

## **PENSION FUND COMMITTEE – 2 DECEMBER 2022**

### **REVIEW OF THE ANNUAL BUSINESS PLAN 2022/23 – SUPPLEMENTARY PAPER**

#### **Introduction**

1. As referred to in paragraph 26 of the main report, this is the supplementary paper covering the draft results of the recent National Knowledge Assessment exercise.
2. Pension Fund Committee and Local Pension Board Members face different requirements for gaining and maintaining knowledge and understanding. This reflects that their remit and responsibilities originate from different pieces of legislation. Knowledge requirements falling on Board members are defined statutorily under section 248a of the Public Service Pensions Act 2013 and are personal to each individual. Learning requirements for Committees have been less stringently defined in legislation and currently fall collegiately on Committees as collective bodies rather than on their members as individuals. This though is being reviewed as part of the Good Governance proposals which are currently with the relevant Government Minister awaiting publication.
3. Though their learning obligations under legislation are different, Committee and Board members share significant common ground in terms of the sphere of knowledge and understanding they need to be conversant with. Across the range of Technical Knowledge and Skills Frameworks it has published to date, CIPFA has identified a syllabus of 8 core areas of knowledge under the CIPFA Knowledge and Skills Framework (2021) for LGPS Committee Members and LGPS Officers. These 8 core areas are as follows:
  - i) Pensions Legislation and Guidance;
  - ii) Pensions Governance;
  - iii) Fund Strategy and Actuarial Methods;
  - iv) Pensions Administration and Communications;
  - v) Pensions Financial Strategy, Management Accounting, Report and Audit Standards;
  - vi) Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management;
  - vii) Financial markets and product;
  - viii) Pension Services Procurement, Contract Management and Relationship Management;
4. There is a separate technical knowledge and skills framework which is CIPFA Local Pension Boards (2015) with the following 8 core areas:
  - i) Pensions Legislation;
  - ii) Pensions Governance;

- iii) Pensions Administration;
- iv) Pensions Accounting and Auditing Standards;
- v) Pension Services Procurement and Relationship Management;
- vi) Investment Performance and Risk Management;
- vii) Financial Markets and Product Knowledge;
- viii) Actuarial Methods. Standards and Practices.

## **2022 LGPS National Knowledge Assessment Results**

5. Hymans Robertson have now co-ordinated and produced the results which are contained in the Annex to this report.
6. The assessment consisted of 48 multiple choice questions across 8 key areas, with each question containing the option "I currently have no knowledge relating to this topic" to discourage individuals guessing answers and therefore potentially distorting the results. The 8 areas covered were:
  - a) Committee Role and Pension Legislation
  - b) Pensions Governance
  - c) Pensions Administration
  - d) Pensions Accounting and Audit Standards
  - e) Procurement and Relationship Management
  - f) Investment Performance and Risk Management
  - g) Financial Markets and Product Knowledge
  - h) Actuarial Methods, Standards and Practices
7. Oxfordshire Pension Fund came top with a score of 62.5 from a total of 16 funds which completed the assessment. The Fund had 100% engagement with all Committee and Board members completing the assessment.
8. Similar to last year, the Board outscored the Committee in all 8 areas, reflecting the fact that the Board has a greater percentage of longer serving members, as well as the Independent Chair who is the Head of Pensions at the Gloucestershire Fund. The area of greatest divergence was in relation to 'Pensions Administration', where the Board scored 30% higher than the Committee. The overall scores for the Board and Committee were 74% and 56% respectively.
9. The areas of 'Investment Performance and Risk Management' and 'Pensions Accounting and Audit Standards' were the lowest scoring for both the Committee and the Board, and hence would be the sensible focus for future training.
10. Based on the results of this assessment and with individual Committee and Board results, a training plan will be developed which will be presented to the Committee at the March meeting.
11. In summary, the assessment demonstrates both excellent levels of knowledge and skills of both the Committee and Board, together with exemplary engagement. Nevertheless, improvements are still necessary in some areas and those will be prioritised in the training plan which is to be developed.

Lorna Baxter  
Director of Finance

Contact Officer: Mukhtar Master  
Tel: 07732 826419

December 2022