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2022 LGPS National Knowledge Assessment

Oxfordshire Pension Fund

Contents

Overview

The LGPS National Knowledge Assessment (NKA) provides LGPS funds with a direct insight into the knowledge and skills of their key decision makers and oversight body.

In addition, funds get a 'sense check' of this knowledge position against other participating funds via the benchmarking reports provided.

16 LGPS funds and over 200 members have participated in this National Knowledge Assessment of Pension Committee ('Committee') and Pension Board ('Board') members.

The findings from this assessment provide a quantitative report of the current knowledge levels of the individuals responsible for running the Fund, aiding the development of more appropriately targeted and tailored training plans for both groups.

This report is also a key document in evidencing your Fund's commitment to training – a key cornerstone to the good governance of your Fund.

Background

The Oxfordshire Pension Fund ("the Fund") agreed to participate in the NKA using our online assessment.

This report provides an overview of the participants' results broken down into 8 key areas.

The online assessment opened at the end of September and closed in November, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

The questions posed in the assessment are split into 3 categories.

• Technical questions
• Roles and responsibilities
• Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The National Knowledge Assessment is a challenging multiple-choice assessment of participants' knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members' knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and The Pensions Regulator's (TPR) Code of Practice.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance. All topics which require a level of knowledge and understanding from the Committee.

Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Committee decisions.

The Assessment

The members of the Oxfordshire Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 10 respondents from the Committee and 6 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	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 allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The Fund's overall ranking against other participating LGPS funds.

- The average score for each of the 8 subject areas, for both the Committee and Board.

- Results split by the categories of "**technical**", "**roles and responsibilities**" and "**decision making**".

- Each average score benchmarked for both groups against the other NKA participant funds' Committee and Board for each of the 8 subject areas.

- Each score compared with the results of the previous assessment in 2020, to show growth or regression in each area.

- Engagement levels for both the Committee and Board and how these levels rank against other LGPS funds.

- The most requested topics for training.

Based on the results and the responses received from participants, we have also completed a proposed training plan for the Fund over the next 18 months, as well as some other "next steps" to consider.
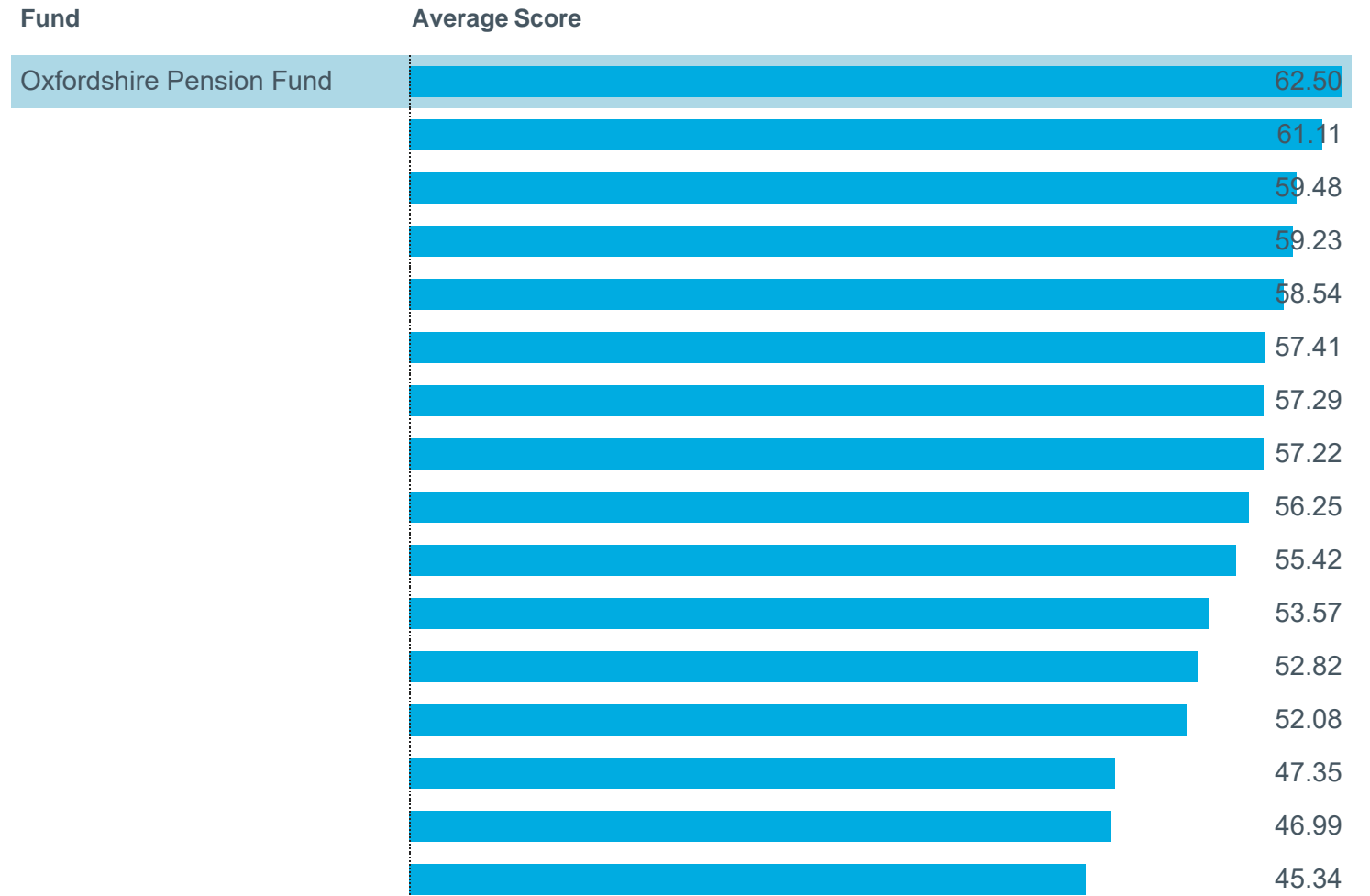
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Overall Results

The chart on the right shows how the overall average score for your Fund compares with that of all other funds who took part in the Assessment. The "score" shown is the average score of all participating Committee and Board members from each Fund.

The Oxfordshire Pension Fund is in position 1 out of 16 Funds.

For each of the assessment's 8 areas we have shown the results of both the Committee and Board.

There is also a summary showing the average scores across all sections for the Committee and Board.

Fund	Average Score
Oxfordshire Pension Fund	62.50
	61.11
	59.48
	59.23
	58.54
	57.41
	57.29
	57.22
	56.25
	55.42
	53.57
	52.82
	52.08
	47.35
	46.99
	45.34

Average Score for Board & Committee
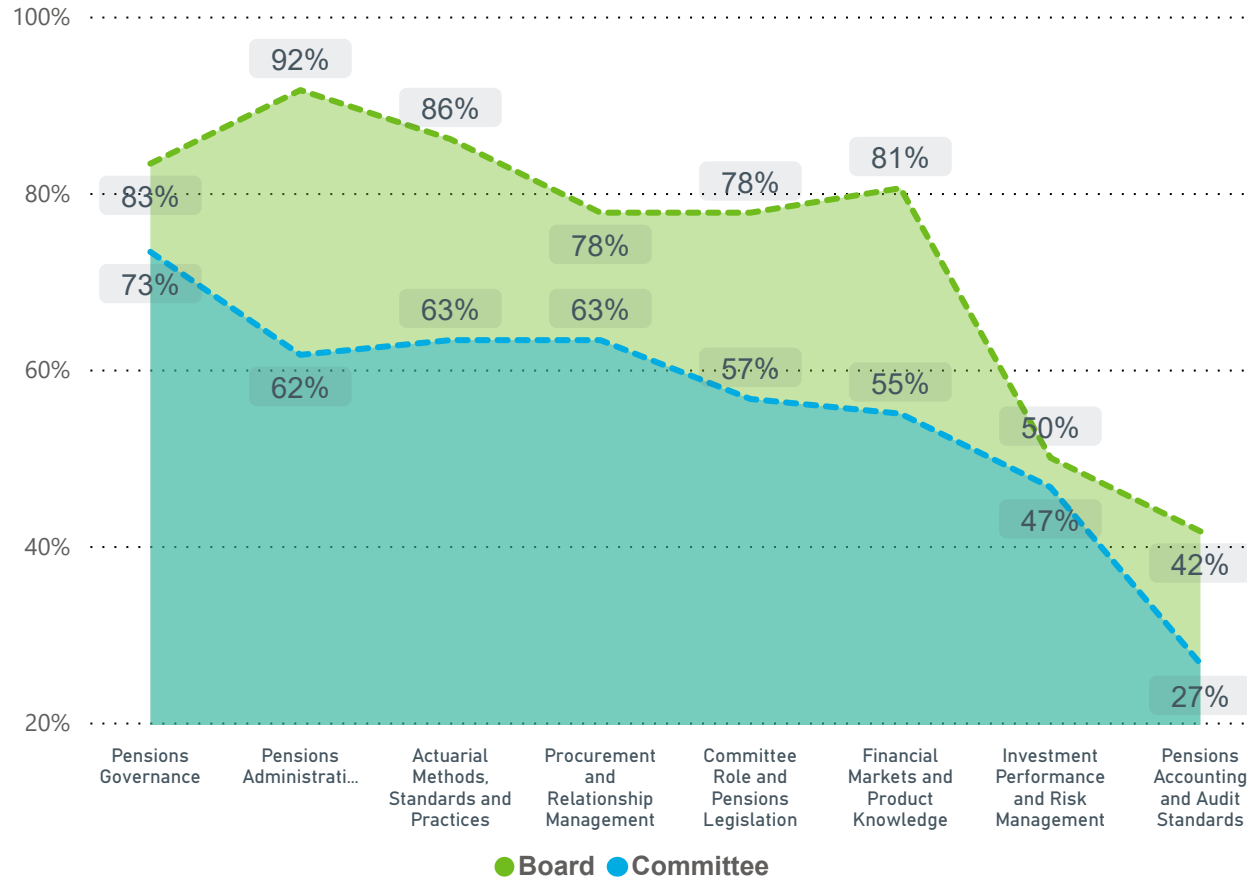
For each of the assessment's 8 areas, we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 74%) was stronger than that of the Committee (average overall score of 56%).

- The performance for the Committee and Board diverged the most in the Pensions Administration section, when Board results were 30% higher than the Committee.

- The Committee performed most strongly in the area of Pensions Governance and Procurement and Relationship Management.

- The board's areas of strongest Knowledge were Pensions Administration and Actuarial Methods, Standards and Practices.

- Overall, for both groups, the area with least knowledge was Pensions Accounting and Audit Standards.
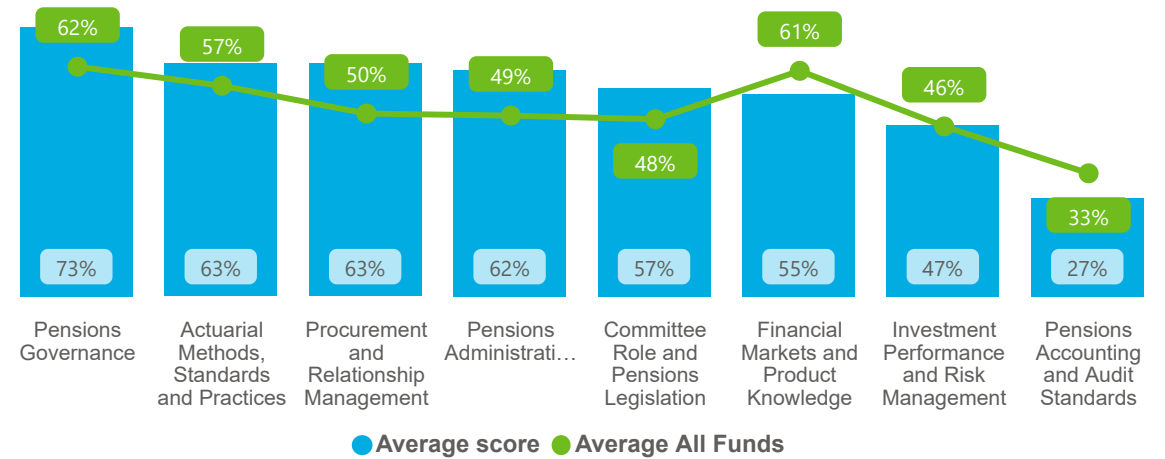
Benchmarking

As this assessment is being conducted at a national level across numerous LGPS funds, we are able to provide details of how your Fund's results compare to those across the average of all funds who have taken part to date.

We've provided a comparison of the results for both your Fund's Committee and Board, versus the average scores nationally for each group. This gives an idea of the knowledge levels across these groups, relative to the national average.
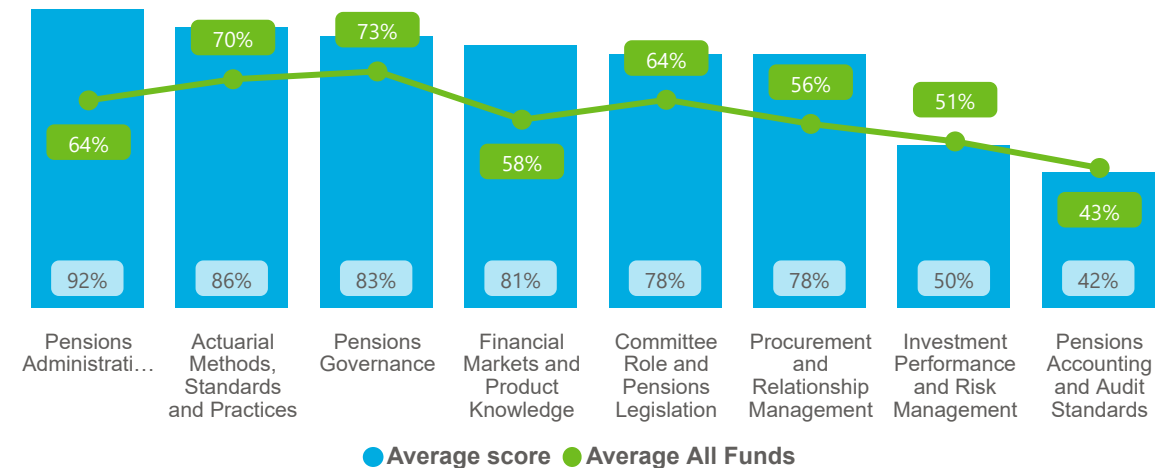
The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

- It's pleasing to see that the areas of Pensions Governance and Procurement and Relationship Management scored well for the Committee.

- It's clear that there are some areas where knowledge levels are lower than hoped for, and these areas of Investment Performance and Risk Management and Pensions Accounting and Audit Standards would be a sensible focus of training for the Committee.

- Similarly, from the Board chart it can be seen that the highest scoring areas were Pensions Administration and Actuarial Methods, Standards and Practices.

- The Scores between Oxfordshire Pension Fund and all other Funds diverged the most in the Pensions Administration, when the Average score was 28% higher than Average All Funds.

- Across all sections, Oxfordshire Pension Fund Board score ranged from 42% to 92% and the average for all other funds ranged from 43% and 73%.

Pension Commitee Average vs. Average All Funds

	Pensions Governance	Actuarial Methods, Standards and Practices	Procurement and Relationship Management	Pensions Administrati…	Committee Role and Pensions Legislation	Financial Markets and Product Knowledge	Investment Performance and Risk Management	Pensions Accounting and Audit Standards
Average All Funds	62%	57%	50%	49%	48%	61%	46%	33%
Average score	73%	63%	63%	62%	57%	55%	47%	27%

● Average score ● Average All Funds

Pension Board Average vs. Average All Funds

	Pensions Administrati…	Actuarial Methods, Standards and Practices	Pensions Governance	Financial Markets and Product Knowledge	Committee Role and Pensions Legislation	Procurement and Relationship Management	Investment Performance and Risk Management	Pensions Accounting and Audit Standards
Average All Funds	64%	70%	73%	58%	64%	56%	51%	43%
Average score	92%	86%	83%	81%	78%	78%	50%	42%

● Average score ● Average All Funds
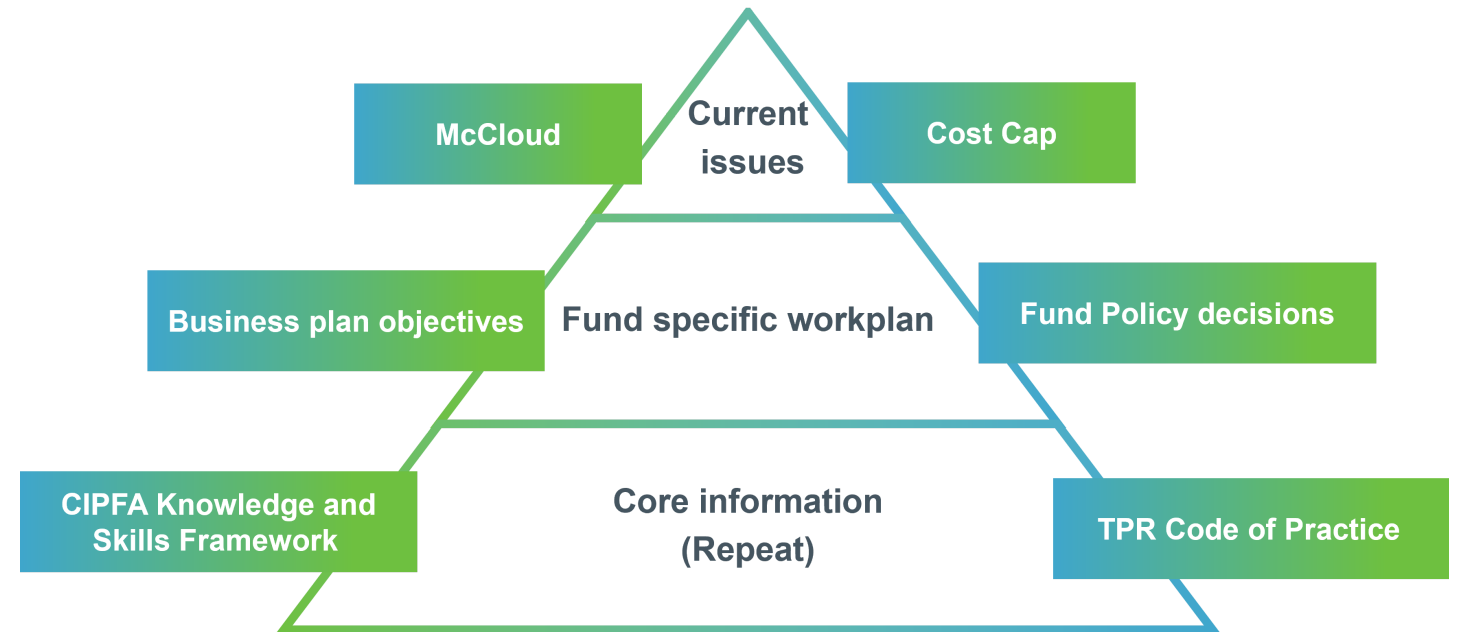
Commentary on results

It's encouraging that 16 participants from your Fund took part in the assessment. Overall, the results were positive and it's clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.

McCloud

Current issues

Cost Cap

Business plan objectives

Fund specific workplan

Fund Policy decisions

CIPFA Knowledge and Skills Framework

Core information (Repeat)

TPR Code of Practice

Commitee

The results show that Pensions Governance and Procurement and Relationship Management have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Committee. Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards.

In general, the Committee's performance relative to all other committees was strong.

When looking at the benchmarking results against the other participating funds, the Committee ranked 5 out of 16 Funds' Committee results.

Local Pension Board

The results show that Pensions Administration and Actuarial Methods, Standards and Practices have the highest levels of knowledge, but the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Board.

Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards. The Board's performance relative to all other committees was strong. In terms of benchmarking results against the other participating funds, the Board ranked 2 out of 16 Funds' Board results.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.

- ● Technical — 57%
- ● Decision Making — 45%
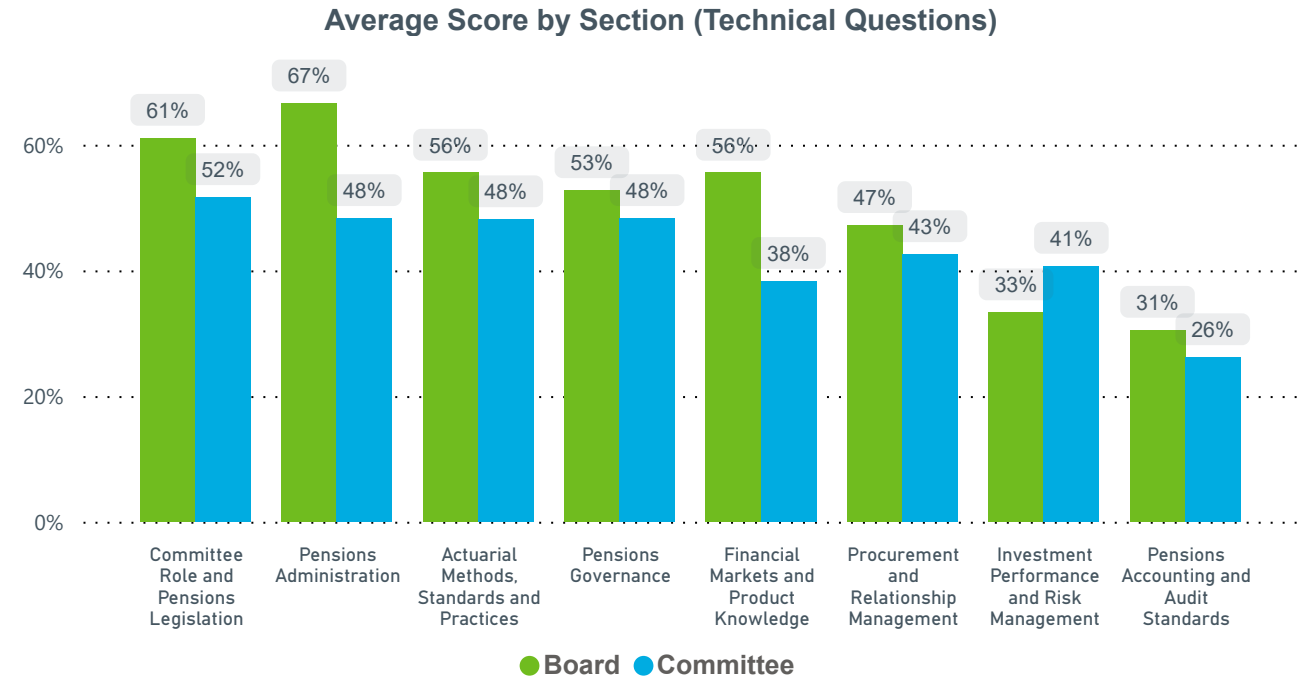- ● Roles & Responsibilities — 56%

From this chart, the lowest scoring area was **Decision making**. Bearing this in mind, a particular focus could be put on this over the coming months.

Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different parties covering different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDRP process, review of suppliers and cyber risk.

Technical – below, we have also included more detail on the technical questions, as these made up the majority of questions in the assessment.

Average Score by Section (Technical Questions)

Section	Board	Committee
Committee Role and Pensions Legislation	61%	52%
Pensions Administration	67%	48%
Actuarial Methods, Standards and Practices	56%	48%
Pensions Governance	53%	48%
Financial Markets and Product Knowledge	56%	38%
Procurement and Relationship Management	47%	43%
Investment Performance and Risk Management	33%	41%
Pensions Accounting and Audit Standards	31%	26%

● Board ● Committee

Pensions Accounting and Audit Standards was the lowest scoring section when looking at just the technical questions. This may be an area which is prioritised in terms of more technical training over the coming months.

Comparison with 2020 Results

The Oxfordshire Pension Fund also took part in the 2020 National Knowledge Assessment. The results for each of the 8 topics can be compared to measure progress in each area.

This is shown in the following charts.

The average score for each topic this year is compared with that from the 2020 assessment. This has been broken down to show the results for the Committee and Board separately.

It's worth noting that while there will be differences in the members who actually participated in each assessment, it's the collective knowledge of each group which is important.

The area which knowledge appears to have developed most for the Committee concerns Actuarial Methods, Standards and Practices which is encouraging.

On the other hand, knowledge levels seem to have regressed in Pensions Accounting and Audit Standards.

Committee Results

Bar chart comparing 2020 and 2022 Committee results by topic:

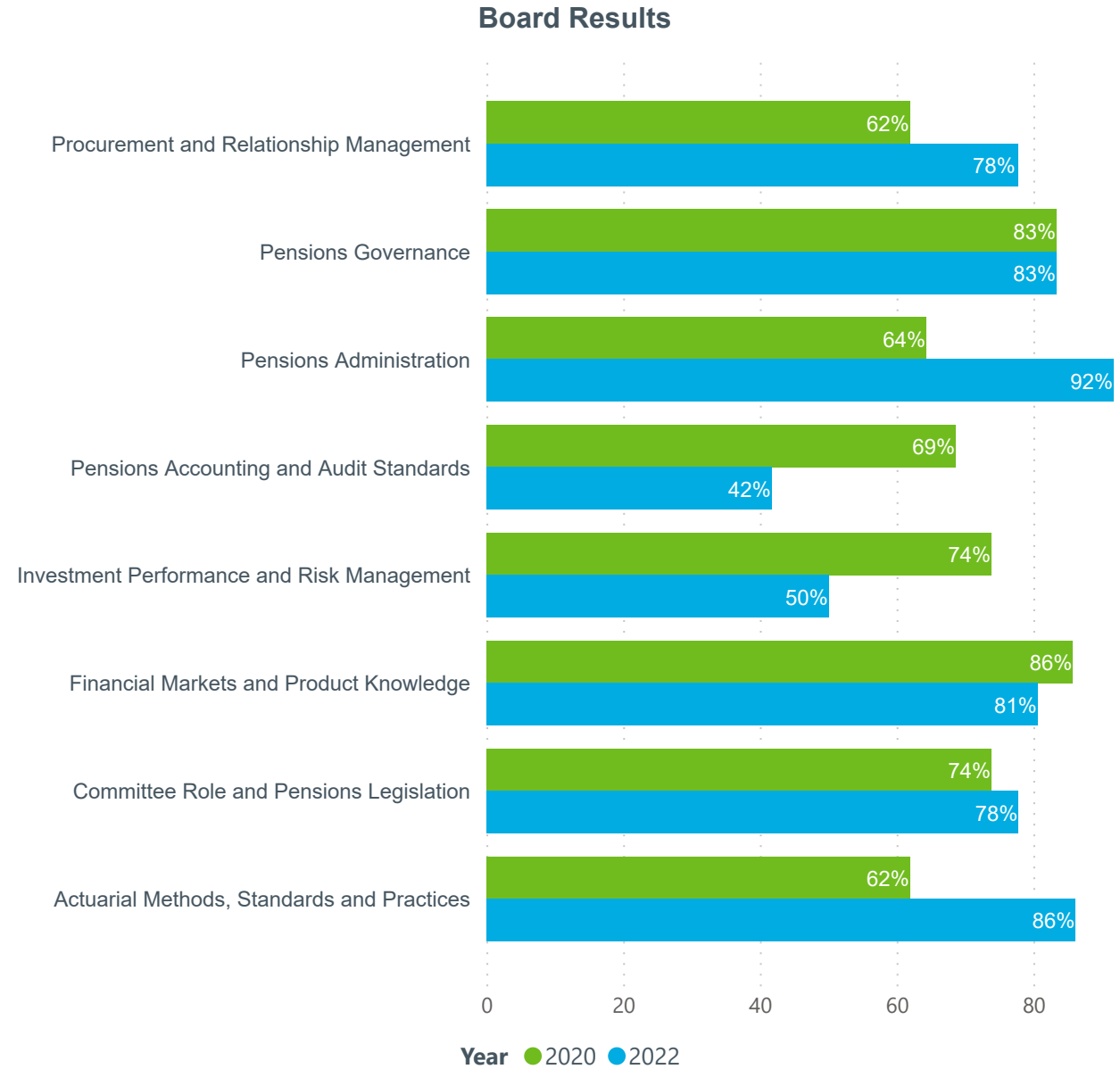| Topic	2020	2022
Procurement and Relationship Management	61%	63%
Pensions Governance	53%	73%
Pensions Administration	56%	62%
Pensions Accounting and Audit Standards	63%	27%
Investment Performance and Risk Management	61%	47%
Financial Markets and Product Knowledge	75%	55%
Committee Role and Pensions Legislation	42%	57%
Actuarial Methods, Standards and Practices	39%	63%

Year ● 2020 ● 2022

Board Results

The same comparison can be made for the Board. The chart on the right shows these results.

The area which knowledge appears to have developed most for the Board concerns Pensions Administration which is encouraging. On the other hand, knowledge levels seem to have regressed in Pensions Accounting and Audit Standards.

It's worth noting that the underlying questions have changed between both assessments, and for the 2022 assessment there was an additional option given to answer "I have no knowledge of this area", whereas in 2020 that option was not there.

This might account for some small differences in the results.

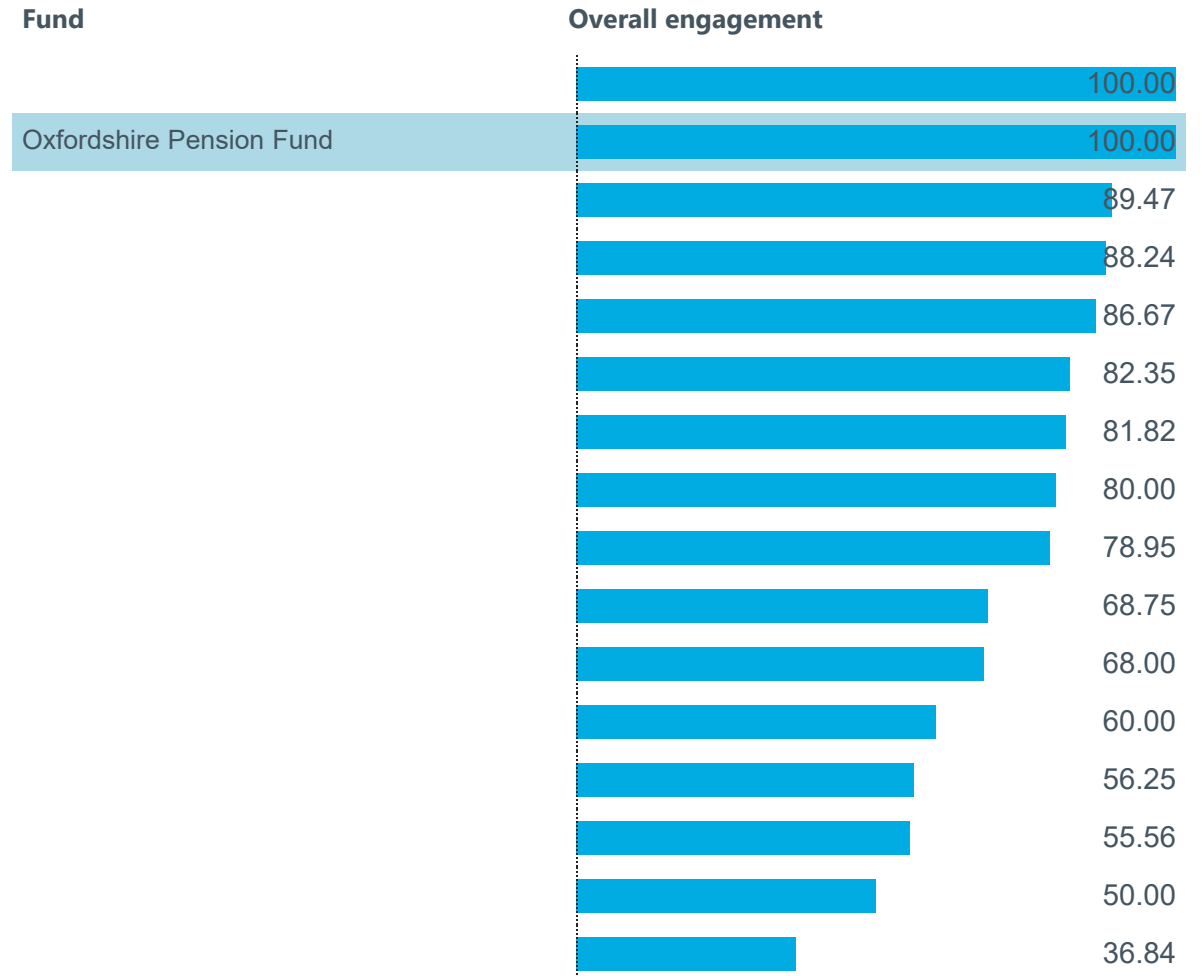| Category	2020	2022
Procurement and Relationship Management	62%	78%
Pensions Governance	83%	83%
Pensions Administration	64%	92%
Pensions Accounting and Audit Standards	69%	42%
Investment Performance and Risk Management	74%	50%
Financial Markets and Product Knowledge	86%	81%
Committee Role and Pensions Legislation	74%	78%
Actuarial Methods, Standards and Practices	62%	86%

Year ● 2020 ● 2022

Engagement

One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, member engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

The chart below shows the breakdown of the total number of participants from the Oxfordshire Pension Fund, as a proportion of those who could have responded.

Role	Participants	Total Number	2022 Participation Rate	2020 Participation Rate
Committee	10	10	100%	55%
Board	6	6	100%	100%
Total	**16**	**16**	**100%**	**78%**

Fund | **Overall engagement**

Oxfordshire Pension Fund — 100.00

Bar chart values: 100.00, 100.00, 89.47, 88.24, 86.67, 82.35, 81.82, 80.00, 78.95, 68.75, 68.00, 60.00, 56.25, 55.56, 50.00, 36.84

Engagement

That 16 participants from your Fund took part in the assessment is highly encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be at a good level; however, it is important to maintain this, particularly in the current climate where face-to-face meetings and delivery of training sessions might be in hybrid format for some time to come.

One of the biggest challenges in this area is how to improve engagement. The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

The table on the right summarises the areas in which members indicated training would be beneficial.

A suggested training plan will be sent alongside this report.

Training requirements

● Board   ● Committee

Topic	Board	Committee
Cyber security	4	5
Pensions Accounting and Audit Standards	5	4
Actuarial Methods, Standards and Practices	5	3
Pensions Governance	3	5
Investment Performance and Risk Managem...	3	4
McCloud impacts	4	3
Pension Scams	2	5
Committee Role and Pensions Legislation	3	3
Financial Markets and Product Knowledge	2	4
Pension Dashboards	4	2
Pensions Administration	3	3
Task Force on Climate-related Financial Discl...	3	3
The Pensions Regulator Code of Practice	4	2
Good Governance	2	3
Illiquid asset training	3	2
Levelling up and impact investing	3	2
Procurement and Relationship Management	2	3
Section 13	2	3
Environmental, Social and Governance / Res...	3	1
LGPS Code of transparency	1	2
Cost transparency	1	0
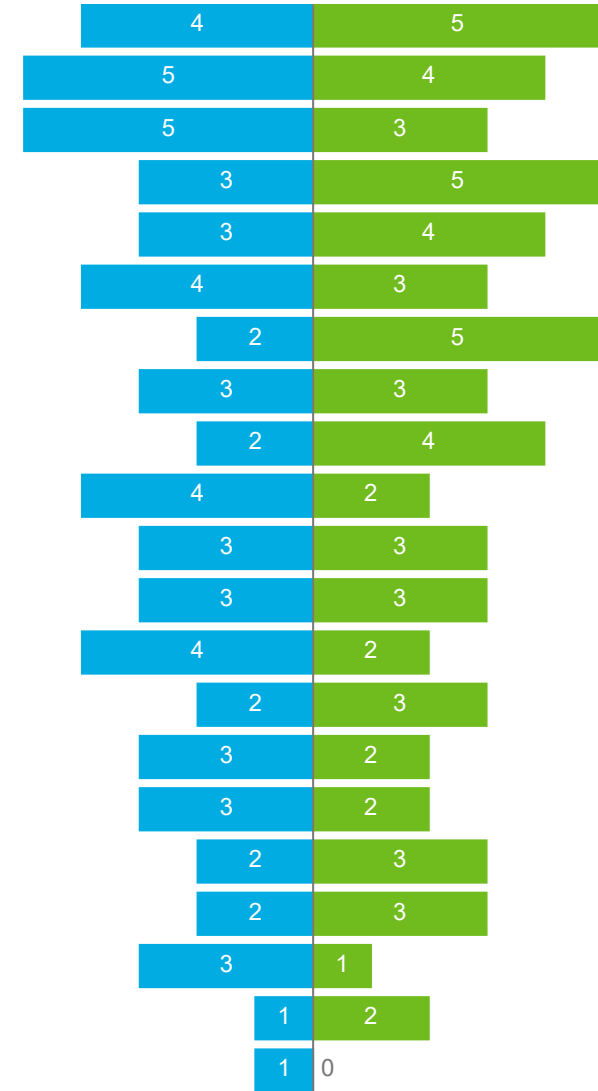
Next Steps

Based on the results, we would suggest that there should be consideration
to the following next steps:

- This report should be **reviewed** by the Fund's officers and results shared with the Committee and Board.

- Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.

- Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.

- Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.

- **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.

- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.

- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose.

We will be producing a national LGPS report on the results of these assessment, which will aid Scheme Advisory Board LGPS training discussions.

A copy of this will be made available to the Fund when that report is complete.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by Hymans Robertson LLP.

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Reliances and Limitations

This report has been prepared for the Oxfordshire Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of November 2022.