

Durham County Council

Pension Fund



Committee & Board Training Policy

Introduction

The Durham County Council Pension Fund is committed to the training of those involved in the Fund's governance and ensuring that individually and collectively the Fund's governance bodies have the necessary skills and knowledge to act effectively in line with their responsibilities; and provide effective challenge to Officers, Advisors, the Pool, and the Fund's asset managers.

The Policy provides the framework for Members to access the necessary support to achieve and maintain that effectiveness, whilst enabling the Fund to manage the risk of failing to meet its objectives if Members are not adequately trained and kept up to date on Pensions and Investment matters.

This Policy has been produced with reference to CIPFA's framework for knowledge and understanding which represents a best practice standard in this area.

This Policy shall apply to new and existing members of the Pension Fund Committee and Local Pension Board.

Background

In accordance with Section 248A of the Pensions Act 2004 and redrafted by the Pensions Act 2013, every member of the Local Pension Board must be conversant with:

- a) The rules of the Local Government Pension Scheme (LGPS), such as the Transitional Regulations and the Investment regulations.
- b) Any Fund policy document relating to the administration of the Fund.
- c) The law relating to pensions.

The Fund recognises however, that the role of the Committee requires, as a minimum, the same knowledge as Board Members and that

additionally, the Investment Regulations 2016 require the Committee to formulate investment strategy after having taken proper advice.

Although not specifically referenced in the Regulations, the Committee outlines in its Investment Strategy Statement that assessment of compliance with the Myners Principles is a valuable governance tool. A copy of the Myners Principles can be found in Appendix A.

CIPFA's Code of Practice, was first issued in 2013, and embedded the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. CIPFA's Code of Practice was updated in 2021 and provides an overview of the standards that must be adhered when administering and managing pension funds and benefits on behalf of employee's and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge. In July 2021, CIPFA published its revised Knowledge and Skills Framework, the contents of which have been updated with transparency in mind, with particular emphasis on decision makers. CIPFA outline the following key areas of knowledge and skills:

- 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 Practice.

Under the Markets in Financial Instruments Directive 2014 (widely known as MiFID ii) the Fund needs to demonstrate a high level of skills and knowledge across its governance bodies to enable the Fund to opt-up and be recognised as a professional investor, rather than a retail investor. This enables the Fund 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 adequately demonstrate a high level of collective knowledge and skills across the Fund could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

The Pensions Regulator’s new single code of practice meanwhile, defines requirements for the maintenance of knowledge and understanding by those involved in the “governing body” of a pension fund. This Policy reflects current understanding of the requirements laid in the Code; and Officers of the Fund will monitor and report upon compliance in collaboration with its Local Pensions Board.

Requirements

The training requirements for 2024/25 are set out in the table 1 below:-

(1) Training Requirement 2024/25			
Existing Member		New Member	
Requirement	Timeline	Requirement	Timeline
Induction	Participants Inducted – refresher available as reasonably required	Induction	Before participating in governance Meetings*
Pensions Regulator Public Service Toolkit	6 months, if not already complete	Pensions Regulator Public Service Toolkit	6 months from induction
Pensions Regulator Toolkit	9 months, if not already complete	Pensions Regulator Toolkit	9 months from induction
LOLA – LGPS Learning Academy	Before end of 2024/25	LOLA – LGPS Learning Academy	12 months from induction
BCPP Conference	Committee Member attendance during term with Board representation where possible	BCPP Conference	Committee Member attendance during term with Board representation where possible

Asset Class Training	Ahead of Committee's allocation to any new asset class. Sessions and materials accessible to Board Members.	Asset Class	Part of Induction
Specific Investment Product Training	Ahead of any investment decision by the Committee; sessions and materials accessible to Board Members.	Investment Product	Ahead of participation in any investment decision by the Committee; sessions and materials accessible to Board Members.
Funding Update	Annual	Funding Update	Part of Induction
Regulatory Training	As required	Regulatory Training	Part of Induction

*note that, new Members may attend the Committee or Board as an observer prior to induction, but may not participate in any decision making process

Further information on each of the training requirements is included in the table below:-

(2) Further Information on Requirements	
Requirement	Notes
Induction	Before participating in a Pension Fund governance meeting, new members must commit to undertake an Induction arranged by the Head of Pensions. The induction will provide an overview of the major asset classes and the Fund's investment strategy, asset pooling, the valuation process, pensions administration, and governance arrangements. New Members will be provided links to the Fund's

	<p>website and principal Policy documents with which they should familiarise themselves. Enhanced training will be provided for any new Chair, recognising the wider remit of the role.</p> <p>New Members will be supported to undertake LGA ‘Fundamentals’ training. Owing to the remit of the role, the Chair will be supported to attend pensions conferences relevant to that role.</p> <p>Refresher training will be made available as reasonably required.</p>
<p>Pensions Regulator Public Service Toolkit</p>	<p>The TPR Trustee toolkit provides a guide to understand the governance and administration requirements of the previous public service schemes Code of Practice no.14.</p>
<p>Pensions Regulator Toolkit</p>	<p>The toolkit includes ten compulsory modules for trustees, and seven Public Service online learning modules.</p> <p>The ten essential learning modules for trustees test knowledge in the following key areas:</p> <ul style="list-style-type: none"> • Introducing pension schemes • The trustee’s role • Running a scheme • Pensions law • An introduction to investment • How a defined benefit scheme works • Funding your defined benefit scheme • Defined benefit recovery plans, contributions, and funding principles • Investment in a defined benefit scheme • Pension scams <p>The seven compulsory Public Service modules test knowledge in the following key areas:</p>

	<ul style="list-style-type: none"> • Conflicts of interest • Managing risk and internal controls • Maintaining accurate member data • Maintaining member contributions • Providing information to members and others • Resolving internal disputes • Reporting breaches of the law. <p>Although the toolkit is primarily aimed at Board Members it is of equal relevance to members of the committee.</p> <p>The Pension Regulator website is available at: https://trusteetoolkit.thepensionsregulator.gov.uk/</p>
<p>LOLA – LGPS Online Learning Academy</p>	<p>The Fund is in the process of procuring Hymans' LGPS Online Learning Academy which contains LGPS specific e-learning modules, as well as materials specifically relevant to the Durham Fund.</p>
<p>BCPP Conference</p>	<p>The BCPP Conference is held annually and provides access to a rich programme of learning and development utilising the scale of the Pool. All Committee Members should aim to attend at least once per term of Committee Membership. Places are usually limited, and will therefore be allocated by the following criteria:-</p> <ol style="list-style-type: none"> 1. Priority given to Chair and Vice Chair of Committee 2. Representation from both Committee and Board 3. Members who have not yet attended during their current term 4. First come first served 5. Seeking to maximise attendance.

	Support for attendance at other relevant Conferences will be considered where this is a cost-effective way of addressing a training need.
Asset Class Training	Any decision relating to a change of asset allocation will be supported by bespoke training regards relevant asset classes. To meet the Regulatory requirement of obtaining proper advice and to ensure an informed decision, this would usually be supported by the Fund's external advisors and for a pooled investment its pooling Partner, Border to Coast.
Specific Investment Product Training	Before any decision is made to invest in a new product, bespoke training will be provided to support members in making an informed decision. To meet the Regulatory requirement of obtaining proper advice and to ensure an informed decision, this would usually be supported by the Fund's external advisors and for a pooled investment its pooling Partner, Border to Coast.
Funding Update	Annual Training from the Fund's appointed Actuary will be provided for all Members, with more detailed training provided ahead of the Fund's triennial valuation.
Regulatory Training	Appropriate training will be provided for members on emergent issues. In the past, this has included matters such as McCloud and GMP Rectification. Looking ahead, this will likely include further training on McCloud, as well as the changing LGPS governance landscape. This training will support members' ongoing knowledge and understanding.

Delivery and Cost

A variety of training methods will be utilised, including in-person workshops, online seminars, and Conference attendance. Both in-house and externally sourced expertise will be utilised. The Fund will always seek to maximise the benefit of pooling, and the expertise of its pooling partner Border to Coast. Officers will alert Members to additional opportunities as they arise and will provide as much notice as is practical for mandatory training events.

All costs for training, associated travel and accommodation (where relevant) will be paid from the Pension Fund.

Assessment and Reporting

Before the end of 2024/25 Members will be asked to assess the effectiveness of the training undertaken, with Members asked to Self-Assess their own knowledge and skills following the year's training. This feedback will inform the training plan for 2025/26. Each Member's training activity for the year will be recorded and published in the Fund's Governance Compliance Statement for 2024/25.

Appendix A – Myners Principles

Although not specifically referenced in the LGPS Regulations, the Committee feels that assessment of compliance with the Myners Principles is a valuable governance tool. In its Annual Report, the Fund sets out the extent to which Durham County Council as the Administering Authority of the Durham County Council Pension Fund complies with the six principles of investment practice set out in the document published in November 2012 by CIPFA, the Chartered Institute of Public Finance and Accountancy, and called "Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012".

The Principles are set out below:-

Principle 1 – Administering authorities should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice, and resources necessary to make them effectively monitor their implementation, and those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

Principle 2 – Trustees ¹should set out an overall investment objective(s) for the fund that takes account of the scheme's liabilities, the strength of the sponsor covenant and the attitude to risk of both the trustees and the sponsor, and clearly communicate these to advisers and investment managers.

Principle 3 – In setting and reviewing their investment strategy, trustees should take account of the form and structure of liabilities. These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk.

Principle 4 – Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisors. Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.

¹ All references to 'Trustees' should be taken to mean members of the Fund's Governing Bodies.

Principle 5 – Trustees should adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents. A statement of the fund's policy on responsible ownership should be included in the Statement of Investment Principles. Trustees should report periodically to members on the discharge of such responsibilities.

Principle 6 – Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance, and risks, including performance against stated objectives. Trustees should provide regular communication to members in the form they consider most appropriate.