



Report to:	Pension Committee	Date:	12 December 2016
Report title:	CIPFA Knowledge and Skills Framework		
Report from:	Gerald Almeroth, Strategic Director – Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Sunita Gordon		
Author(s)/Contact Number(s):	Lyndsey Gamble, Head of Financial Strategy and Planning, 0208 770 5358		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • A Smart Council 		
Open/Exempt:	Open		
Signed:		Date:	01 December 2016

1. Summary

- 1.1. In response to the recommendations made in the recent governance review of the pension fund, this report recommends that the committee adopts the current CIPFA Knowledge and Skills framework and approves the Knowledge and Skills Policy Statement recommended by CIPFA.

2. Recommendations

The Pension Committee is recommended to:

- 2.1. Approve the Knowledge and Skills Policy Statement contained within the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (2013) as attached at Appendix A.
- 2.2. Adopt the 2010 CIPFA Pensions Knowledge and Skills Framework for Elected Members to include the two additional areas of knowledge and skills for local pension board members as set out in the July 2015 CIPFA guidance 'Local Pension Boards A Technical Knowledge and Skills Framework' as attached at Appendix C.

3. Background

Governance Report

- 3.1. On 5 September 2016 the Pension Committee received a report from John Raisin, an independent advisor following a review of governance arrangements within the Pension Fund.

The report made a number of recommendations for consideration and several of them related to enhancements to training arrangements for officers, pension committee and board members to improve governance and decision making.

- 3.2. The governance review acknowledged the training activity already being delivered to both the Pension Committee and Pension Board largely through the training sessions on both agendas. However it was felt that the general approach to knowledge and skills was limited in its scope and did not take account of statutory and CIPFA guidance.
- 3.3. The recommendations within the Governance report which relate to training are as follows:
- That the Pension Committee receive a report on the CIPFA ‘Code of Practice on Public Sector Pensions Finance Knowledge and Skills’ (2013) and adopt the Policy Statement contained within the Code (high priority).
 - That the Pension Committee receive a report on and adopt the 2010 CIPFA “*Pensions Knowledge and Skills Framework*” for Elected Representatives with the addition of the expanded emphasis on Legislation and Governance and the new area of Pensions Administration included in the CIPFA publication “*Local Pension Boards, A Technical Knowledge and Skills Framework,*” of July 2015 (High Priority).
 - That the Pension Committee formally approve a Training Programme for Committee Members. (High Priority).
 - That the Pension Board adopt the CIPFA “*Technical Knowledge and Skills Framework*” for Pension Boards, formally approve a Training Programme for Board Members and consider resolving that all Members complete the Pensions Regulator’s online Public Service Toolkit within a defined timescale (High Priority).

Statutory Requirements

- 3.4. Pensions knowledge and skills are required of decision makers in the Local Government Pension Scheme (LGPS) by virtue of guidance authorised by the Secretary of State for Communities and Local Government under Regulation 12(3) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended).
- 3.5. The relevant guidance, authorised by Secretary of State, is the CIPFA publication “*Principles for investment decision making and disclosure in the LGPS*” (2012). Under the heading “Effective Decision Making” (page 7) it is stated that:

Administering Authorities should ensure that:

- decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation
- those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest



- 3.6. On pages 8 and 9 in relation to “Key issues to consider” regarding effective decision making it is stated that “the (Pension Fund) committee should ensure that it has appropriate skills.

CIPFA Knowledge and Skills Frameworks

- 3.7. The CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*, launched in 2011, requires that administering authorities have formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for decision making.
- 3.8. The accompanying CIPFA Public Sector Pensions Finance Knowledge and Skills Framework set out the key skills areas. The framework is intended to have two primary uses:
- As a tool for organisations to determine whether they have the right skill mix to meet their scheme financial management needs.
 - As an assessment tool for individuals to measure their progress and plan their development.
- 3.9. The framework is intended to apply to all members of decision making bodies so will include both pension committee and pension board members. However it has been designed so that organisations and individuals can tailor it to their own particular circumstances.
- 3.10. The framework attached as Appendix B identifies six areas of knowledge and skills that are core technical requirements for those working in public sector pensions finance. They are:
- Pensions legislative and governance context
 - Pensions accounting and auditing standards
 - Financial services procurement and relationship management
 - Investment performance and risk management
 - Financial markets and products knowledge
 - Actuarial methods, standards and practices
- 3.11. In July 2015 CIPFA responded to the implementation of local pension boards by issuing further guidance on requirements for training for board members. The publication entitled ‘Local Pension Boards A Technical Knowledge and Skills Framework’ gives greater emphasis to Pensions legislation and Governance than the 2010 framework for elected members and includes Pensions Administration as a new and separate area of knowledge and skills. This expanded list of requirements is shown at Appendix C.
- 3.12. Members of decision making bodies such as pension fund committees need to be knowledgeable in the same areas as those set out for practitioners. The essential difference is that on the whole, members need to have less detailed knowledge of the specifics. The framework aims to help organisations put together and deliver effective training and



development activities to further support and enhance knowledge and effectiveness.

- 3.13. There is a separate more detailed CIPFA knowledge and skills framework for officers involved in the running of the Pension Fund and it is proposed that this is applied when officer objective setting and development plans are set each year.

Development of Training Plan

- 3.14. The intention is to develop a training plan for committee and board members which addresses the key knowledge and skill areas set out in CIPFA’s Knowledge and Skill framework and which are also listed in Appendix C. This training plan will recognise the knowledge and skills members already have and to use a self assessment approach to determine what training is required. In line with the CIPFA Code of Practice the training plan will be reviewed annually by both the Committee and the Board to ensure that it is addressing the required areas. The self assessment form attached as Appendix D will be sent to committee and board members in mid December for completion.
- 3.15. The adoption of the knowledge and skills policy and the implementation of the training plan will be reported within the Pension Fund Annual Report.

4. Impacts and Implications

Financial

- 4.1. The financial implications are addressed within the report.

Legal

- 4.2. There are no legal implications arising from this report.

5. Appendices and Background Documents

Appendix letter	Title
A	CIPFA Policy Statement on Pensions Knowledge and Skills
B	Core Technical Areas Set out in Knowledge and Skills Framework - Elected members
C	Core Technical Areas Set out in Knowledge and Skills Framework -Local Pension Board
D	Knowledge and Skills Self Assessment Form for Completion by Pension Committee and Board Members

Background documents
Pensions Finance Knowledge and Skills Framework Technical Guidance for Pension Practitioners in the Public Sector



Pensions Finance Knowledge and Skills Framework Technical Guidance for Elected Representatives and Non Executives in the Public Sector

Code of Practice on Public Sector Pensions Finance Knowledge and Skills 2013 Edition

Local Pension Boards A Technical Knowledge and Skills Framework

Audit Trail		
Version	Final	Date: 02 December 2016
Consultation with other officers		
Finance	Yes	Lyndsey Gamble
Legal	No	N/A
Equality Impact Assessment required?	No	N/A

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