

Pensions Knowledge and Skills Framework

	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
Chief finance officer (head of finance, finance director, section 151 officer)	<p>General pensions framework</p> <p>A general awareness of the pensions legislative framework in the UK, particularly:</p> <ul style="list-style-type: none"> ■ Pensions Act 1995 ■ Pensions Act 2004 ■ Occupational Pension Schemes (Disclosure of Information) Regulations 1996. <p>Scheme-specific legislation</p> <p>An overall understanding of the legislation specific to the scheme:</p> <ul style="list-style-type: none"> ■ Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 ■ Local Government Pension Scheme (Administration) Regulations 2008 	<p>Awareness of the relevant pensions accounting standards as they apply to the scheme and to the employer:</p> <ul style="list-style-type: none"> ■ Pensions SORP ■ FRS17 (IAS19) ■ iReM. <p>Understanding of the approach to pensions external audit as set down in APB Practice Note 15.</p> <p>Understanding of the role of internal audit in the governance and assurance process.</p> <p>Awareness of and compliance with the CIPFA statement of expertise as it applies to:</p> <ul style="list-style-type: none"> ■ leadership and strategic management ■ governance, ethics and values 	<p>Understanding public procurement</p> <p>Knowledge and understanding of the background to current public procurement policy and procedures.</p> <p>Understanding of the values and scope of public procurement and the roles of key decision makers and organisations.</p> <p>Able to understand and analyse the impact of procurement policy and government initiatives on procurement.</p> <p>Understanding of the significance of the financial accountability cycle for procurement policy and practice.</p> <p>Supplier risk management</p> <p>Awareness of the nature and scope of risks for the organisation.</p>	<p>Total fund</p> <p>Understanding of the importance of monitoring asset returns relative to the liabilities.</p> <p>Understanding of the ways of assessing long-term risks, eg asset liability modelling.</p>	<p>Governance</p> <p>An awareness of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and their application to the newer types of investment instrument.</p> <p>Knowledge of the Myners principles and associated CIPFA guidance.</p> <p>Knowledge of the regulatory requirements under the FSA for investment managers.</p> <p>Investment strategy</p> <p>Detailed understanding of long-term risk and return parameters of equity, bond and property markets, and issues arising from short-term volatility.</p>	<p>Governance</p> <p>A detailed knowledge of the duties and responsibilities of committee members.</p> <p>A reasonable awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 and their main features.</p> <p>An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayer.</p> <p>An appreciation of the latest changes to the scheme rules.</p>

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
<ul style="list-style-type: none"> ■ Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. Understanding of how the scheme interfaces with other private and state pension provision. Tax legislation A general awareness of pension scheme tax legislation and the UK pension scheme reporting framework. In particular: <ul style="list-style-type: none"> ■ Finance Act 2004 ■ Finance Act 2005 ■ Finance Act 2006 ■ related statutory instruments. 	<ul style="list-style-type: none"> ■ financial and performance reporting ■ audit and accountability ■ strategic and operational financial management ■ partnerships and stakeholder relations ■ change risk and project management. 	<p>Able to assess the sources of supplier risk and the likely impact of those risks upon the organisation.</p> <p>Able to plan and implement an appropriate risk management process in order to protect the organisation's interests.</p> <p>Understanding of how supplier appraisals, pre-qualification of suppliers and contract monitoring can help to mitigate risks.</p> <p>Able to develop systems for testing risks and monitoring them accordingly.</p> <p>Understanding of how to apply risk management principles to various procurement and supply management scenarios.</p> <p>Able to apply a range of techniques to mitigate risk proactively and to reduce the consequential losses in the instance of a risk event occurring.</p>	<p>The effect on overall risk and return of combining these asset classes in the pension fund strategy.</p> <p>Understanding of the relationship between the investment and funding strategies and the liabilities of the fund.</p> <p>A working knowledge 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.</p> <p>Costs and benefits of active and passive currency hedging strategies, including implementation issues.</p> <p>Investment manager structures</p> <p>The relative attractions of active and passive management across different asset classes.</p>	<p>Valuations</p> <p>A detailed knowledge of the valuation process, including:</p> <ul style="list-style-type: none"> ■ the actual valuation processes ■ agreeing the financial and demographic assumptions ■ developing and publishing the funding strategy statement in conjunction with the fund actuary ■ signing off the rates and adjustment certificate ■ inter-valuation monitoring. <p>Monitoring of early and ill health retirement strain costs.</p> <p>The inclusion of new employers into the fund and the implications of cessation with existing employers.</p> <p>Understanding the difference between the funding valuation exercise and FRS17.</p>	
<p>Pensions regulators and advisors</p> <p>Understanding of how the roles and powers of the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p>					

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
				<p>The role of active manager risk within the investment arrangements.</p> <p>Understanding of the concepts of 'risk budgeting', sources of return (<i>alpha</i> and <i>beta</i>) and improving the 'efficiency' of the arrangements.</p> <p>The practical implications of pooled and segregated mandates in terms of setting investment guidelines, effecting transactions and client reporting.</p> <p>The implications of combining managers with different investment styles.</p> <p>Other issues</p> <p>Responsibilities of the custodian and procedures for reconciling information with managers.</p> <p>Costs and benefits of stock lending and commission recapture programmes.</p>	<p>Outsourcing</p> <p>A general awareness of the requirements of the Treasury's 'Fair Deal' guidance and related guidance in relation to outsourcing and bulk transfers.</p>