

LONDON BOROUGH OF LAMBETH

PENSION FUND - Training Policy



October 2021

1. Introduction

- 1.1. The London Borough of Lambeth, as administering authority for the Pension Fund, recognises that effective management, governance, decision-making and other aspects of the delivery of the Local Government Pension Scheme (LGPS) can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
- 1.2. The purpose of this Training Policy is to outline how the knowledge and skills of those responsible for Fund management, or those with a decision-making, scrutiny, or oversight role, are acquired, retained, and developed. The Policy is guided by reference to a comprehensive framework of knowledge and skills requirements as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its LGPS Knowledge and Skills Framework.
- 1.3. Lambeth Council will ensure that it has adequate resources in place to ensure all those responsible for management, decision-making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.

2. Policy Objectives and Application

- 2.1. The Pension Fund's overall objectives relating to the knowledge and skills of those responsible for Fund management are as follows:
 - The Pension Fund must be managed, and its services delivered by individuals who have the appropriate knowledge and expertise, and that knowledge and expertise must be maintained in a constantly changing environment.
 - The individuals responsible for managing the Pension Fund must have sufficient expertise to be able to evaluate and challenge the advice they receive, manage conflicts of interest, and ensure their decisions are robust and evidence based.
 - The Pension Fund and its stakeholders must be aware of, and understand, their roles and responsibilities under the LGPS regulations and within the terms of reference as set by the administering authority or Fund as relevant.
- 2.2. In delivering these objectives the Fund will have due regard to all relevant statutory guidance and legislation, and best practice guidance as appropriate, including the following:

- MHCLG statutory guidance;
- MiFID II framework;
- The Pensions Regulator Code of Practice;
- The CIPFA Code of Practice on LGPS Knowledge and Skills;
- The CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers; and
- CIPFA’s Local Pension Boards: A Technical Knowledge and Skills Framework.

2.3. This Policy applies to all members of the Pensions Committee and Pensions Board, and to all officers of the Fund as commensurate with their respective roles.

3. Required Competencies

3.1. The LGPS is a complex and multi-faceted scheme where the knowledge and skills requirements of Pensions Committee members, Pensions Board members, and Fund officers will be wide ranging and cross several disciplines. In this section the key areas of knowledge for the Pensions Board, Pensions Committee, and Fund officers, are set out according to legislation and best practice guidance.

Pension Board

3.2. Pension Board members are required by law to be conversant with the rules of the Fund and documents relating to its administration; this will bring Board members into contact with matters relating to investments, actuarial valuations, third party provision, scheme assurance, accounting and auditing. The Pensions Regulator’s Code of Practice sets out the knowledge and skills requirements of the Pensions Board, and these can be grouped into eight areas of knowledge and skills as below:

Pensions Board – Key Areas of Knowledge
Pensions Legislation
Public Sector Pensions Governance
Pensions Administration
Pensions Accounting and Auditing Standards
Financial Services Procurement and Relationship Management
Investment Performance and Risk Management
Financial Markets and Product Knowledge
Actuarial Methods, Standards and Practices

- 3.3. A breakdown of the key elements of expertise within each of the above areas of technical knowledge can be found in Annex 1; Pension Board members are expected to undergo training and development to work towards and attain these key skills, and be able to evidence their training.

Pensions Committee and Fund Officers

- 3.4. All members of the Pensions Committee are expected to have appropriate knowledge and skills relating to their LGPS duties. However, Committee members need to have a less detailed knowledge of the specifics and should instead take a holistic view – one that is strategic and concentrates on the principals involved, and their roles and responsibilities as set out in the Committee’s Terms of Reference.
- 3.5. It is considered appropriate to consider the skills and knowledge of the Committee as a collective for the purposes of enabling the Committee as a whole to properly exercise its delegated responsibilities; as such, although desirable, it is not necessary for every member of the Committee to be able to demonstrate individually that they meet all the expected knowledge and skills competencies. However, the Fund must still be able to evidence that the combined knowledge and understanding of the Committee allows them to properly exercise their responsibilities.
- 3.6. Senior Fund Officers, including the Chief Finance Officer (CFO) are subject to professional standards and, in the case of the CFO, has a statutory responsibility in relation to the proper administration of the financial affairs of the Fund. This must be evidence through regular, continued professional development.
- 3.7. The CIPFA Code of Practice on LGPS Knowledge and Skills identifies the following core technical areas where appropriate knowledge and skills should be achieved and maintained for the Pensions Committee and Senior Fund Officers.

Pensions Committee and Senior Fund Officers – Key Areas of Knowledge
Pensions Legislation and Guidance
Pensions Governance
Funding Strategy and Actuarial Methods
Pensions Administration and Communications
Pensions Financial Strategy, Management, Accounting, Reporting, & Audit Standards
Investment Strategy, Asset Allocation, Pooling, Performance & Risk Management
Financial Markets and Products
Pension Services Procurement, Contract Management & Relationship Management

- 3.8. A breakdown of the key elements of expertise within each of the above areas of technical knowledge can be found in Annex 2 for the Pensions Committee, which splits knowledge into those areas where an awareness of a subject matter is sufficient, where a general understanding is required, and where a strong understanding is required (though not necessarily at a detailed level). The knowledge and skills of the Committee can be considered as a collective, as long as individual knowledge is appropriate for the purposes of enabling an individual member to properly exercise their delegated responsibilities.
- 3.9. A breakdown of the key elements of expertise within each of the above areas of technical knowledge can be found in Annex 3 for the Fund Officers, which splits knowledge into those areas where a strong understanding is required (though not necessarily at a detailed level), a detailed level of knowledge is required, and an expert level of knowledge is required. The knowledge requirement can be collective amongst officers in various roles; for example, the Head of Treasury and Pensions should have expert knowledge in investment areas, the Head of Payroll and Pensions should have expert knowledge in administration areas, whilst the CFO should have expert knowledge in governance matters.

4. Delivery of Training

- 4.1. Consideration will be given to various resources and methods in delivering training to members of the Pension Committee and Board, and officers, in order to achieve efficiencies and cost savings; methods will also be developed in response to feedback and according to the needs of those being trained, as applicable. Such methods may include but are not restricted to the following:

Training Delivery Methods
In-house training days
External courses, seminars and conferences offered by industry-wide bodies
Online training including webinars
Self-directed training: online knowledge portals including the TPR Trustee Toolkit, the Hymans Robertson LGPS Online Learning Academy or other e-learning facilities
Joint training delivered with other Funds/stakeholders
Reading material/documentation/information
Professional qualifications, particularly those relevant to senior officers including CIPFA/ACCA/CISI/CIPP etc.

- 4.2. An annual Training Plan will be developed for the Committee and Board and presented at their first respective meetings of each financial year, together with this Policy. The Plan will set out the key training sessions to be delivered to members over the forthcoming year.
- 4.3. Throughout the year officers will also recommend a wide variety of external training and learning opportunities that may be of particular interest to members and that correlate to current strategic issues.
- 4.4. Senior officers of the Fund will provide support on an ongoing basis to the Pensions Committee and Pensions Board, sharing relevant materials or answering queries as relevant.
- 4.5. The Fund will also seek to commission training from its investment consultant, actuary, custodian and/or its fund managers where specific and tailored training can be delivered relevant to the Fund’s Business Plan and general strategic direction.
- 4.6. Induction training will be provided to all new members of the Pensions Committee, Pensions Board, and senior Fund officers, which will cover the requirements of the Training Policy alongside guidance and information relating to their role. Methods of delivery will vary according to the individual and role, but will usually involve the equivalent of a full day’s training delivered by the Fund’s actuary or investment consultant.

5. Monitoring and Review of Training

- 5.1. The Fund must assess on an ongoing basis whether members and senior officers have the required knowledge and skills to undertake their roles and, in order to achieve this, the following activities are undertaken:

Monitoring and Ongoing Review of Training
Record of training attendance maintained by Fund officers
Tailored training plans
Self-assessment questionnaires/ skills audits
Regular communication between members and officers

- 5.2. Members of the Pensions Committee and Pensions Board must inform officers of all training and events they have attended, as well as any e-learning or self-directed learning needs analysis completed so that this information can be recorded, monitored, and acted on if required, particularly where skills gaps are identified, as per statutory guidance. Information should be sent periodically to Democratic Services and the Fund’s Governance and Compliance Officer, or upon request.

- 5.3. At least every two years a skills audit will be undertaken by officers for the Pensions Board and Pensions Committee, requiring members to complete a self-assessment questionnaire identifying strengths and weaknesses and highlighting common areas of training need. The results will inform the development of the annual Training Plan and any extra learning as required.
- 5.4. Training for Fund officers will be set as part of their continuing professional development and objective setting through the administering authority's annual appraisal process.

6. Reporting and Compliance

- 6.1. Records of the training delivered to the Pensions Committee, Pensions Board, and senior Fund officers will be reported on in the Fund's Annual Report each year; all members and officers are responsible for ensuring their training records are up to date.
- 6.2. The results of any skills audits and learning needs analyses will also be published as part of the Fund's Annual Report in the aggregate, to evidence the ongoing monitoring and review of skills and knowledge and performance against Policy objectives.
- 6.3. The Pensions Regulator has the right to review the Pension Fund's records to assess compliance with the requirement for Pensions Committee and Pensions Board members to have the appropriate level of knowledge to administer the Pension Fund. It has the power to issue an Improvement Notice as a result of non-compliance; failure to comply with such an Improvement Notice can result in financial penalties.
- 6.4. The CIPFA Code of Practice requires each administering authority to identify a named individual to be responsible for ensuring that their Training Policy is implemented, that compliance with the Policy is regularly monitored, and that the Policy adheres to overriding statutory and best practice requirements. For the London Borough of Lambeth, that individual is the Head of Treasury & Pensions.
- 6.5. The Head of Treasury and Pensions will act in accordance with the requirements of the Training Policy and, as a CIPFA member, in line with the CIPFA Standards of Professional Practice, where relevant.

7. Training Plan: 2021/22 and Beyond

7.1. The proposed training plan for the Pensions Committee and the Pensions Board for 2021/22 (and provisionally for 2022/23) is as below. This plan incorporates specific and tailored sessions relative to the Fund’s Business Plan and annual cycle, and is subject to change throughout the year; any changes will be reported to members accordingly.

Proposed Date	Training Subject	Provider
16 July 2021	LDI Refresher Training	Mercer
24 September 2021	Aligning with the Climate Transition – Net Zero Training	Mercer
December 2021	Valuation Training (1) – Process and Methodology	Hymans Robertson
March 2022	TPR Single Code – LGPS Impact and Implementation	TBC
July 2022	Cost Transparency, McCloud, Goodwin and Cost Sharing	TBC
November 2022	Valuation Training (2) - Whole Fund & Employer Results	Hymans Robertson

ANNEX 1

PENSIONS BOARD

TECHNICAL KNOWLEDGE AND SKILLS FRAMEWORK

<p>A. Pensions legislation</p>	<ol style="list-style-type: none"> 1. A general understanding of the pensions legislative framework in the UK. 2. An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, and investment. 3. An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers, and local taxpayers. 4. A regularly updated appreciation of the latest changes to the scheme rules.
<p>B. Pensions governance</p>	<ol style="list-style-type: none"> 1. Knowledge of the role of the administering authority in relation to the LGPS. 2. An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. 3. Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure. 4. Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers. 5. Awareness of the role and statutory responsibilities of the treasurer and monitoring officer. 6. Knowledge of the Myners principles and associated CIPFA and SOLACE guidance. A detailed knowledge of the duties and responsibilities of pension board members. 7. Knowledge of the stakeholders of the pension fund and the nature of their interests. 8. Knowledge of consultation, communication and involvement options relevant to the stakeholders. 9. Knowledge of how pension fund management risk is monitored and managed. 10. Understanding of how conflicts of interest are identified and managed. 11. Understanding of how breaches in law are reported.

<p>C. Pensions administration</p>	<ol style="list-style-type: none"> 1. An understanding of best practice in pensions administration, e.g. performance and cost measures. 2. Understanding of the required and adopted scheme policies and procedures relating to member data maintenance and record-keeping processes, internal dispute resolution, contributions collection and scheme communications and materials. 3. Knowledge of how discretionary powers operate. 4. Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes). 5. An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration. 6. An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider’s investment and fund performance report and the payment schedule for such arrangements.
<p>D. Pensions accounting and auditing standards</p>	<ol style="list-style-type: none"> 1. Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice. 2. Understanding of the role of both internal and external audit in the governance and assurance process. 3. An understanding of the role played by third party assurance providers.
<p>E. Pensions services procurement and relationship management</p>	<ol style="list-style-type: none"> 1. 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. 2. A general understanding of the main public procurement requirements of UK and EU legislation. 3. Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties. 4. An understanding of how the pension fund monitors and manages the performance of their outsourced providers.

<p>F. Investment performance and risk management</p>	<ol style="list-style-type: none"> 1. Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks. 2. Awareness of the Myners principles of performance management and the approach adopted by the administering authority. 3. Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.
<p>G. Financial markets and products knowledge</p>	<ol style="list-style-type: none"> 1. Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property). 2. Understanding of the role of these asset classes in long-term pension fund investing. 3. Understanding of the primary importance of the investment strategy decision. 4. 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. 5. An understanding of the limits placed by regulation on the investment activities of local government pension funds. 6. An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.
<p>H. Actuarial methods, standards and practices</p>	<ol style="list-style-type: none"> 1. A general understanding of the role of the fund actuary. 2. Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring. 3. Awareness of the importance of monitoring early and ill health retirement strain costs. 4. A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers. 5. A general understanding of the relevant considerations in relation to outsourcings and bulk transfers. 6. A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.

ANNEX 2

PENSIONS COMMITTEE

TECHNICAL KNOWLEDGE AND SKILLS FRAMEWORK

<p>A. Pensions legislation and guidance</p>	<p>General pensions framework</p> <ol style="list-style-type: none"> 1. A general understanding of the pensions legislative framework in the UK. 2. A general understanding of other legislation that is relevant in managing an LGPS fund, e.g. freedom of information, General Data Protection Regulation (GDPR) and local authority legislation. <p>Scheme-specific legislation</p> <ol style="list-style-type: none"> 3. A general understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including: <ul style="list-style-type: none"> - a general understanding of the LGPS Regulations 2013 - a general understanding of the LGPS (Management and Investment of Funds) Regulations 2016. 4. An awareness of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members. 5. A regularly updated awareness of the latest changes to the scheme rules and current proposals or potential changes to the scheme. <p>Guidance</p> <ol style="list-style-type: none"> 6. A general understanding of the requirements of statutory guidance from the responsible authority – MHCLG (England and Wales). 7. A general understanding of the requirements of The Pensions Regulator code of practice. 8. An awareness of the requirements of guidance from the Scheme Advisory Board. 9. An awareness of the requirements of guidance from GAD. 10. An awareness of other guidance relevant to the LGPS, such as from CIPFA.
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<p>B. Pensions governance</p>	<ol style="list-style-type: none"> 1. An awareness of the LGPS regulations’ main features, including any material developments and requirements relating to pension scheme governance. 2. An awareness of statutory and other guidance in relation to pension scheme governance, including MHCLG statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles. <p>Pension regulators, Scheme Advisory Board and other bodies</p> <ol style="list-style-type: none"> 3. A general understanding of how the roles and powers of MHCLG, TPR, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. A general understanding of the role of the Scheme Advisory Board and how it interacts with other bodies. <p>General constitutional framework</p> <ol style="list-style-type: none"> 4. A general understanding of the role of the administering authority in relation to the LGPS. A general understanding of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers. 5. An awareness of the role and statutory responsibilities of the CFO and monitoring officer. <p>Fund-specific governance</p> <ol style="list-style-type: none"> 6. A strong understanding of the roles, terms of reference and delegated responsibilities of the pension committee, the pension board, and any other delegated responsibilities to senior officers. 7. A general understanding of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent). 8. A general understanding of the stakeholders of the fund and the nature of their interests. A general understanding of who the key officers responsible for the management of the fund are, how the pension team is structured and how services are delivered. 9. A general understanding of the fund’s strategies, policies and other key documents. 10. A general understanding of best practice risk management, including how that supports a structured and focused approach to managing risks. This should include how risk is monitored and managed and the fund’s current key risks. 11. A general understanding of how conflicts of interest are identified and managed. 12. A strong understanding of how breaches in law are recorded and managed and, if necessary, reported to TPR, including each individual’s personal responsibility in relation to breaches.
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	<p>13. A general understanding of the fund’s knowledge and skills policy and associated training requirements.</p> <p>14. An awareness of the fund’s process for dealing with complaints, including its internal dispute resolution procedure.</p> <p>15. A general understanding of how the effectiveness of the fund’s governance is reviewed.</p> <p>Service delivery</p> <p>16. A general understanding of the required budget and resources needed to manage and administer the fund.</p> <p>17. A general understanding of the annual business planning cycle and budget setting. A general understanding of the fund’s key performance indicators and other performance measures.</p> <p>18. A general understanding of the fund’s business continuity policy and cyber security policy across all areas of fund activity, including administration.</p>
<p>C. Funding strategy and actuarial methods</p>	<p>1. An awareness of the LGPS regulations’ main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.</p> <p>2. A general understanding of the role of the fund actuary.</p> <p>3. A general understanding of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.</p> <p>4. A general understanding of the key risks to the fund relating to the funding strategy.</p> <p>Valuations</p> <p>5. A general understanding of the valuation process, including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.</p> <p>6. An awareness of the costs to the employer, including employer contributions and early retirement strain costs.</p> <p>7. An awareness of the different types of employers that participate in the fund</p> <p>8. A general understanding of the importance of employer covenant, the relative strengths of the covenant across the fund’s employers and how this impacts the funding strategy adopted.</p> <p>9. A general understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.</p> <p>10. A general understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (i.e. the cost management process/ Section 13 report).</p>

	<p>New employer and exits</p> <p>11. A general understanding of the implications of including new employers in the fund and of the exit of existing employers.</p> <p>12. A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.</p>
<p>D. Pensions administration and communications</p>	<ol style="list-style-type: none"> 1. An awareness of the LGPS regulations’ main features and requirements relating to: <ul style="list-style-type: none"> - administration and communications strategies - entitlement to and calculation of pension benefits - transfers in and out of the scheme - employee contributions - the delivery of administration and communications (including associated guidance). 2. A general understanding of the fund’s pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes. 3. A general understanding of the fund’s communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes. 4. A general understanding of best practice in pensions administration, e.g. performance and cost measures. 5. A general understanding of the fund’s processes and procedures relating to: <ul style="list-style-type: none"> - member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission - contributions collection. 6. An awareness of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances. 7. A general understanding of additional voluntary contribution (AVC) arrangements, including: <ul style="list-style-type: none"> - the AVC arrangements that exist - the choice of investments to be offered to members - the provider’s investment and fund performance, - the payment of contributions to the provider - the benefits that can be received by scheme members

	<ul style="list-style-type: none"> - how and when the AVC arrangements, including the investment choices, are reviewed.
<p>E. Pensions financial strategy, management, accounting, reporting and audit standards</p>	<ol style="list-style-type: none"> 1. A general understanding of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the fund’s accounts and annual report. 2. A general understanding of the various elements of income into and expenditure of the fund, including the operational budget. 3. A general understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings. 4. A general understanding of the role of both internal and external audit in the governance and assurance process.
<p>F. Investment strategy, asset allocation, pooling, performance and risk management</p>	<ol style="list-style-type: none"> 1. An awareness of the LGPS regulations’ main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance. <p>Investment Strategy</p> <ol style="list-style-type: none"> 2. A general understanding of the key risks that the fund is exposed to and how a fund’s investment strategy should be considered in conjunction with these risks. 3. A general understanding of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy. 4. A general understanding of the role of these asset classes in long-term pension fund investing. 5. A general understanding of the fund’s cash flow requirements and how these impact on the types of investments considered. <p>Investment pool (England and Wales)</p> <ol style="list-style-type: none"> 6. A general understanding of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool. 7. An awareness of the regulations, best practice and guidance relating to investment pooling and the delivery of the investment objectives of the administering authority/ pension committee by their chosen investment pool. 8. An awareness of the boundaries of investment activities (e.g. strategy requiring advice from a suitably qualified person, in-house investment transactions) and which investment activities require FCA authorisation.

	<p>9. A general understanding of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangement – in particular, reporting requirements, influence and accountability.</p> <p>10. A general understanding of the fund’s investment strategy statement and the investment pool’s interpretation and expected delivery of those investment objectives, including any objectives relating to environmental, social and governance factors.</p> <p>Total fund</p> <p>11. A general understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.</p> <p>Performance of the committee</p> <p>12. An awareness of the Myners principles and the need to set targets for the committee and to report against them.</p> <p>13. An awareness of the range of support services provided to the committee, who supplies them and the nature of the performance monitoring regime.</p> <p>Performance of the investment pool (England and Wales)</p> <p>14. An awareness of the investment regulations and the requirements for monitoring investments.</p> <p>15. A general understanding of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.</p> <p>Responsible investment</p> <p>16. An awareness of the latest developments and requirements in the area of responsible investment.</p> <p>17. An awareness of the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI) and whether the fund is a signatory of these.</p> <p>18. A general understanding of the fund’s approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund’s investment strategy.</p> <p>Risk management</p> <p>19. A general understanding about how to manage and reduce risk and lessen the impact of risk on assets when it arises, including climate risk.</p>
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<p>G. Financial markets and products</p>	<p>Financial markets</p> <ol style="list-style-type: none"> 1. A general understanding of the primary importance of the investment strategy decision. 2. A general understanding of the workings of the financial markets, the investment vehicles available to the pension fund and the nature of the associated risks. 3. An awareness of the restrictions placed by legislation on the investment activities of LGPS funds. <p>MiFID II</p> <ol style="list-style-type: none"> 4. A general understanding of MiFID II requirements relating to the knowledge of decision makers. <p>Investment pool (England and Wales)</p> <ol style="list-style-type: none"> 5. A general understanding of the investment pool operator’s approach to pooling and delivering access to the different asset classes and/or investment funds. 6. A general understanding of which assets and investments may sit outside of the investment pool and why their nature and characteristics permit this. 7. An awareness of how the fund interacts with the taxation system in the UK and overseas in relation to investments.
<p>H. Pension services procurement, contract management and relationship management</p>	<p>Understanding public procurement</p> <ol style="list-style-type: none"> 1. An awareness of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS. <p>Fund suppliers</p> <ol style="list-style-type: none"> 2. Awareness of the key decision makers in relation to the fund’s procurements. A general understanding of the fund’s suppliers and providers and their roles in the management of the fund. 3. An awareness of how the fund’s suppliers are monitored, including: <ul style="list-style-type: none"> - the Myners principles - the need for strategic objectives for investment consultants. <p>Supplier risk management</p> <ol style="list-style-type: none"> 4. A general understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting external suppliers and providers. A general understanding of how the pension fund monitors and manages the performance of their external suppliers and providers, including business continuity and cyber risk. <p>Investment pool (England and Wales)</p>

	<p>5. An awareness of the nature of the relationship with the investment pool parties and a general understanding of:</p> <ul style="list-style-type: none">- the extent of influence over the investment pool operator and oversight committee- the terms for terminating a pooling agreement- guidance on the requirement to pool investments.
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ANNEX 3

PENSION FUND OFFICERS

TECHNICAL KNOWLEDGE AND SKILLS FRAMEWORK

<p>A. Pensions legislation and guidance</p>	<p>General pensions framework</p> <ol style="list-style-type: none"> 1. A strong understanding of the pensions legislative framework in the UK, particularly: <ul style="list-style-type: none"> - Pensions Act 1995 - Pensions Act 2004 - Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 - Public Service Pensions Schemes Act 2013. 2. A strong understanding of other legislation that is relevant in managing an LGPS fund, e.g. freedom of information, GDPR and local authority legislation. <p>Scheme-specific legislation</p> <ol style="list-style-type: none"> 3. A detailed knowledge of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including: <ul style="list-style-type: none"> - Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 - Local Government Pension Scheme (Administration) Regulations 2008 - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 - Local Government Pension Scheme Regulations 2013 - Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. 4. A detailed knowledge of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members. 5. A detailed knowledge of the latest changes to the scheme rules and current proposals or potential changes to the scheme. 6. A strong understanding of how the scheme interfaces with other private and state pension provision. <p>Guidance</p> <ol style="list-style-type: none"> 7. A detailed knowledge of the requirements of statutory guidance from the responsible authority – MHCLG (England and Wales). 8. A detailed knowledge of the requirements of The Pensions Regulator code of practice.
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	<p>9. A detailed knowledge of the requirements of guidance from the Scheme Advisory Board.</p> <p>10. A strong understanding of the requirements of guidance from GAD.</p> <p>11. A strong understanding of other guidance relevant to the LGPS, such as from CIPFA.</p> <p>Tax legislation</p> <p>12. A strong understanding of pension scheme tax legislation and the UK pension scheme reporting framework, in particular:</p> <ul style="list-style-type: none"> - Finance Act 2004 - related statutory instruments.
<p>B. Pensions governance</p>	<p>1. A detailed knowledge of the LGPS regulations’ main features, including any material developments and requirements relating to the pension scheme governance.</p> <p>2. A strong understanding of statutory and other guidance relating to pension scheme governance, including MHCLG/SPPA/Department for Communities statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.</p> <p>Pension regulators, Scheme Advisory Board and other bodies</p> <p>3. A detailed knowledge of how the roles and powers of MHCLG/SPPA/Department for Communities, The Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p> <p>4. A detailed knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies.</p> <p>General constitutional framework</p> <p>5. A detailed knowledge of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers. A detailed knowledge of the role and statutory responsibilities of the CFO and monitoring officer.</p> <p>Fund-specific governance</p> <p>6. An expert knowledge of the roles, terms of reference and delegated responsibilities of the pension committee, the pension board and any other delegated responsibilities to senior officers.</p> <p>7. A detailed knowledge of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent).</p> <p>8. A detailed knowledge of the stakeholders of the fund and the nature of their interests.</p>

	<ol style="list-style-type: none"> 9. An expert knowledge of the role of key officers responsible for the management of the fund, how the pension team is structured and how services are delivered. A detailed knowledge of the fund’s strategies, policies and other key documents. 10. An expert knowledge of best practice risk management, including how that supports a structured and focused approach to managing risk. This should include how risk is monitored and managed and the fund’s current key risks. 11. An expert knowledge of how conflicts of interest are identified and managed. 12. An expert knowledge of how breaches in law are recorded and managed and, if necessary, reported to The Pensions Regulator, including each individual’s personal responsibility in relation to breaches. 13. An expert awareness of the fund’s knowledge and skills policy and associated training requirements. 14. A detailed knowledge of the fund’s process for dealing with complaints, including its internal dispute resolution procedure. 15. A detailed knowledge of how the effectiveness of the fund’s governance is reviewed. <p>Service delivery</p> <ol style="list-style-type: none"> 16. An expert knowledge of the required budget and resources needed to manage and administer the fund. 17. An expert knowledge of the annual business planning cycle and budget setting. An expert knowledge of the fund’s key performance indicators and other performance measures. 18. An expert knowledge of the fund’s business continuity policy and cyber security policy across all areas of fund activity, including administration.
<p>C. Funding strategy and actuarial methods</p>	<ol style="list-style-type: none"> 1. A detailed knowledge of the LGPS regulations’ main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance. 2. A detailed knowledge of the role of the fund actuary. 3. A detailed knowledge of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives. 4. A detailed knowledge of the key risks to the fund relating to the funding strategy. <p>Valuations</p> <ol style="list-style-type: none"> 5. A detailed knowledge of the valuation process, including:

	<ul style="list-style-type: none"> - the actual valuation processes - agreeing the financial and demographic assumptions - the development and publication of the funding strategy statement - signing off the rates and adjustment certificate - inter-valuation monitoring. <ol style="list-style-type: none"> 6. A detailed knowledge of the costs to the employer, including employer contributions and early retirement strain costs. 7. A strong understanding of the importance of employer covenant, the relative strengths of the covenant across the fund’s employers, and how this impacts the funding strategy adopted. 8. A strong understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy. 9. A strong understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (i.e. the cost management process/Section 13 report). <p>New employer and exits</p> <ol style="list-style-type: none"> 10. A strong understanding of the implications of including new employers into the fund and of the exit of existing employers. 11. A general understanding of the relevant considerations in relation to the different types of new employer, e.g. outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers. 12. A strong understanding of the requirements of HM Treasury’s ‘fair deal’ guidance and related guidance concerning outsourcing and bulk transfers. <p>Other issues</p> <ol style="list-style-type: none"> 13. A strong understanding of other pension arrangements, particularly with regard to staff transfers. 14. A strong understanding of the corporate and workforce ethos when working closely with HR colleagues to determine discretionary policies.
<p>D. Pensions administration and communications</p>	<ol style="list-style-type: none"> 1. A detailed knowledge of the LGPS regulations’ main features and requirements relating to: <ul style="list-style-type: none"> - administration and communications strategies - entitlement to and calculation of pension benefits - transfers in and out of the scheme - employee contributions - the delivery of administration and communications (including associated guidance). 2. A detailed knowledge of the fund’s pensions administration strategy, including how it is delivered (including, where applicable,

	<p>the use of third-party suppliers and systems), performance measures and assurance processes.</p> <ol style="list-style-type: none"> 3. A detailed knowledge of the fund’s communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes. 4. A strong understanding of best practice in pensions administration, e.g. performance and cost measures. 5. A detailed knowledge of the fund’s processes and procedures relating to: <ul style="list-style-type: none"> - member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission - contributions collection. 6. A strong understanding of how discretionary powers operate. 7. A strong understanding of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances. 8. A detailed knowledge of AVC arrangements, including: <ul style="list-style-type: none"> - the AVC arrangements that exist - the choice of investments to be offered to members - the provider’s investment and fund performance - the payment contributions to the provider - the benefits that can be received by scheme members - how and when the AVC arrangements, including the investment choices, are reviewed.
<p>E. Pensions financial strategy, management, accounting, reporting and audit standards</p>	<ol style="list-style-type: none"> 1. A detailed understanding of the Accounts and Audit Regulations and legislative requirements relating to role of the committee and individual members in considering and signing off the fund’s accounts and annual report. 2. A detailed knowledge of relevant pensions accounting standards as they apply to the scheme and to the employer: <ul style="list-style-type: none"> - Pensions SORP - FRS 102 (IAS 19) - iFReM. 3. A detailed understanding of the approach to pensions external audit as set down in APB Practice Note 15. 4. A detailed understanding of the various elements of income into and expenditure of the fund, including the operational budget. 5. A detailed understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.

	<ol style="list-style-type: none"> 6. A detailed understanding of the role of internal and external audit in the governance and assurance process. 7. A strong understanding of and compliance with the CIPFA Statement of Expertise as it applies to: <ul style="list-style-type: none"> - leadership and strategic management - governance, ethics and values - financial and performance reporting - audit and accountability - strategic and operational financial management - partnerships and stakeholder relations - change, risk and project management.
<p>F. Investment strategy, asset allocation, pooling, performance and risk management</p>	<ol style="list-style-type: none"> 1. A detailed knowledge of the LGPS regulations’ main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance. <p>Investment Strategy</p> <ol style="list-style-type: none"> 2. A detailed knowledge of the key risks that the fund is exposed to and how a fund’s investment strategy should be considered in conjunction with these risks. 3. A detailed knowledge of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy. 4. A detailed knowledge of the role of these asset classes in long-term pension fund investing. 5. A detailed knowledge of the fund’s cash flow requirements and how these impact on the types on investments considered. <p>Investment management</p> <ol style="list-style-type: none"> 6. A strong understanding of prevailing market conditions within UK and overseas equity markets and UK bond and property markets. 7. A strong understanding of the principles of portfolio construction within both bond and equity mandates. 8. A strong understanding of portfolio risk monitoring techniques. 9. A strong understanding of trading systems and practices within bond and equity markets. 10. A strong understanding of the importance of setting appropriate benchmark indices. <p>Investment pool (England and Wales)</p> <ol style="list-style-type: none"> 11. A detailed knowledge of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool.

	<p>12. A detailed knowledge of the regulations, best practice and guidance related to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.</p> <p>13. A detailed knowledge of the boundaries of investment activities (e.g. strategy requiring advice from a suitably qualified person, in-house investment transactions), and which investment activities require FCA authorisation.</p> <p>14. A detailed knowledge of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangements – in particular, reporting requirements, influence and accountability.</p> <p>15. A detailed knowledge of the fund’s investment strategy statement and the investment pool’s interpretation and expected delivery of those investment objectives, including any objectives in relation to environmental, social and governance factors.</p> <p>Total fund</p> <p>16. A strong understanding of the importance of monitoring asset returns relative to the liabilities and a strong understanding of ways of assessing long-term risks.</p> <p>17. A strong understanding of the merits of manager diversification.</p> <p>Performance of the committee</p> <p>18. A strong understanding of the Myners principles and the need to set targets for the committee and to report against them.</p> <p>19. A detailed knowledge of the range of support services provided to the committee, who supplies them, and the nature of the performance monitoring regime.</p> <p>Performance of the investment pool (England and Wales)</p> <p>20. A detailed knowledge of the investment regulations and the requirements for monitoring investments.</p> <p>21. A detailed knowledge of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.</p> <p>22. A detailed knowledge of the non-financial risks within the operation and relationship with the investment pool (operator, oversight committee and other parties) and how these can be mitigated or best managed.</p> <p>Responsible investment</p> <p>23. A detailed knowledge of the latest developments and requirements in the area of responsible investment.</p>
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	<p>24. A strong understanding of the UK Stewardship Code and the UNPRI and whether the fund is a signatory of these.</p> <p>25. A detailed knowledge of the fund’s approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund’s investment strategy.</p> <p>Risk management</p> <p>26. A strong understanding about how to manage and reduce risk and lessen the impact of risk when it arises, including climate risk.</p>
<p>G. Financial markets and products</p>	<p>Financial markets</p> <ol style="list-style-type: none"> 1. A detailed knowledge of the primary importance of the investment strategy decision. 2. A strong 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. 3. A strong understanding of the restrictions placed by legislation on the investment activities of LGPS funds. <p>MiFID II</p> <ol style="list-style-type: none"> 4. A strong understanding of MiFID II requirements relating to the knowledge of decision makers. <p>Investment strategy</p> <ol style="list-style-type: none"> 5. A strong understanding of long-term risk and return parameters of equity, bond and property markets and issues arising from short-term volatility. 6. A strong understanding of the effects on overall risk and return of combining these asset classes in the pension fund strategy. 7. A strong understanding of the relationship between the investment and funding strategies and the liabilities of the fund. 8. A strong understanding of ‘alternative’ asset classes available for pension fund investment (private equity, infrastructure, absolute return mandates, etc), including the practicalities of investing, prospective risks and returns and correlation with other asset classes. 9. A strong understanding of the costs and benefits of active and passive currency hedging strategies, including implementation issues. <p>Investment manager structures</p> <ol style="list-style-type: none"> 10. A strong understanding of the relative attractions of active and passive management across different asset classes.

	<p>11. A strong understanding of the role of active manager risk within the investment arrangements.</p> <p>12. A strong understanding of the concepts of ‘risk budgeting’, sources of return (alpha and beta) and improving the ‘efficiency’ of the arrangements.</p> <p>13. A strong understanding of the practical implications of pooled and segregated mandates in terms of setting investment guidelines, effecting transactions and client reporting. A strong understanding of the implications of combining managers with different investment styles.</p> <p>Other issues</p> <p>14. A strong understanding of the responsibilities of the custodian and procedures for reconciling information with investment providers.</p> <p>15. A strong understanding of the costs and benefits of stock lending and commission recapture programmes.</p> <p>Investment pool (England and Wales)</p> <p>16. A detailed knowledge of the investment pool operator’s approach to pooling and delivering access to the different asset classes and/or investment funds.</p> <p>17. A strong understanding of which assets and investments may sit outside of the investment pool and their nature and characteristics.</p> <p>18. A strong understanding of how the fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
<p>H. Pension services procurement, contract management and relationship management</p>	<p>Understanding public procurement</p> <p>1. A detailed knowledge of the background to current public procurement policy and procedures, the values and scope of public procurement and the roles of key decision makers and organisations.</p> <p>2. A detailed knowledge of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.</p> <p>Fund suppliers</p> <p>3. An expert knowledge of the key decision makers in relation to the fund’s procurements A detailed knowledge of the nature and scope of risks for the fund and of the importance of considering risk factors when selecting third parties.</p> <p>4. A detailed knowledge of how the fund monitors and manages the performance of its outsourced providers.</p> <p>5. A detailed knowledge of how the fund’s suppliers are monitored, including:</p>

	<ul style="list-style-type: none">- the Myners principles- the need for strategic objectives for investment consultants. <p>Investment pool (England and Wales)</p> <p>6. A detailed knowledge of the nature of the relationship with the investment pool parties and a detailed understanding of:</p> <ul style="list-style-type: none">- the extent of influence over the investment pool operator and oversight committee- the terms for terminating a pooling agreement- guidance on the requirement to pool investments.
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