

FALKIRK COUNCIL

Subject: ATTENDANCE AND TRAINING MATTERS
Meeting: PENSIONS COMMITTEE
Date: 6 MARCH 2014
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 This purpose of this report is to provide the Committee with details of member attendance at fund related meetings/training events and to share the findings of the recent survey on training needs.

2. BACKGROUND

- 2.1 The Fund's training policy recognises that those persons involved in the governance of the Fund should have the necessary level of skills and knowledge to allow them to carry out their duties.
- 2.2 The training policy, as detailed below, sets out the number of fund meetings and training events that Committee and Panel members are expected to attend.

Pensions Committee

Pensions Committee members, including co-opted members, will be expected to attend at least three Committee meetings each year and three training sessions each year

Pensions Panel

Pensions Panel members will be expected to attend at least three Panel meetings each year and two training sessions each year.

- 2.3 Amongst other matters, the policy also requires that:

- attendance details are reported periodically to Panel and Committee; and
- an assessment of training needs will be undertaken

3. ATTENDANCE AT MEETINGS

- 3.1 An assessment of member attendance at Panel and Committee meetings has been undertaken. This covers the period from August, 2012 - when the new governance arrangements were introduced – to the November/December, 2013 round of meetings.
- 3.2 Six Panel members attended 5 or more meetings – the desired attendance level, whilst a further seven members attended 3 or 4 meetings – slightly below the desired level. Personal circumstances limited the attendance of a couple of members.
- 3.3 In relation to the Committee, four members had attended all meetings. Two attended 5 meetings and two attended 4 meetings. Personal circumstances again limited the attendance of one member.

4. PUBLIC SERVICE PENSIONS ACT 2013 – KNOWLEDGE AND UNDERSTANDING

- 4.1 The training policy indicates that an assessment of training needs will be undertaken. This is especially relevant in view of the increased emphasis placed on the skills and knowledge agenda by the Public Service Pensions Act 2013 (see extract below):

“Requirement for knowledge and understanding: Pension Boards of public service schemes

- (1) This section applies to every individual who is a member of the pension board of a public service pension scheme.
- (2) An individual to whom this section applies must be conversant with
 - (a) the rules of the scheme, and
 - (b) any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
- (3) An individual to whom this section applies must have knowledge and understanding of—
 - (a) the law relating to pensions, and
 - (b) such other matters as may be prescribed.
- (4) The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.”

5. TRAINING EVENTS

- 5.1 Since the introduction of the new governance arrangements, a number of training events have been held or made available to Panel and Committee members.
- 5.2 Details of the events are attached at Appendix A, including comment on how well these were attended. Unsurprisingly, the best attended events were those held locally in Falkirk.

6. TRAINING QUESTIONNAIRE

- 6.1 An online questionnaire was made available prior to Christmas, 2013 in an attempt to understand areas where Panel and Committee members might welcome further training.
- 6.2 The questionnaire was conducted on an anonymised basis and was completed by 6 members of both the Pensions Committee and Pensions Panel effectively giving a 66% completion rate.
- 6.3 The main responses have been listed below:
- The majority considered:
 - they had a good general understanding of the LGPS and its investment rules
 - they understood their role on Panel or Committee
 - agenda items were relevant and officer/adviser support was appropriate
 - the Fund’s equity focused strategy was appropriate
 - they understood the quarterly investment reports
 - they understood how investment performance and investment risk was assessed
 - managers were reviewed at the correct frequency
 - There was strong support for:
 - infrastructure but uncertainty about more technical asset classes such as hedge funds
 - the current investment strategy and diversification across asset classes

- the Fund's investment strategy being tested against the liabilities on a more formal basis, but less certainty as to how this would operate
- Areas of uncertainty/concern were:
 - two respondents did not understand the drivers behind the asset classes in which the Fund invests
 - Some were sceptical about investing in bonds
 - a significant number felt that it was the managers rather than the Panel or Committee who set the agenda when reviews were being conducted
 - Some were unfamiliar with terms associated with funding the scheme, such as future service rate and past service deficit
 - Some felt unfamiliar with the LGPS Benefit structure.

6.4 Judging from the responses, it seems that a majority of the Panel and Committee are satisfied that they have sufficient knowledge of Pension Fund activities to carry out their governance role successfully. It would seem however that there is a small element, who are less confident and who would welcome training at a less advanced level. Officers will therefore look into the possibility of the next training event giving Panel and Committee members a choice of sessions to attend, as well as seeking to address the areas of uncertainty identified.

6.5 The fact that 2014 is a triennial valuation year and likely to involve an asset / liability review will be an opportunity to bring forward officer/adviser briefings on these areas.

6.6 A free to attend training event entitled "Alternative Opportunities – Redefining Diversification" is taking place on 19 March 2014 at COSLA Conference Centre, Verity House, 19 Haymarket Yards, Edinburgh. The full agenda is attached at Appendix B. Anyone interested in attending should contact the Pensions Manager.

7. CONCLUSION

7.1 The analysis of attendance at Panel and Committee meetings and at training events show that in general members are committed to making a contribution towards the good governance of the Fund. Where attendance has been less than desired, this has been due to unforeseen personal circumstances affecting a small number of members or been due to unavoidable work commitments affecting, in the main, Panel members.

7.2 Attendance at external training events has been patchy, presumably due to the additional travel overhead. Officers will continue to publicise these events but will concentrate on providing more local training.

8. RECOMMENDATION

8.1 **The Committee is asked to note the contents of the report and is invited to comment as appropriate.**

Chief Finance Officer

Date: 7^h February, 2014

BACKGROUND PAPERS

1. Falkirk Council Pension Fund - Panel and Committee Training Questionnaire Results

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506304 and ask for Alastair McGirr