

Committee	Pensions Committee
Officer Reporting	James Lake, Finance
Papers with report	Pension Committee Workplan Knowledge and Skills Assessment Training Plan Administration Strategy Conflicts of Interest Policy

**HEADLINES**

This report is to enable the Pension Committee to review the Committee workplan, note governance updates as well as approval of various triennial and interim policy updates.

**RECOMMENDATIONS**

**That the Committee:**

- 1. Note the dates for Pensions Committee meetings.**
- 2. Make suggestions for future agenda items, working practices and / or reviews.**
- 3. Note Committee's training update.**
- 4. Approve Conflicts of Interest Policy**
- 5. Approve Administration Strategy.**
- 6. Approve Training Plan**

**SUPPORTING INFORMATION**

The Pension Committee workplan has been updated and is now shown as an appendix to this report. The revised presentation is designed to assist with planning and prioritisation of actions.

Committee are asked to review the workplan and make suggestions for consideration and inclusion.

Future meeting dates:

5 June 2024

25 September 2024

10 December 2024

26 March 2025

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## Training

In line with the required competencies set out by CIPFA Knowledge and Skills Framework, Pension Committee members should have a general understanding of areas associated with their LGPS fiduciary role. Upcoming changes in legislation are expected to enforce the need for training and will make it a regulatory requirement for Pension Committee members.

To monitor progress against this requirement a log of member training is shown below. As a foundation requirement, Pension Committee members are asked to complete the AON CIPFA Knowledge & Skills Framework sessions.

### Pensions Committee Training Log 2023/24

Date	Details	Cllr Mathers	Cllr Burles	Cllr Islam	**Cllr Goddard	**Cllr Riley	Cllr Banerjee
<b>Bespoke Sessions</b>							
13 Apr 23	AEW Property	✓	✓	✓	✓	n/a	No
2 May 23	Dislocation Fund and ISS	✓	✓	✓	✓	n/a	✓
10 May 23	LCIV Impact Investing	✓	-	-	-	-	-
12 Jul 23	LAPFF Mid-Year Conference	✓	✓	-	n/a	-	-
22 Aug 23	Pension Fund Pooling	✓	✓	✓	n/a	✓	✓
29 Nov 23	AEW & ESG	✓					
13 Dec 23	Equity Styes	✓	✓	✓	n/a	✓	✓
28 Feb 24	Baillie Gifford Investment Forum	✓					
<b>Mandatory Training (AON CIPFA Knowledge &amp; Skills Framework)</b>							
	Introduction to the LGPS	*	*	*	*		-
	Pension's legislation, guidance, and governance	*	*	*	*		*
	Local governance and pensions procurement and contract management	*	*	*	*		✓
	Funding strategy and actuarial methods, and financial, accounting and audit matters	*	*	*	*		✓
	Investments – Strategy, asset allocation, pooling, performance, and risk management	*	*	*	*		✓
	Investments - Financial markets and products	*	*	*	*		✓
	Pensions Administration and Communications	*	*	*	*		✓

\*Not applicable as completed Knowledge and Skills training prior to 2023/24 either via AON or the LGA Fundamentals course.

\*\*Cllr Goddard left Pension Committee in May 2023

\*\*Cllr Riley joined Pension Committee in May 2023 – training to be completed.

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## **Knowledge & Skills Assessment and Training Plan**

In line with the new Pension Regulator General Code of Practice Pension Committee, Board, and officers should ensure they the requisite knowledge to fulfil their obligations.

In December 2023, Pension Committee agreed the updated Training Policy and further agreed to undertake a Knowledge and Skills self-assessment along with Pension Board Members. The output of this exercise would highlight knowledge gaps and allow for a Training Plan to be developed.

In January 2024 the members of the Pension Committee and Board were invited to complete an online knowledge assessment. All members of the Committee and Board responded which shows an excellent level of engagement. Each respondent was given the same set of 48 questions on the 8 areas below:

### Section Names

Section 1 Committee Role and Pensions Legislation

Section 2 Pensions Governance

Section 3 Pensions Administration

Section 4 Pensions Accounting and Audit Standards

Section 5 Procurement and Relationship Management

Section 6 Investment Performance and Risk Management

Section 7 Financial Markets and Product Knowledge

Section 8 Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting "I have no knowledge of this area", where they were unsure. This allowed Hymans Robertson to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform the overall levels of knowledge in each area.

The performance of the Committee showed an average overall score of 48.75% whilst the Board had an average overall score of 63.75 %.

Both groups ranked broadly similar to a benchmark comparison with the 2022 National Knowledge Assessment average score for Committees at 51% and Boards 61%.

Page 3 of the attached assessment shows respective average scores for Committee and the Board within the 8 categories.

Hymans Robertson also point out in their report It is not just the overall average scores which are important, but also the collective knowledge of members. All Committee and Board members will bring different experience and perspectives, and will feel more comfortable providing challenge in areas they are more knowledgeable

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in. As such, the spread of detailed knowledge in each subject is important for the robust governance of the Fund.

Page 7 of the report refers to 'Collective Knowledge' stating a well-rounded Committee or Board will have a number of members scoring highly in each topic. The analysis showed the number of members who correctly answered at least 5 of the 6 questions in each topic. A spread of individuals with detailed knowledge across different topics, is more likely to create an effective Committee or Board. For the Committee there were 4 members who scored highly in at least 1 topic. For the Board there were also 4 members who scored highly in at least 1 topic. In terms of a spread of knowledge this is a positive result with different people having knowledge in different areas.

However, the assessment clearly shows there are gaps in knowledge and although not recorded in this report, individual scores did highlight a polarisation in knowledge between the 10 participants.

The Training Plan has been designed to cover the 8 categories to improve general knowledge but will also incorporate elements specific to Hillingdon and members of the Committee and Board.

Committee and Board members are asked to revisit the induction modules where their individual assessment results highlighted areas of weakness. Furthermore, the plan references the 'Handbook' which has been developed as a quick guide to pensions and specific elements relating to the Hillingdon Fund. Members are asked to read and refer to this as an 'aide-memoire' (an aid to the memory).

### **Administration Strategy**

At the December 2023 meeting the Committee agree the revised draft of the Administration Strategy and confirmed it should be sent to all employers in the Fund for consultation and comment.

Over the one-month consultation period no responses or comments were received from employers in the Fund. As such Committee are now asked to approve the revised Administration Strategy for publication.

### **Conflicts of Interest Policy**

Following the issue of the Pensions Regulator General Code as noted in the December Governance report, work has begun to assess the new requirements and for the Fund to move towards compliance. This will be a major project and the Board will be ensuring the Fund meets the revised governance standards.

Along with progress relating to training, the Conflicts of Interest Policy has been scheduled for review. The attached update has been prepared for approval by the Committee. A tracked changes version is included in the shared drive for reference.

The main updates include a general rationalisation of the document to be more concise, updated terminology and categorisation on content and changes to relevant legislation and example references.

Other items to note include:

- the removal of the reference to the Stewardship Code which required an annual review of this policy. Following the decision not to pursue continued signatory status, the Conflicts of Interest policy will now revert to triennial reviews.
- New introduction paragraph to add definitions of Council etc.
- Added requirement for annual interest declaration and gifts/hospitality from Board members.
- Page numbers added.

### **FINANCIAL IMPLICATIONS**

Continued training will incur fees dependant on the platform and events attended.

### **LEGAL IMPLICATIONS**

The legal implications included within the body of the report.