

	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>PENSIONS BOARD</b></p> <p style="text-align: center;"><b>30 July 2015</b></p>
<p><b>KNOWLEDGE AND SKILLS POLICY</b></p>	
<p><b>Report of the Director for Finance</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Information</p> <p><b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Hitesh Jolapara, Director for Finance</p>	
<p><b>Report Author:</b> Nicola Webb, Pension Fund Officer</p>	<p><b>Contact Details:</b>  Tel: 020 7641 4331  E-mail: <a href="mailto:nwebb@westminster.gov.uk">nwebb@westminster.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report advises the Pensions Board of the legal requirements for Knowledge and skills and of the Hammersmith and Fulham Pension Fund policy on this area.

## 2. RECOMMENDATIONS

- 2.1. That the Board note the contents of this paper.

## 3. REASONS FOR DECISION

- 3.1. To enable the Board to have an understanding of the legal requirements for knowledge and skills and how the Fund plans to approach this.

## 4. INTRODUCTION AND BACKGROUND

- 4.1. There is a legal requirement, defined in the Public Service Pensions Act 2013, for Pension Board members to have knowledge and understanding of the pension scheme they are involved in.

## **5. PROPOSAL AND ISSUES**

- 5.1. Attached at Appendix 1 is the Hammersmith and Fulham Pension Fund knowledge and skills policy agreed by the Pensions Sub-committee. The policy is applicable to the Board, the sub-committee and officers.
- 5.2. The focus of the policy statement is to recognise the wealth of knowledge and experience board and sub-committee members already have and to use a self-assessment approach to determining what training is required. It is proposed to repeat the self-assessment annually and report on the implementation of the policy annually starting with the 2015-16 Pension Fund annual report.
- 5.3. The Pensions Sub-committee have suggested that a joint meeting of the Sub-committee and Board takes place in September 2015 to discuss the relative roles of the two bodies and also to have an opportunity to talk through the self-assessment form in more detail. Once the self-assessments have been completed, training will be arranged as required in the Autumn.

### **LOCAL GOVERNMENT ACT 2000**

#### **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

#### **LIST OF APPENDICES:**

Appendix 1: Pension Fund Knowledge and Skills Policy

**LONDON BOROUGH OF HAMMERSMITH AND FULHAM PENSION FUND**  
**KNOWLEDGE AND SKILLS POLICY STATEMENT**

1. Introduction

1a) Scope

This policy applies to all elected members, appointed Pensions Board members and officers involved in the running of the Hammersmith and Fulham Pension Fund (the Fund).

1b) Objective of policy

In order to be effective it is important that all those involved with the running of the Pension Fund have a good understanding of pensions matters. It is recognised that it is good practice for the Fund to have a knowledge and skills policy statement in place.

This policy statement is designed to recognise the knowledge and skills individuals have already through their professional lives or through involvement with the Pension Fund over a period of time. The objective of the policy is to evidence this and augment it with training and information as required.

1c) Legal position

There is currently no legal requirement for Pensions Sub-committee members to demonstrate their knowledge and skills in pensions, however the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills recommends it as good practice. The Fund has adopted the Code of Practice.

There is however a legal requirement, defined in the Public Service Pensions Act 2013, for Pension Board members to have knowledge and understanding of the pension scheme they are involved in. This is expanded on further in The Pensions Regulator's Code of Practice for Governance and administration of public service pension schemes.

2. Knowledge and Skills Framework

2a) CIPFA framework

The Pension Fund has adopted the CIPFA Knowledge and Skills Framework to frame the assessment of knowledge and skills and the provision of training. The framework covers six areas of knowledge:

- 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.

It provides detail about the knowledge required in each of these areas for officers at different levels and Pensions Sub-committee and Pensions Board members.

2b) The Pensions Regulator Code of Practice

For Pensions Board members, the knowledge and skills requirements are set out in The Pensions Regulator Code of Practice for Governance and administration of public service pension schemes. These requirements have been added to the relevant sections of the CIPFA framework where required.

3. Information to be provided to new members and officers

On appointment to the Pensions Sub-committee, the Pensions Board or to a pension fund officer role, all individuals will be directed to the following policies of the Pension Fund:

Governance and Compliance Statement  
Statement of Investment Principles  
Funding Strategy Statement  
Communication Policy Statement

found at the following link:

[www.lbhf.gov.uk/Directory/Council\\_and\\_Democracy/Plans\\_performance\\_and\\_statistics/Statement\\_of\\_accounts/68526\\_Statement\\_of\\_accounts.asp](http://www.lbhf.gov.uk/Directory/Council_and_Democracy/Plans_performance_and_statistics/Statement_of_accounts/68526_Statement_of_accounts.asp)

In addition they will be provided with the most up to date versions of the:

Annual report and accounts for the Fund  
Quarterly update pack  
Risk Register.

4. Knowledge and Skills self-assessment

4a) Pensions Sub-committee Members

On appointment to the Pensions Sub-committee, members will be required to complete a knowledge and skills self-assessment in order to evidence the areas they already have knowledge of and to determine the areas in which training is required.

4b) Pensions Board Members

Knowledge and skills in pensions matters is a legislative requirement for Pensions Board members as set out in the Public Service Pensions Act 2013. Therefore on appointment to the Pensions Board, all members will be required to complete a knowledge and skills self-assessment in order to evidence the areas they already have knowledge of and to determine the areas in which training is required.

4c) Officers

As part of their annual performance appraisal and development plan process, officers involved in the running of the Pension Fund should, in conjunction with their line manager, assess and evidence the knowledge and skills they have against the relevant part of the officer section of the CIPFA framework and identify targets for developing their knowledge and skills in the gaps identified. This more detailed

version of the framework reflects officers' responsibilities for the day to day running of the Fund.

#### 4d) Self-assessment form

The self-assessment form for Pensions Sub-committee and Pensions Board members to use is attached at Annex 1. These assessments will be repeated on an annual basis to enable any gaps in knowledge to be identified and addressed. Officers should incorporate the requirements of the officer section of the framework into their performance appraisal documentation.

### 5. Training

#### 5a) Provision of training

Once the training needs of each group have been identified and collated from the self-assessment forms, the most appropriate form of training will be discussed and then arranged either on an individual basis or as part of a group. Details of all group training sessions will be made available to all members and officers. The options for training include:

- Provision of reading material provided by officers or directions to on-line sources of information such as resources provided by The Pensions Regulator
- Briefings or training sessions run by officers
- Briefings or training sessions run by one of the Fund's advisers
- External courses, seminars or conferences

#### 5b) Emerging issues

Officers will arrange training or the provision of additional information on new or topical issues as they arise. Pensions Sub-committee or Board members can contact the Shared Services Pensions team [Pensionfund@lbhf.gov.uk](mailto:Pensionfund@lbhf.gov.uk) if they have any additional specific requests for training or information.

#### 5c) External training events

When relevant external training events are published, officers will forward invitations to Pension Sub-committee and Board members for them to decide to attend if they feel the events will be useful for developing their knowledge.

### 6. Evidence

#### 6a) Records of training

The Shared Services Pensions team will maintain a record of all training undertaken by members of the Pensions Sub-committee, the Pensions Board and officers. Members should email [Pensionfund@lbhf.gov.uk](mailto:Pensionfund@lbhf.gov.uk) details of all external pension related training and events they attend to facilitate this.

#### 6b) Annual Report

The Pension Fund annual report will report on the compliance of members and officers with the knowledge and skills policy statement based on the records maintained.

Annex 1

**London Borough of Hammersmith and Fulham Pension Fund**  
Knowledge and Skills self-assessment

Name: .....

Role: Pensions sub-committee member / Pensions Board member  
*(delete as applicable)*

1) Pensions Legislative and governance context

I have all the knowledge detailed below and do not require additional training	Y/N	Please provide details of your experience:
I would like further training on the areas highlighted below	Y/N	

Awareness of the law relating to pensions in the UK	
Overall understanding of the Local Government Pension Scheme regulations in relation to benefits, administration and investments.	
Knowledge of the discretion policies in place for the Fund and other policies regarding administration.	
Understanding of the role and powers of the Pensions Regulator, and the Scheme Advisory Board.	
Understanding of the role of the pensions sub-committee, pensions board, director of finance and monitoring officer.	

2) Pensions accounting and auditing standards

I have all the knowledge detailed below and do not require additional training	Y/N	Please provide details of your experience:
I would like further training on the areas highlighted below	Y/N	

Awareness of the Accounts and Audit regulations and legislative requirements relating to the role of the committee in considering 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

I have all the knowledge detailed below and do not require additional training	Y/N	Please provide details of your experience:
I would like further training on the areas highlighted below	Y/N	

General understanding of the main public procurement requirements of UK and EU legislation and how they apply to procuring services for local authority Pension Funds.	
Awareness of supplier risk management and the nature and scope of risks to be considered when selecting third parties.	

4) Investment performance and risk management

I have all the knowledge detailed below and do not require additional training	Y/N	Please provide details of your experience:
I would like further training on the areas highlighted below	Y/N	

Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks.	
Awareness of the Myners principles of performance management and the approach adopted by the committee.	
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	

5) Financial markets and products knowledge

I have all the knowledge detailed below and do not require additional training	Y/N	Please provide details of your experience:
I would like further training on the areas highlighted below	Y/N	

Awareness of the risk and return characteristics of the main asset classes and understanding of the role of these asset classes in long term pension fund investing.	
Understanding of the primary importance of the investment strategy decision.	
A broad understanding of the workings of the financial markets and of investment vehicles available to the pension fund and the nature of the associated risks.	



An awareness of the limits placed by regulation on the investment activities of local government pension funds.	
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6) Actuarial methods, standards and practices

I have all the knowledge detailed below and do not require additional training	Y/N	Please provide details of your experience:
I would like further training on the areas highlighted below	Y/N	

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 of the cessation of existing employers.	
A general awareness of the relevant considerations in relation to outsourcings and bulk transfers.	

Signed:..... Date:.....

Once complete, please return to:

[Pensionfund@lbhf.gov.uk](mailto:Pensionfund@lbhf.gov.uk)

Or

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