

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 4 September 2017**

Training Needs Analysis

To Pension Fund Panel and Local Pension Board members,

Please could you complete the questionnaire – it will help us address the training requirements of the Pension Fund Panel towards you performing and developing personally in your individual role in attainment of the collective responsibility of the Panel.

As part of the ongoing governance of the Fund a training needs analysis is developed as part of the Training Policy. It ensures the Fund is compliant with the guidance issued by the Pensions Regulator in the code of practice no. 14 – “Governance and Administration of Public Sector Schemes”. The information provided on the questionnaires will be evaluated and used to inform the Training Plan focusing on areas where any knowledge gaps are identified.

This training needs analysis (TNA) is being undertaken to assess current knowledge and skills within the Pension Fund Panel and to direct future training. It is based on the CIPFA knowledge and skills framework - in total there are six areas of knowledge and skills that have been identified as the core technical requirements for those working in public sector pensions. They are:

- pensions legislative and governance context
- pensions accounting and auditing standards
- financial services procurement and relationship management
- investment performance and risk management
- financial markets and products knowledge
- actuarial methods, standards and practices

Please enter a score in the column which corresponds to your current level of understanding using the following scale:

- 1 = I have no knowledge and understanding of this area
- 2 = I have a basic knowledge and understanding of this area
- 3 = I have appropriate knowledge and understanding of this area
- 4 = I have a good knowledge and understanding of this area
- 5 = I have an excellent understanding and am confident in this area

Please return completed forms by Friday 22 September 2017 to Craig Johnson at:

- craig.johnson@northumberland.gov.uk
- or post to Craig Johnson, Corporate Finance, County Hall, Morpeth, NE61 2EF.

Name:	
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1. Pensions legislative and governance context	Score (1-5)
A general awareness of the pensions legislative framework in the UK.	
An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment.	
An awareness of the LGPS Regulations and their main features.	
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	
A regularly updated appreciation of the latest changes to the scheme rules.	
Knowledge of the role of the administering authority in relation to the LGPS	
An understanding of how the roles and powers of the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	
Broad understanding of the role of pensions fund panel in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.	
Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	
An awareness of the LGPS main features.	
Knowledge of the <i>Principles for Investment Decision Making and Disclosure</i> (Myers' principles) and associated CIPFA and SOLACE guidance.	
Awareness of best practice in shareholder engagement as published by the Financial Reporting Council (FRC) in the Stewardship Code.	
A detailed knowledge of the duties and responsibilities of panel members.	
Knowledge of the stakeholders of the pension fund and the nature of their interests.	
Understanding of how conflicts of interest are identified and managed.	
Understanding of how breaches in law are reported.	
Knowledge of the stakeholders of the pension fund and the nature of their interests.	
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	
An understanding of how pooling will impact on governance of the LGPS.	

2. Pensions accounting and auditing standards	Score (1-5)
Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the panel and individual members in considering and signing off the accounts and annual report.	
Awareness of the role of both internal and external audit in the governance and assurance process.	
An understanding of the role played by third party assurance providers.	

3. Financial services procurement and relationship management	Score (1-5)
Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.	
A general understanding of the main public procurement requirements of UK and EU legislation.	
Awareness of the nature and scope of risks for the pension fund and of the	

APPENDIX 21
(continued)

importance of considering risk factors when selecting third parties.	
An understanding of how the procurement process and supplier risk management function under pooling.	

4. Investment performance and risk management	Score (1-5)
Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks	
Performance of advisors – awareness of the <i>Principles for Investment Decision Making and Disclosure</i> (Myners' Principles) on performance management and the approach adopted by the committee.	
Performance of the panel – awareness of the <i>Principles for Investment Decision Making and Disclosure</i> (Myners' Principles) and the need to set targets for the committee and to report against them.	
Performance of support services – awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	
An understanding of how pooling will impact on the monitoring of asset returns and performance measurement.	

5. Financial markets and products knowledge	Score (1-5)
Awareness of the risk and return characteristics of the main asset classes (equities, bonds, property etc.).	
Understanding of the role of these assets classes in long-term pension fund investing.	
Understanding of the primary importance of the investment strategy decision.	
A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.	
An awareness of the limits placed by regulation on the investment activities of local government pension funds.	
An understanding of how MIFID II will have an impact on Local Government Pension Fund activities.	
An understanding of the fund's ability to opt up to elective professional status under the proposed FCA implementation of MIFID II.	
Awareness of how pooling will impact on the investment activities of local government pension funds.	

6. Actuarial methods, standards and practices	Score (1-5)
A general understanding of the role of the fund actuary.	
Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and the inter-valuation monitoring.	
Awareness of the importance of monitoring early and ill health retirement strain costs.	
A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	
A general awareness of the relevant considerations in relation to outsourcing and bulk transfers.	

APPENDIX 21
(continued)

Please add a comment where your level of understanding is 2 or below, indicating the specific areas you feel you need further training to cover.

Comments – please complete if scored any of the above as 1 or 2

The Member training provided is intended to provide you with a good understanding in most areas, but more importantly to demonstrate **as a group** a level of knowledge to make effective investment decisions whilst being mindful of the risks involved. As such scores will be aggregated to ensure compliance as a Committee is achieved and again to ensure training is targeted at areas of greatest need.

As well as group training, officers are happy to organise individual training on any specific areas should Members request this. Please complete the box below with your request.

Specific topics for training

Please also indicate below the most relevant learning methods that may be applicable to you. Please suggest other approaches that may be suitable.

Information	Yes	No	Not sure
In-house training			
Panel presentations and reports			
E-Learning			
External training			
Books, journals, guidance			
Conferences			
Other – please specify			

As a reminder, training delivered since August 2015 is listed below:

Area	Training Delivered Internally
<p>1. Pensions Legislative and Governance context <i>Awareness of the pensions legislative framework, scheme specific legislation, regulators and advisors, general constitutional framework & scheme governance (incl. 2014 Scheme and Pensions Boards)</i></p>	<p>7 July 2017 - Disclosure of members' interest in the Scheme</p> <p>16 June 2017 – Induction Training for the Pension Fund Panel including Clare Gorman presentation Features of NCC Pension Fund, Aon Hewitt presentation on Governance and Administration items covered; Scheme overview and the legislative framework, national governance, key governance requirements (Myners' Principles), when it goes wrong and reporting breaches of the law, conflicts of Interest, Pensions Administration: LGPS Contributions and Benefits and Gerard Moore's presentation to NCC LGPS Pension Board</p> <p>31 March 2017 - NCC LGPS: the Pensions Regulator's code compliance checklist, Councillors' LGPS</p> <p>24 February 2017 - Formal assessment of the effectiveness of the Pension Fund Panel</p> <p>25 November 2016 – Responsible investing presentation by South Yorkshire Pensions Authority. NCC Pension Fund's Administration Strategy Statement, Responsibility for resourcing the LGPS pensions administration function including role of S151 Officer, NCC Pension Fund's investment beliefs.</p> <p>28 October 2016 - LGPS Management and Investment of Funds Regulations 2016 and Investment Strategy Statement Guidance, Reforms to public sector exit payments</p> <p>16 September 2016 - Employer covenant risk, Declarations of interests, Investment costs: code of transparency,</p> <p>27 May 2016 - Disclosure of members' interest in the Scheme at Pension Fund Panel meetings, Communicating changes to State Pensions from April 2016 to active LGPS members, Annual report of the NCC LGPS</p>

	<p>Local Pension Board, Employer covenant risk,</p> <p>28 February 2016 - Formal assessment of the effectiveness of the Pension Fund Panel, Risk Management Policy for NCC Pension Fund, NCC Pension Fund’s Objectives, Statement of Investment Principles (SIP) and Compliance Statement, NCC Pension Fund’s Administration Strategy Statement, NCC LGPS: the Pensions Regulator’s code compliance checklist, HM Treasury consultations on limiting exit payments on redundancy across the public sector</p> <p>26 November 2016 - Scheme Advisory Board’s paper on LGPS Local Pension Boards, NCC Pension Fund’s Communication Strategy Statement, HM Treasury consultation: proposed £95,000 cap on redundancy and exit payments</p> <p>18 September 2015 - NCC’s LGPS Local Pension Board, NCC Pension Fund’s Register of Conflicts of Interest, HM Treasury consultation: proposed £95,000 cap on redundancy and exit payments, NCC Pension Fund’s Procedure for Reporting Breaches of the Law, Summer Budget 2015: pension savings tax changes,</p> <p>Quarterly reports – Reporting breaches progress and quarterly monitoring report, Key Performance Indicators (KPIs) for LGPS administration, quarterly regulatory report,</p> <p>Members are kept abreast of new legislation and pooling changes by updates at Committee, and approve all policy documents.</p>
<p>2. Pensions accounting and auditing standards <i>Awareness of Accounts and Audit Regulations and legislative requirements, role of the committee in considering and signing off the accounts and annual report and the role of internal and external audit in the government and assurance process.</i></p>	<p>7 July 2017 – EY’s External audit of Northumberland County Council Pension Fund 2016/2017 accounts – Planning Report</p> <p>16 September 2016 - Northumberland County Council Pension Fund draft Annual Report and Accounts for 2015/2016, EY’s External Audit of Northumberland County Council Pension Fund 2015/2016 Accounts</p>

	<p>The Panel receives the Annual Report and Accounts, and reports from its external auditors.</p>
<p>3. Financial Services procurement and relationship management <i>General understanding of public procurement policy and procedures, UK & EU legislation and supplier risk management (selecting third parties).</i></p>	<p>27 January 2017 - FCA consultation on MiFID II and its likely impact, Aon Hewitt's report on potential joint working</p> <p>31 March 2017 – update on MiFID II and its likely impact</p> <p>Panel has had regular updates on Pooling, shared services and joint working.</p> <p>All procurement requirements and options are reported to Committee.</p>
<p>4. Performance and risk management <i>Understanding of asset returns relative to liabilities and risks, awareness of Myners principles of performance management of advisors, the committee and support services.</i></p>	<p>7 July 2017 – Annual Fund performance review by Portfolio Evaluation</p> <p>24 February 2017 'Formal annual measurement of the performance of the investment adviser'</p> <p>24 February 2017 'Formal annual assessment of the effectiveness of the Pension Fund Panel'</p> <p>31 March 2017 'Action Plan 2017 for NCC Pension Fund'</p> <p>Panel updated on performance of whole portfolio on a quarterly basis by Portfolio Evaluation and Mercer.</p> <p>Quarterly funding updates provided by the actuary for Panel members and approval of the Funding Strategy Statement.</p>
<p>5. Financial Markets and products knowledge Investment strategy - risk and return characteristics of main asset classes, understanding of financial markets and limits on investment activities of local government pension funds.</p>	<p>BCPP Pooling update provided to members at every Panel meeting</p> <p>9 October 2015 – Panel received paper from Mercer on 'Understanding Private Equity'</p> <p>26 February 2016 – the Panel received Mercers papers on '2016 themes and opportunities' and 'market turmoil'</p>

	<p>28 October 2016 – Panel received papers from Mercer on ‘Property Investing’ and ‘Brexit – effects on the UK Property market’</p> <p>25 November 2016 – Panel received a report on ‘the active versus passive management debate’</p> <p>25 November 2016 – Panel received a report from Mercer on currency hedging</p> <p>31 March 2017 – Further Mercer report on currency hedging</p> <p>31 March 2017 – Mercer report ‘2017 themes and opportunities’ presented to the Panel</p> <p>Review and approval of Statement of Investment Principles.</p>
<p>6. Actuarial methods, standards and practices Knowledge of the valuation process, funding strategy and inter-valuation monitoring including early and ill health retirement strain costs and implications of employers joining/leaving the Fund.</p>	<p>27 May 2016 – Actuary attended Panel meeting to brief members on the expectations for the 2016 valuation and processes to be followed</p> <p>16 September 2016 – update to members on progress with 2016 valuation</p> <p>21 September 2016: joint training by the actuary with TWPF; Panel/actuary agreed the approach and risk to be taken at the 2016 valuation</p> <p>25 November 2016 – update on initial results, Panel formally endorsed discount rate and deficit recovery periods.</p> <p>24 February 2017 – Panel approved the March 2017 Funding Strategy Statement</p> <p>Quarterly funding updates provided by the actuary for Panel members</p> <p>Funding Strategy Statement in the Annual Report provided to Members and updates on any issues provided in quarterly monitoring report.</p>