

Knowledge and Skills Policy



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Introduction

This is the Knowledge and Skills Policy of the Environment Agency Pension Fund (EAPF). The policy details the training strategy for members of the Pension Committee (PC) and all officers in the EAPF Management Team

The EAPF also has a Pensions Board (PB) and Investment Sub Committee (ISC). All PB and ISC members are also PC members. For simplicity, for the remainder of this document we refer to PC members, but this policy also applies to members in their role on PB & ISC.

Advisers to the EAPF are also expected to demonstrate that they can meet the objectives of this Knowledge and Skills Policy.

Officers of employers in EAPF and their deputies who are responsible for pension matters are also encouraged to maintain a high level of knowledge and understanding in relation to LGPS matters. EAPF will provide appropriate training to them where necessary to assist in the delivery of the service.

Further details regarding to whom this policy applies are provided below.

Implementation

This Knowledge and Skills Policy was originally approved on 24 September 2019 by the EAPF Pension Committee. This policy is expected to be appropriate for the long-term. However, we will review the Policy at least every three years to ensure it remains up to date and meets the necessary regulatory requirements. The Policy was last reviewed by the EAPF Pension Committee on 7 December 21.

It is available on the EAPF [website](#).

Any enquiries about the content of this Policy or how the Policy is being adhered to should be directed to:

Chief Pensions Officer
Environment Agency Pension Funds Management
Horizon House
Deanery Road
Bristol
BS1 5AH

Objectives

The Knowledge and Skills Policy objectives are that:

- Members and officers have a strong commitment to training to be able to gain the appropriate skills and knowledge to build on their existing capabilities
- Members have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust, and manage any potential conflicts of interest
- Officers have sufficient knowledge and skills to manage the pension fund efficiently and effectively
- Training is maintained to meet the continually changing LGPS and wider pensions landscape.

Who this Policy Applies to

This Knowledge and Skills Policy applies to all PC members, including scheme member and employer representatives. It also applies to all managers in the Environment Agency Pension Fund Management Team.

Different levels of knowledge will be required for those to whom this Policy applies:

- The Chartered Institute of Public Finance and Accounting ("CIPFA") suggests that **Pensions Committee members** should take a holistic view which is strategic and concentrates on the principles involved, and on performance and communication in line with their roles and responsibilities set out in their terms of reference. CIPFA also suggests that it is appropriate to consider the knowledge and skills of a committee as a collective, ensuring that the collective degree of knowledge and understanding is appropriate for the purposes of enabling the committee as a whole to properly exercise their delegated responsibility on behalf of the Administering Authority. CIPFA also states that Committee members should be assisted, where necessary, to have the confidence to make knowledgeable challenges to the information and advice given to them.

Based on these suggestions, for the purposes of this Policy, we expect PC members to have an awareness and a general understanding of most areas, albeit there will be some areas where a stronger understanding is required. When assessing the necessary knowledge and skills we will also have regard to the desire to attain a collective degree of knowledge and understanding. In addition, the **Chair of the Pensions Committee** is expected to have a higher level of knowledge in some areas.

- **Pension Board members** have a legal requirement to have a level of knowledge that is appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board. Similarly to Committee members, this means Board members will be expected to have an awareness and a general understanding of most areas, albeit there will be some areas where a stronger understanding is required. Those PC members who are also PB members will need to be mindful of this requirement.
- **Senior officers** - The senior officers in the Pension Fund Management Team must have the level of knowledge required to undertake their role and as such will be experts in the area of their specific responsibility and have a strong or detailed level of knowledge in other areas.

All other officers involved in the daily management of the Pension Fund will also be required to have appropriate knowledge and skills relating to their roles, which will be determined and managed by the Pension Fund Management Team.

Although this policy does not directly apply to them, personnel of the third-party administrator that provides the day to day administration of the Environment Agency Pension Fund and all other advisers to the Fund are expected to have the relevant knowledge and skills to provide their services to the Fund and its stakeholders.

Legislative and Guidance Requirements

Legislative requirements

There are two explicit legislative requirements relating to knowledge requirements which apply to the LGPS:

- MiFID II (Markets in Financial Instruments Directive), and
- Section 248A of the Pensions Act 2004.

MiFID II

MiFID II requires the Environment Agency as Administering Authority to “opt - up” to 'Professional' status to allow the EAPF to continue to access the full range of vehicles and managers needed to meet the needs of the investment strategy. As part of this process, evidence has to be provided that PC members have an appropriate level knowledge and that adequate governance arrangements are in place.

We maintain this status by continuing to demonstrate the competency existing and new PC members and this Knowledge and Skills Policy will support that aim.

The Pensions Act 2004 and The Pension Regulator's Code of Practice

Section 248A of the Pensions Act 2004, as amended by The Public Service Pensions Act 2013 (PSPA13), requires Pension Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

These requirements are incorporated and expanded on within The Pension Regulator's Code of Practice.

There are other legislative and guidance requirements that impact on knowledge and skills in the LGPS including fiduciary and public law duties, DHULC statutory governance guidance.

Guidance

CIPFA's Code of Practice and Knowledge and Skills Frameworks

CIPFA's Code of Practice on LGPS Knowledge and Skills (published June 2021) is underpinned by five key principles which are that LGPS administering authorities:

- Recognise that effective management, decision making, governance and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them
- Have the necessary resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS to acquire and retain the necessary LGPS knowledge and skills
- Have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS
- Have associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework while also having regard for overriding legal requirements, the Pensions Regulator and other government guidance
- Have designated a named individual to be responsible for ensuring that policies are implemented.

CIPFA have published two Frameworks including:

- Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers (published June 2021)
- Technical Knowledge and Skills Framework for Local Pension Boards (published July 2015).

Both Frameworks cover eight areas of knowledge and skills identified as the core requirements. The areas (as set out in the LGPS Committee Members and LGPS Officers Framework) are:

- Pensions legislation and guidance
- Pensions governance
- Funding strategy and actuarial methods
- Pensions administration and communications
- Pensions financial strategy, management, accounting reporting and audit standards
- Investment strategy, asset allocation, pooling, performance and risk management
- Financial markets and products
- Pensions services procurement, contract management and relationship management.

Each area has a list of competencies and the level of knowledge expected for each competency is split into categories to help demonstrate the level of knowledge required.

In addition, the CIPFA Framework highlights that there are a number of non-technical skills (e.g. using judgement and common sense in decision making and absorbing, analysing and processing large volumes of information) which should be considered when determining the ability of PC / PB / ISC and senior officers to effectively discharge their duties.

The types of skills and knowledge required

Members and officers should meet the appropriate level of competence set out in:

- the CIPFA Knowledge and Skills Frameworks (as set out above) and
- the knowledge and skills elements of the Public Service Pensions Act 2013 and the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes

Where appropriate, we may adapt the required competencies, in recognition that the Environment Agency is not a local authority.

Members and officers will be provided with a list of the required competencies and the level of understanding required for each competency.

Members are expected to refresh their training on key elements every three years (in line with their 3 year mandate on the PC).

Training plans

Each PC member will have a tailored learning plan, which reflects their current individual knowledge and skills and also their development needs and knowledge. Members will complete an initial self-assessment against the required competencies upon joining, which will then be taken into account in creating their individual training plan. This self-assessment will then be undertaken at least every three years to ensure individual training plans remain up to date. Members will be responsible for their learning but we will provide assistance in facilitating and recording the learning.

Officers will agree a training plan with their line manager, with staff encouraged to consider achieving professional qualifications.

How training will be provided

Some training will be provided jointly to all members and officers. This will be in line with the priorities in the EAPF business plan, risk register and/or other issues requested jointly by the PC. These may be through In-house training days or as part of a PC, PB or ISC meeting.

Some training will be undertaken by individual members or officers. This may be through:

- External training events
- Reading circulated material
- Attendance at seminars and conferences offered by industry wide bodies
- Attendance at meetings and events with the EAPF's investment managers and advisors
- On-line training or webinars
- Access to the EAPF website where useful EAPF specific material is available
- In-house training days provided by officers and/or external providers

- Training as part of meetings or immediately or after meetings (e.g. PC, PB or ISC) provided by officers and/or external advisers

In addition, EAPF officers and advisers are available to answer any queries on an ongoing basis.

The EAPF will meet all costs for relevant training.

Training for new members to the pensions committee

Prior to their induction (which will be organised by EAPF officers) new members to the PC will be asked to complete a self-assessment form detailing their knowledge and skills against the required competencies. The induction will then include introducing them to relevant officers of the pension fund, talking through how the PC is run, the types of competencies they will be expected to develop and identifying initial opportunities for training, and following this induction new members will get the opportunity to revisit their self-assessment in light of the induction.

New members to the PC will also be signposted to key policies of the EAPF, notably:

- The EAPF website for scheme members' which provides a wide range of information about the LGPS and the EAPF
- The Actuarial Valuation reports
- The Annual Report and Financial Statements, which incorporate:
 - The Funding Strategy Statement
 - The Investment Strategy Statement
 - The Communications Policy
 - The Responsible Investment Strategy
- The Governance Policy including the Scheme of Delegation
- Policy to Address Climate Change
- The Administration Strategy
- The administering authority's Discretionary Policies
- The Risk Policy
- The Conflicts of Interest Policy
- This Knowledge and Skills Policy
- Reporting Breaches Procedure

Following receipt of the completed self-assessment form, this information will be added to the EAPF training log, and a structured plan will be created for that individual member based on any gaps in their knowledge and skills (measured against the required competencies) and identification of training courses that would be most useful.

Recording training

We will identify and log all training undertaken jointly by the PC. This will be shown on meeting agendas.

Members will notify the Pensions Administrator in the EAPF team of any additional training they have undertaken.

This information will be used to produce annual training certificates for all members and officers of the EAPF and will be included in the annual report.

Shadow and Deputy Board members are encouraged to keep a log of their training but a training certificate will not be generated for them and their training will not be reported in the annual report.

Officers will keep a personal record of training that they have undertaken on the relevant Environment Agency performance management system.

Setting targets for training and reporting on progress

To help meet the objectives of our training policy we will set the following targets and measure against these:

- All PC members and officers have personalised training plans, ensuring refresher training on the key elements takes place for each individual at least every three years
- At least 80% of the required PC members and officers attend the planned training sessions that are deemed essential to meeting these policy requirements.
- Each PC member and officer attend at least one day of general awareness pension training or LGPS-specific training events in addition to essential training sessions.
- EAPF arrange an induction session within 1 month of a new member joining the PC.
- All new starters to the PC will have completed 4 days of LGPS pension training in the first 12 months of being on the PC, which helps provide them with an understanding of their role as a PC member.

We will report on our progress against these targets once a year to the PC. We will also include in the report relevant feedback on training from other reports, for example the independent review of our governance arrangements, the report on the results of the governance effectiveness questionnaires and internal audit reports. We will also report on our progress on training in our annual report.

Key Risks

The key risks to the delivery of this Policy are outlined below:

- Changes in PC membership and/or senior managers of the EAPF Management Team potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by PC members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being to an acceptable standard.