

Appendix 1

Knowledge and Skills Framework for Members of Pension Fund Committee Core Areas:

It is important that members appreciate that an in-depth understanding of all the core knowledge areas is neither assumed nor necessary. In many cases what the framework expects is only an understanding and awareness of the area and knowledge of where more detailed knowledge could be sought. Members are not necessarily expected to have an in-depth knowledge of a matter.

1 Pensions Legislation and Governance Context

General Pensions Framework

A general awareness of the pensions legislative framework in the UK

Scheme specific legislation

- An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment.
- An awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- An appreciation of LGPS discretions and how the formulation of the discretionary policies impact on the pension fund employers and local taxpayers.
- A regular updated appreciation of the latest changes to the scheme rules
- Knowledge of the role of the administering authority in relation to the LGPS.

Pensions regulators and advisors

An understanding of how the roles and powers of the Pensions Regulator, the Pension Advisory Service and the Pensions Ombudsman relate to the working of the scheme.

General constitutional framework

- Broad understanding of the role of the pension fund committee in relation to the fund, administering authority, employing authorities, scheme members and taxpayers
- awareness of the role and statutory responsibilities of the Chief Finance Officer and monitoring officer.

Pensions scheme governance

- an awareness of the LGPS main features
- Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.

- A detailed knowledge of the duties and responsibilities of committee members
- Knowledge of the stakeholders of the pension fund and the nature of their interests.
- Knowledge of consultation communication and involvement options relevant to stakeholders

1. Pensions Accounting Standards

- Awareness 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 accounts and annual report.
- Awareness of the role of both internal and external audit in the governance and assurance process.

3 Financial Services Procurement and Relationship Management

Understanding public procurement

- Understanding of the background to current public procurement policy and procedures and the values and scope of public procurement and rules of key decision makers and organisations.
- A general understanding of the name public procurement requirements UK and EU legislation

Supplier risk management

- Awareness of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.

4. Investment Performance in this management

Total fund

- Understanding of the importance of monitoring asset returns relative to the liabilities and broad understanding of ways of assessing long-term risks.

Performance of advisers

- Awareness the Myners principles of performance management and the approach adopted by committee

Performance of the committee

- Awareness the Myners principles and the need to set targets for the Committee to report against them.

Performance of support services

- Awareness of the range of support services who supplies them and the nature of the performance monitoring regime

5. Financial markets and products knowledge

Investment Strategy

- Awareness of the risk and return characteristics of the main asset classes (equities and bonds)
- Understanding of the role of these asset classes in long-term pension fund investing

Financial markets

- Understanding the primary importance of the investment strategy decision.
- A broad understanding of the workings of the financial markets and of the Investment vehicles available to the pension fund and of the nature of the associated risks.
- An awareness of the limits placed by regulation on investing activities of local government pension funds.

Actuarial Method standards and practices

- Knowledge of the valuation process including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.
- Awareness of the importance of monitoring early and ill-health retirement strain costs.
- A broad understanding of the implications of including new employers into the fund and the cessation of existing employers

Outsourcing

- A general awareness of consideration in relation to outsourcing and bulk transfers.