

**9.30am – Registration and coffee**

**9.55am – Chair’s introduction to the day**

**10.00am – Duties and responsibilities of Pension Committees and Boards**

- The legislative framework
- Governance arrangements
- Oversight bodies

**11.30am – Coffee break**

**11.45am – Benefit structure**

- The basis of the Local Government Pension Scheme (LGPS)
- Final salary versus CARE schemes
- A tour of the 2014 scheme

**13.00pm – Lunch**

**13.45pm – The legal landscape**

- Local Government Pension Scheme (LGPS) specific duties and responsibilities
- Common problem areas
- Wider duties and responsibilities
- What happens when things go wrong?

**15.15pm – Coffee break**

**15.30pm – Good governance**

- What does good governance look like?
- Mandatory and desirable policies in the Local Government Pension Scheme (LGPS)
- How strategies and policies assist the scheme manager

**16.15pm – Close**

#### **Day two**

**9.30am – Registration and coffee**

**9.55am – Chair’s introduction to the day**

**10.00am – Investment framework**

- The Management and Investment of Fund Regulations

- Investment Strategy Statement including approach to asset pooling
- Funding strategy statement

### **10.45am – Investment basics (part one)**

The different types of investment classes and how they work

### **11.30am – Coffee break**

### **11.45am – Investment basics (part two)**

- Risk and return
- Sustainability

### **13.00pm – Lunch**

### **13.45pm – Responsible investment**

- Drivers of responsible investing
- Climate change
- Other sustainability linked themes
- How to respond as an investor

### **15.00pm – Coffee break**

### **15.15pm – The crystal ball challenge**

- What is growth?
- The outlook for opportunities and risk over the medium and long term

### **16.05pm Close**

## **Day three**

### **9.30am – Registration and coffee**

### **9.55am – Chair's introduction to the day**

### **10.00am – Being a responsible asset owner**

- Stewardship
- Cost transparency

### **11.00am – Coffee break**

### **11.15am – Working together**

- How the local pension board assists the pension manager to meet the administration challenge

### **12.00pm – A view from the bridge**

- The role of the responsible government department
- Issues on the radar

**12.45pm – Lunch**

**13.30pm – Valuations**

- The purpose of an actuarial valuation
- Assets and liabilities
- How liability calculations work
- The assumptions used

**14.30pm – Coffee break**

**14.45pm – Funding**

- The importance of a funding strategy
- Different employers – different characteristics and objectives
- Employer covenants

**15.45pm – Close**

# Extract from The Pensions Regulator Knowledge and Skills Self-Assessment

## Trustee knowledge and understanding Plan your learning

The Pensions  
Regulator

DB schemes only Learning needs analysis based on the TKU DB and DC scope guidance		Personal development		
Unit 4 – Funding: Defined benefit (DB) occupational arrangement only This includes the principles relating to the funding of DB occupational arrangements and the way in which the funding level is dependent upon the value of both the scheme's liabilities and its assets.				
Knowledge required	Rate my skills 1 – No knowledge 5 – Highly skilled	My objectives	Timescale	Where to go next The relevant Trustee toolkit module and related learning
4a: How the funding for DB occupational scheme works	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			<ul style="list-style-type: none"> <li>▶ Module: How a DB scheme works</li> <li>▶ Module: Funding your DB scheme</li> <li>▶ Module: DB recovery plans, contributions and funding principles</li> </ul>
4b: How liabilities are valued for different purposes	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			<ul style="list-style-type: none"> <li>▶ Funding your DB scheme: Tutorials: Valuing the scheme's liabilities, Calculating the liabilities and Impact of assumptions</li> <li>▶ Investment in a DB scheme: Tutorial: Changing asset and liability values</li> </ul>
4c: How the market value of assets is assessed	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			<ul style="list-style-type: none"> <li>▶ Funding your DB scheme: Tutorial: Impact of assumptions</li> <li>▶ Investment in a DB scheme: Tutorial: Changing asset and liability values</li> </ul>
4d: Funding measures	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			<ul style="list-style-type: none"> <li>▶ Funding your DB scheme: Tutorials: The statutory funding objective and Valuing the scheme's liabilities</li> </ul>
4e: Potential risks to the ability of the scheme to pay benefits	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			<ul style="list-style-type: none"> <li>▶ How a DB scheme works: Tutorials: Employer covenant and Risks to employer covenant</li> </ul>