

## Isle of Wight Pension Fund Pension Board: Training plan

### Board skills self-assessment

In November 2017, the members of the pension board were asked to complete a training needs self-assessment questionnaire, based on the CIPFA Technical Knowledge and Skills Framework for local pension board members.

This self-assessment asked members to rank their knowledge on a scale of 1 to 5 (no knowledge to highly skilled) against the eight key areas of understanding:

1. Pensions legislation (4 statements)
2. Pensions governance (12 statements)
3. Pensions administration (6 statements)
4. Pensions accounting and auditing standards (3 statements)
5. Pensions services procurement and relationship management (4 statements)
6. Investment performance and risk management (3 statements)
7. Financial markets and products knowledge (6 statements)
8. Actuarial methods, standards and practices (6 statements)

Against these 44 statements, the average self-assessed level of knowledge for the board members was 2.90 out of 5.0.

The summarised board self-assessment response is attached as appendix 1 to this report.

There were 9 areas where the average score was below 2.50 and it was considered specific action was required:

Knowledge gap area	Resolution
<b>1 Pensions legislation</b>	
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	Initial discussions as part of adoption of administration strategy (Q4 2018)
<b>3 Pensions administration</b>	
An understanding of best practice in pensions administration e.g. performance and cost measures.	Review of CIPFA benchmarking outcomes (once received) for comparison of IWPF against the wider CIPFA benchmarking universe and specifically IWPF comparator funds. (Q4 2018) Link to governance and administration workshop (23 November 2018)
Knowledge of how discretionary powers operate.	Once the administration strategy has been adopted, additional briefing sessions will be held for board members to discuss the operation of various discretionary powers.
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management, levels of performance and assurance processes).	Briefing session from officers in advance of presentation of IWPF strategy for adoption. (Q4 2018) Including review of CIPFA Pensions Network guidance and TPR code of practice expectations.
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in	Board members were invited to attend training session on 9 January 2018

<b>Knowledge gap area</b>	<b>Resolution</b>
relation to benefits administration.	facilitated by Benefit Consultants (Hymans Robertson) on pension tax. Dedicated board briefing session will be delivered on this topic. (Q1 2019)
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, fees, the provider's investment and fund performance report and the payment schedule for such arrangements.	AVC provider (Prudential) to attend board meeting to provide an overview of their operation. (Q2 2019)
<b>4 Pensions accounting and auditing standards</b>	
An understanding of the role played by third party assurance providers.	Internal auditors (Portsmouth CC) and external auditors (Ernst & Young) to attend future board meeting to explain their roles. (Q2 and Q3 2019)
<b>7 Financial markets and products knowledge</b>	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.	Global custodians (BNP Paribas) to attend future board meeting to provide briefing on investment tax issues. (Q3 2019)
<b>8 Actuarial methods, standards and practices</b>	
A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	As part of the planning for the triennial valuation, actuaries (Hymans Robertson) to discuss employer covenants specific to IWPF. (Q4 2019)

It is on those areas that the scheme manager will focus training for the board specifically, while also delivering training and development for both committee and board members for the operational activities of the fund over the next 12-18 months, in line with the priorities of the fund.

### **General committee and board training and development**

The fund has created a work plan for activities required to be undertaken in the next two financial years, to 31 March 2020, which will include opportunities for development and the sharing of knowledge.

### **Training methods**

In terms of the delivery of training we expect to use a variety of methods, appropriate to the issue being covered and the learning styles of those involved. For the plans set out here we will mainly be using participative workshops and regular pre-board or committee meeting training sessions held at the Council offices. Where appropriate we will also consider attendance at collaborative events with other funds or wider training events hosted by third parties (e.g. training events hosted by the Local Government Association) where it is believed to be appropriate and cost effective.

Specific development sessions have been held, or are planned, to cover the following:

<b>Topic and date</b>	<b>Delivery method</b>	<b>Subjects covered</b>
Governance framework (18 May 2018)	Presentation facilitated by Governance advisers (Hymans Robertson)	<ul style="list-style-type: none"> <li>• Legislative and regulatory framework</li> <li>• Expectations of tPR</li> <li>• Comparison of IWPF with best practice</li> <li>• 11 recommendations</li> </ul>
ACCESS – pooling update (18 May 2018)	Presentation facilitated by ACCESS advisers (Hymans Robertson)	<ul style="list-style-type: none"> <li>• Background to pooling</li> <li>• ACCESS objectives</li> <li>• Governance requirements</li> <li>• Changing role of s101 committee and pension board</li> </ul>
Investment and Funding Objectives (14 September 2018)	Workshop facilitated by Investment Consultants (Hymans Robertson) and Actuaries (Hymans Robertson) <i>Pre-reading (ISS, FSS, TPR toolkit)</i>	<ul style="list-style-type: none"> <li>• Legislative and regulatory framework</li> <li>• Fiduciary duties</li> <li>• Interactive session on investment beliefs</li> <li>• Responsible investing (ESG, voting, stewardship codes)</li> <li>• IWPF objectives</li> </ul>
Governance and Administration Objectives (23 November 2018)	Workshop facilitated by Governance advisers <i>Pre-reading (Code of Practice 14, TPR toolkit, 21<sup>st</sup> century trusteeship)</i>	<ul style="list-style-type: none"> <li>• Legislative and regulatory framework</li> <li>• Expectations of tPR</li> <li>• Service standards (fund, employers)</li> <li>• Benchmarking</li> <li>• Fund and employer roles and responsibilities</li> <li>• Interactive session on administration and governance beliefs</li> <li>• IWPF objectives</li> </ul>
Risk workshop (TBC January 2019)	Workshop facilitated by Governance advisers <i>Pre-reading (outputs from workshops, issues logs, TPR toolkit, 21<sup>st</sup> century trusteeship)</i>	<ul style="list-style-type: none"> <li>• Expectations of tPR</li> <li>• Pensions risk “universe”</li> <li>• IWPF objectives</li> <li>• Roles and responsibilities</li> <li>• Key controls</li> </ul>
Triennial valuation process (8 February 2019)	Workshop facilitated by Actuaries	<ul style="list-style-type: none"> <li>• Legislative requirements</li> <li>• IWPF objectives</li> <li>• Valuation approach</li> <li>• Timetable</li> </ul>
Asset class and manager research (TBC November 2019)	Workshop facilitated by Investment Consultants	<ul style="list-style-type: none"> <li>• Outcome of investment strategy review</li> <li>• Appropriateness of existing mandates</li> <li>• Opportunities from pooling</li> <li>• Asset class training</li> </ul>

Other workshops and development sessions will be held throughout the period, the topics for which will be driven by the outcomes of the first four workshops listed above and the priorities of the fund.

In addition to the above dedicated development sessions, there will be items within the regular work plan for both board and committee where sharing of knowledge can be undertaken:

<b>Work plan item</b>	<b>Learning outcomes</b>	<b>Delivery/materials</b>
Recommendation and adoption of Administration Strategy (Q4 2018)	<ul style="list-style-type: none"> <li>• Understanding of regulatory requirements</li> <li>• Discretionary powers</li> <li>• tPR expectations</li> <li>• service standards</li> <li>• roles and responsibilities</li> </ul>	Officer briefing (supported by governance consultants) Code of Practice 14 TPR toolkit modules 21 <sup>st</sup> century trusteeship CIPFA Pensions Network materials
Recommendation and adoption of Communication Strategy (Q4 2018)	<ul style="list-style-type: none"> <li>• Understanding of regulatory requirements</li> <li>• tPR expectations</li> <li>• employer and member requirements</li> <li>• communication methods</li> </ul>	Officer briefing (supported by governance consultants) Code of Practice 14 TPR toolkit modules
Annual review of complaints /IDRP policy (Q4 2018)	<ul style="list-style-type: none"> <li>• Any changes in requirements since policy adopted,</li> <li>• review of complaints received</li> <li>• roles and responsibilities</li> </ul>	Officer briefing Report of complaints in last 12 months Code of Practice 14 TPR toolkit modules
Annual review of reporting breaches of the law policy (Q4 2018)	<ul style="list-style-type: none"> <li>• Any changes in requirements since policy adopted,</li> <li>• review of breaches processed (including recording and reporting)</li> <li>• roles and responsibilities</li> </ul>	Officer briefing Report of breaches recorded and reported in last 12 months Code of Practice 14 TPR toolkit modules
Governance compliance statement preparation (Q1 2019)	<ul style="list-style-type: none"> <li>• Review of legislative and regulatory requirements,</li> <li>• best practice standards</li> </ul>	Review of activity over last 12 months – action plans Support from Governance Consultants
Annual review of governance policy (Q1 2019)	<ul style="list-style-type: none"> <li>• Any changes in requirements since policy adopted</li> <li>• best practice standards</li> </ul>	Outcomes of governance compliance review TPR toolkit modules 21 <sup>st</sup> century trusteeship
Budget setting (Q1 2019)	<ul style="list-style-type: none"> <li>• Regulatory requirements</li> <li>• Role of s151 officer</li> <li>• Financial management</li> </ul>	Officer briefing CIPFA guidance
Approval of annual report (Q2 2019)	<ul style="list-style-type: none"> <li>• Regulatory requirements</li> <li>• Accounting and reporting standards</li> </ul>	Officer briefing (supported by external auditors) CIPFA guidance
Revision of Investment Strategy Statement (triennial valuation) (Q4 2019)	<ul style="list-style-type: none"> <li>• Any changes in requirements since policy adopted</li> <li>• best practice standards</li> <li>• Statutory requirements</li> <li>• Link to fund objectives</li> </ul>	Workshops facilitated by investment consultants and actuaries CIPFA guidance TPR toolkit modules
Revision of Funding Strategy	<ul style="list-style-type: none"> <li>• Any changes in requirements</li> </ul>	Workshops facilitated by

<b>Work plan item</b>	<b>Learning outcomes</b>	<b>Delivery/materials</b>
Statement (triennial valuation) (Q4 2019)	since policy adopted <ul style="list-style-type: none"> <li>• best practice standards</li> <li>• Statutory requirements</li> <li>• Link to fund objectives</li> </ul>	investment consultants and actuaries CIPFA guidance TPR toolkit modules

**Measurement and assessment**

We will ensure steps are taken to measure the success of training following its delivery, in terms of ensuring a greater understanding and appreciation of the issues covered and the effectiveness of the training being given. Additionally, in Q4 2018, the knowledge and skills self-assessment questionnaire will be recirculated to board members, to reassess their levels of understanding and further inform future training plans.

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