



Lambeth

Lambeth Pension Fund Skills Audit

Summary of Results

March 2022

Governance

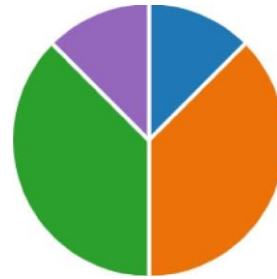
How well do you understand the role and place of the Pensions Committee/Board within the Fund's governance structure (familiarity with the Terms of Reference and accountability arrangements)?

- Very well 2
- Quite well 2
- Not very well 3
- Little/no knowledge 1
- Other 0



How familiar are you with the Fund's governing documentation and regulatory background?

- Very familiar 1
- Quite familiar 3
- Not very familiar 3
- Little/no knowledge 0
- Other 1



How well do you understand pensions law, including legislation, case law and codes of practice?

- Very well 0
- Quite well 1
- Not very well 5
- Little/no knowledge 1
- Other 1

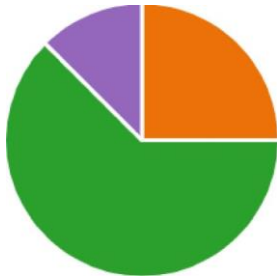


The majority of respondents feel confident that they understand their roles and responsibilities as members of the Committee or Board, and are familiar with the Fund's key documents, statement of accounts, and the way in which benefits accrue within the Fund. However, there is an even split between those members who feel they have a good understand of the respective Terms of References of the Committee/Board and those who don't, and a greater majority who do not fully understand the legislative background of the Fund and relevant codes of practice.

Governance

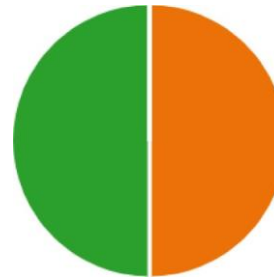
How well do you understand the seven principles of the CIPFA/Solace Framework on Good Governance and the requirements of the Annual Governance Statement?

- Very well 0
- Quite well 2
- Not very well 5
- Little/no knowledge 0
- Other 1



How well do you understand the local code of governance/Lambeth Pension Fund Governance Policy Statement?

- Very well 0
- Quite well 4
- Not very well 4
- Little/no knowledge 0
- Other 0



How well do you understand pension services procurement processes, contract management and relationship management processes?

- Very well 0
- Quite well 3
- Not very well 4
- Little/no knowledge 1
- Other 0



As shown above, respondents generally feel less well informed about the overall governance structure of the Fund, particularly in regards the wider governance frameworks which both the administering authority and Fund is subject to, as well as the overall procurement and relationship management processes that are in place for the Fund. However, the majority of members feel they have a good understanding of the role of the Fund’s professional advisers and service providers and feel confident in their ability to use informed judgment to make decisions relevant to their role managing or supporting the Fund.

Funding

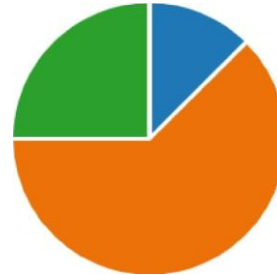
How well do you understand the way in which the Fund is funded?

- Very well 3
- Quite well 4
- Not very well 1
- Little/no knowledge 0
- Other 0



How well do you understand the Fund's Funding Strategy?

- Very well 1
- Quite well 5
- Not very well 2
- Little/no knowledge 0
- Other 0



How well do you understand the actuarial methods used to calculate the Fund's funding level?

- Very well 1
- Quite well 3
- Not very well 3
- Little/no knowledge 0
- Other 1



The overall response to questions on funding are positive, with the majority of members indicating they have a good understanding of the Fund's Funding Strategy and the way in which the Fund is funded. Almost half of respondents are less confident in their knowledge of the actuarial methods adopted by the actuary in undertaking the Fund's triennial valuation and deriving its funding level, and the same number indicated they do not fully understand the Fund's cash management strategy.

Investment

How well do you understand the Fund's overall investment strategy?

- Very well 1
- Quite well 6
- Not very well 1
- Little/no knowledge 0
- Other 0



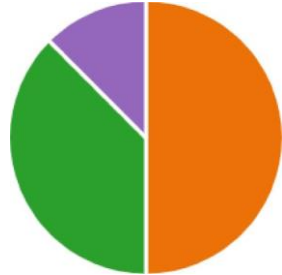
How well do you understand the rationale for the Fund's current benchmark asset allocation?

- Very well 1
- Quite well 3
- Not very well 4
- Little/no knowledge 0
- Other 0



How well do you understand financial markets and products as they relate to pension funds?

- Very well 0
- Quite well 4
- Not very well 3
- Little/no knowledge 0
- Other 1



Responses to questions on investment related matters are, in the main, skewed to the positive with most respondents indicating a good understanding of the Fund's overall investment strategy, the wider pooling agenda, Lambeth's approach to pooling, and the Fund's investment performance objectives. Half of respondents indicate a lack of understanding about the benchmark asset allocations adopted by the Fund as part of its investment strategy, and almost half again suggest more training on the wider financial markets and asset classes available to the Fund might be worthwhile to address knowledge gaps.

Administration

How well do you understand the administration function and processes of the Fund?

- Very well 2
- Quite well 2
- Not very well 4
- Little/no knowledge 0
- Other 0



How well do you understand the role and functions of the external auditor and who currently undertakes this role?

- Very well 1
- Quite well 3
- Not very well 2
- Little/no knowledge 1
- Other 1



How well do you understand the financial statements that the Fund must produce and the principles it must follow to produce them?

- Very well 0
- Quite well 3
- Not very well 3
- Little/no knowledge 1
- Other 1



The administration questions focused predominantly on the financial statements and audit process as opposed to the processing of benefits and member administration. In most cases there is a fairly even split between those members comfortable with their level of knowledge in this area and those who are not, evidenced in the above charts which suggest mixed levels of understanding around the overall administration function as well as the role of the external auditor and the principles that guide the production of the Fund’s annual financial statements. Responses were equally split on the arrangements for the appointment of auditors and the assurances that external audit provide.

Priorities for further training:

Where current level of knowledge is low:

- Governance: wider pensions law; Committee and Board Terms of Reference; overall Fund governance structure; CIPFA governance framework; procurement and contract management.
- Administration: the role of the administration function; preparation of the statement of accounts.

Where current level of knowledge is reasonable:

- Governance: LGPS regulatory framework.
- Funding: actuarial methods and assumptions.
- Investment: investment strategy – benchmark allocations, financial markets.
- Administration: role of the external auditor.

Where refresher training may be useful:

- Governance/Funding: the triennial valuation; benefit accrual; the employer covenant .
- Responsible Investment: Fund stewardship.