

9.0 TRAINING POLICY

Contents

Cumbria LGPS Pension Fund Training Policy

- 9.1 Introduction
- 9.2 Policy objectives
- 9.3 Application of Training policy
- 9.4 Purpose of training
- 9.5 Review and maintenance
- 9.6 Resources
- 9.7 Induction
- 9.8 Maintenance of knowledge and understanding
- 9.9 Compliance and reporting
- 9.10 2023/24 Learning Programme

9.0 CUMBRIA LGPS PENSION FUND TRAINING POLICY

9.1 Introduction

A major factor in the governance arrangements of the Cumbria LGPS Pension Fund (“the Fund” or “the Cumbria Pension Fund”) is ensuring Committee Members, Local Pension Board members and Officers have the relevant skills and knowledge. The Public Service Pensions Act 2013 provides for the regulation of the LGPS by the Pensions Regulator and, accordingly, an increased emphasis on knowledge and understanding.

This Training Policy of Cumbria Local Government Pension Scheme sets out the policy agreed by the Pensions Committee concerning the training and development of –

- the Members of the Pensions Committee and the Investment Sub Group, including substitutes;
- the Members of Cumbria Local Pension Board including any independent chair and substitutes; and
- Officers of Cumbria County Council responsible for the management of the Local Government Pension Scheme (LGPS),

collectively referred to ‘members of the governing body’ for the purposes of this Policy.

The Training Policy is established to ensure members of the governing body have the appropriate skills and knowledge to perform their respective duties in the administration of the Fund. In setting the Training Policy the Fund takes into account the requirements relating to the following four areas:

a) The Pensions Regulator Codes of Practice

The Pensions Regulator issues Codes of Practice which set out its expectations for the management of pension funds including knowledge and understanding of the people involved. Whilst the Codes of Practice are not a legislative requirement, in the event of any investigations undertaken or any enforcement action, the Pensions Regulator does refer to them.

At the time of writing, a new code is expected to be issued by the Pensions Regulator which will replace the current Code of Practice no. 14 – ‘Governance and administration of public service pension schemes’. The requirements of the draft version of the new code have been taken into account in this Policy.

b) CIPFA Knowledge and Skills Code of Practice and Framework

In 2021 CIPFA published an updated Code of Practice on LGPS knowledge and skills (“CIPFA Code of Practice”) which updated guidance for Members and Officers of Pension Committees in the LGPS within a knowledge and skills framework which reflects the latest developments in the area for the LGPS.

The CIPFA knowledge and Skills framework for the LGPS sets the skill set for those responsible for pension scheme financial management and decision

making. The Framework covers eight areas of knowledge identified as the core requirements-

- 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
- Pension services procurement, contract management and relationship management

The CIPFA Code of Practice recommends (amongst other things) that LGPS administering authorities adopt the following statements-

- adopt key principles of the Code of Practice on LGPS Knowledge and Skills;
- recognise that effective management, governance, decision making and other aspects of delivery of the Fund can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them;
- put 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 Fund;
- confirm that the policies and practices are guided by reference to the CIPFA LGPS Knowledge and Skills Framework;
- ensure there are adequate resources in place to ensure all staff, members and other persons responsible for the management, decision making, governance and other aspects of the Cumbria Pension Fund to acquire and retain the necessary LGPS skills and knowledge;
- report annually on how its Training policy has been put into practice throughout the year in the Fund's Annual report; and
- delegate the responsibility for the implementation of the requirements of the CIPFA Code of Practice to an appropriate officer (for the Cumbria Pension Fund this is the Deputy S151 Officer - Pensions) who will act in accordance with the Fund's Training policy and where they are a CIPFA member with CIPFA Standards of Professional Practice.

The Cumbria Pensions Committee fully supports the CIPFA Code of Practice and adopts its principles. The CIPFA Code of Practice and Framework are seen as meeting the requirements of the Public Sector Pensions Act 2013.

c) CIPFA Principles of Investment Decision Making and Disclosure

The CIPFA Principles of Investment Decision Making and Disclosure was published in response to the government's report updating the Myners Principles, this indicates Administering Authorities are required to prepare and maintain statements of compliance against a set of six principles for pension fund investment, scheme governance, disclosure and consultation. Details of how the Fund complies with these principles please refer to the Fund's Investment Strategy Statement.

d) MiFID ii (Markets in Financial Instruments Directive)

The Fund's investment managers undertake both quantitative and qualitative tests to assess whether the Fund as a client can demonstrate their expertise, experience and knowledge to be treated as professional client in accordance with MiFID ii (Markets in Financial Instruments Directive). These tests seek to assess whether the Administering Authority can demonstrate sufficient collective understanding to be capable of making investment decisions in complex asset classes whilst being cognisant of the nature of the risks involved. The training policy and subsequent reporting assists the Fund in ensuring knowledge and skills are acquired and maintained.

9.2 Policy objectives

The Fund's objectives relating to knowledge and understanding are:

- The Pension Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise, and that the knowledge and expertise is maintained in a changing environment
- Those persons responsible for governing the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage conflicts of interest
- To demonstrate the Fund's status as a profession client under the EU directive, MiFID ii (Markets in Financial Instruments Directive) to investment managers, hence accessing appropriate investment products
- The Pension Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- To demonstrate compliance with relevant legislation and guidance.

To assist in achieving these objectives, the Fund will aim for compliance with the CIPFA Knowledge and Skills Framework and Code of Practice and the public service Code of Practice issued by The Pensions Regulator (as detailed above).

9.3 Application of Training Policy

The Training Policy will apply to all Members of the Pensions Committee (including substitutes) and Local Pensions Board (including any independent chair and substitutes) and appropriate Officers who advise the Committee and

Board (including but not limited to the Section 151 Officer and the Deputy Section 151 Officer – Pensions), regardless of experience.

9.4 Purpose of training

Investment in training harnesses an individual's potential, focuses on what is to be achieved and provides personal development. As such the purpose of training to both Members and Officers of the Cumbria Pension Fund is to:

- equip those charged with the oversight and management of the Fund with the necessary skills, knowledge and training, and
- meet the required needs in relation to the Fund's objectives.

9.5 Review and maintenance

This Training Policy is expected to be appropriate for the long-term but to ensure good governance it will be formally reviewed at least annually by the Committee to ensure it remains accurate and relevant.

9.6 Resources

Members are required to invest sufficient time in their learning and development so as to acquire and maintain sufficient knowledge and skills to be effective. The Fund will provide the necessary support from Officers and Advisors and where appropriate will recommend and fund places at external training events.

The Fund will maintain a list of items the members of the governing body should be familiar with, in a **Member Handbook**.

Members are provided with access to an online **Pensions Knowledge Library** which as well as containing reference documents, also contains background reading on a range of areas.

The Annual Learning Programme (as detailed at item 9.10) may include various resources or methods of training delivery including:

- In-house sessions from officers and/or advisors
- Bespoke training delivered by external providers but specifically designed for the Fund
- External courses, seminars and webinars
- Shared training with other Schemes or Frameworks.

Where possible the Fund will endeavour to schedule internal training sessions to coincide with scheduled meetings of the Pensions Committee or Local Pensions Board.

Officers will recommend external events to members on a regular basis (as and when available), allocation of places will be based on the Annual Learning Programme (section 9.10) and in such a way as to balance the provision of training and the costs. External events have the benefits of providing exposure

to wider sources of information and also allows Members the opportunity to network with peers, advisors and officers from other funds.

Members should be aware that they are likely to receive direct invitations to many other external conferences and seminars, However, those recommended by officers should be prioritised. Should members receive any direct invitations, it is requested that these be forwarded to officers for consideration of the value and relevance of the event - it is unlikely that Fund will approve costs to attend events if they are not considered to be appropriate.

Members of the governing body are asked to share any material such as presentations from all external events attended with officers so that the material can be added to the 'Pensions Knowledge Library' for the benefit of all members.

In addition, those attending events will also be expected to provide feedback to Officers following attendance at events so that they can be assessed on a VFM basis for possible attendance by others in future years.

All members of the governing body are encouraged to read relevant media (for example magazines, news articles) to enhance their knowledge of the pensions and investment industry in general and where possible the LGPS in particular.

Costs associated with complying with this Policy will be paid by the Fund. Members and Officers will be required to agree any costs in advance. Any hospitality received whilst undertaking the Learning Programme should be declared to Officers, in advance where possible or as soon as possible upon return from any event.

9.7 Induction

All new members will be required to start a programme of learning immediately on appointment, if not before. Prior to taking part in any decision making, new members will be required to become familiar with the 'Members Handbook'.

A senior officer of the Pensions team will also hold an induction meeting with new Members to provide an oversight of the LGPS, details of the Cumbria Pension Fund and outline the key governance arrangements for the Fund including the responsibilities of Committee and Board members.

Members are required to ensure they undertake sufficient training to enable them to demonstrate a basic level of knowledge and understanding needed to manage the Fund within six months of their appointment, as required.

9.8 Maintenance of knowledge and understanding

A 'Knowledge Assessment' exercise will be undertaken on an annual basis (usually in late Autumn) to identify both group and individual knowledge gaps. This will inform a Learning Programme plan (the current plan is set out below at 9.10). The Learning Programme will be developed taking into account current knowledge and understanding and also forthcoming workloads, including LGPS national changes or Fund-specific issues. The Learning Programme will be

flexible, allowing members to update areas of learning and to acquire new knowledge.

The results of the annual Knowledge Assessment will be reported to Pensions Committee and Local Pension Board. Pensions Committee will be asked to approve the annual Learning Programme for the Fund, the Local Pensions Board then review and may add to the plan should they feel any additional learning is required by its Members before approving the Board's own combined learning programme.

Individual Members of the Pensions Investment Sub Group (ISG) Members will be expected to be knowledgeable in relevant investment matters in order to enable them to fulfil the functions of the ISG.

9.9 Compliance and reporting

The Fund is obliged to publish records of Members learning records which will include attendance at events and other learning activities undertaken. Annual learning records, and meeting attendance records, are included in the Fund's Annual Report and will be reported to the Pensions Committee and Local Pension Board on a regular basis.

Through the year, Officers will maintain a log of all events attended for each individual member together with any other learning such as completion of any online training modules or other appropriate and measurable Pensions related learning. It is therefore important that members notify Officers of any self-directed activity they undertake.

It is the individual member's responsibility to ensure their learning records and attendance records at training events and Committee or Board meetings are correct. Officers will share the records with members on a regular (typically bi-annual) basis during the year.

Failure of individual members to participate in the Learning Programme reflects on the requirement for the Administering Authority to ensure that those involved in the governance of the Fund have the requisite knowledge and skills and therefore could be escalated by Officers.

As such, members who do not show a general level of attendance at meetings and engagement in learning opportunities or training events may be reported to Council or nominating bodies (as appropriate). Members of the Local Pension Board could be referred to the appointments panel and ultimately asked to step down from the Board.

9.10 2023/24 Learning Programme

The 2023/24 Learning Programme is set out in the table of training topics below. The Programme would usually be informed by the annual Knowledge Assessment (as noted at 9.8 above) together with up and coming national legislative / policy changes. However, due to the anticipated significant change in the membership of the Pensions Committee and Board Members following the LGR process, this year's programme is more of an Induction Programme. As

such it is based to a large degree on the acquisition of both general and LGPS specific Pensions knowledge and skills.

It also seeks to ensure that the training covers the key themes and developments which drive the Fund's business plan for 2023/24, including:

- Ensuring that Members understand the Fund's investment pooling arrangements including: the ongoing development of Border to Coast Pensions Partnership Ltd (BCPP) sub-fund offerings and national developments in relation to the pooling of investments; and
- Keeping Members and Officers abreast of relevant developments in the LGPS, the wider pensions world and investments markets, such as:
 - The Government's response to the Scheme Advisory Board's (SAB's) Report on Good Governance in the LGPS and the Pension Regulator's updated Codes of Practice. Both of these are expected imminently; and
 - LGPS Governance and Climate Risk Reporting – the Government is preparing to issue regulations and/or statutory guidance for LGPS funds aimed at further enhancing the reporting of climate related financial information.

Finally (and importantly), it is designed to provide sufficient training for Officers and Members to ensure they continue to meet the high level of knowledge required to ensure the Fund continues to be well governed and managed and remain compliant with the MiFID ii regulations.

Training Topics
Regulatory framework relating to the Pensions environment and the Local Government Pension Scheme ('the Scheme').
Administration and rules of the Scheme, it's Funding and governing bodies.
Governance arrangements of the Scheme, and how this works within a Local Authority environment.
Regulations relating to Investments of the Scheme, Investment Strategy and LGPS Pooling.
Cumbria Pensions governance structure, including conflicts of interest, Policies such as the training policy, the role of the Board, reporting of breaches and other compliance reporting requirements.
Cumbria's Pension Administration provider Local Pensions Partnership Administration (LPPA), arrangements for the service provision and oversight, internal roles vs LPPA including current and forthcoming issues.
Review of the Fund's current Asset Allocation, basic funding information, roles of the Fund's Advisors, Consultants, Officers and Members including the Investment Sub Group (ISG).

Training Topics
LGPS Pooling, our pool Border to Coast Pensions Partnership (BCPP), the Fund's role as both Shareholder and Customer, including the oversight and governance of BCPP.
Stewardship Reporting including ESG (Environmental, Social and Governance factors) including the role of BCPP and our membership of LAPFF (Local Authority Pension Fund Forum)
Current Investment related issues including Inflation, a review of the Investment Strategy, possible transition of BCPP UK Direct property to BCPP and increased climate reporting requirements.
The implications of the resolution to the McCloud age discrimination case and the expected Cap on Exit payments for the public sector schemes and specifically the Cumbria Pension Fund (once both sets of regulations have been finalised).
The implications for the Fund of the Pension Regulator's Consolidated Code of Practice (once it has been finalised).
The implications of the LGPS Governance and Climate Risk Reporting regulations and statutory guidance (once it has been finalised).

In addition, other items on topical or emerging issues will be included as appropriate, and the proposed training topics may therefore change depending upon emerging issues.