

# **LINCOLNSHIRE PENSION BOARD**

## **KNOWLEDGE AND UNDERSTANDING POLICY**

### **1. Legislative requirements**

#### **1.1 In accordance with the Pensions Act 2004, every member of the Lincolnshire Pension Board must be conversant with:**

- The rules of the Local Government Pension Scheme (LGPS) (the LGPS Regulations);
- Any document recording policy about the administration of the Lincolnshire Pension Fund which is for the time being adopted in relation to the Fund.

#### **1.2 Pension Board members should also have knowledge and understanding of:**

- The law relating to pensions;
- Such other matters as may be prescribed.

#### **1.3 Members of the Pension Board should be aware that their individual legal responsibility begins from the date they take up their role on the Board.**

#### **1.4 It is for individual Pension Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.**

#### **1.5 Pension board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.**

#### **1.6 Pension board members should also ensure that they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme, to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.**

#### **1.7 All board members should attain appropriate knowledge so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a pensions**

law expert (for instance, as a result of their day job) should have a greater level of knowledge than that considered appropriate for board members without this background.

- 1.8 Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. The Scheme Manager is required to maintain a written record of relevant training and development.
- 1.9 Pension Board members will comply with this knowledge and understanding policy.

## **2 Key areas of knowledge and understanding of the law relating to pensions**

- 2.1 Examples of knowledge and understanding of the law relating to pensions (more detail is included at appendix A):
  - Background and understanding of the legislative framework of the LGPS;
  - General pension legislation applicable to the LGPS;
  - Role and responsibilities of the Local Pension Board;
  - Role and responsibilities of the Administering Authority;
  - Funding and investment;
  - Role and responsibilities of Scheme Employers;
  - Tax and contracting out;
  - Role of advisors and key persons;
  - Key bodies connected to the LGPS.

## **3. Induction training**

- 3.1 Local Pension Board members are expected to complete induction training within the first six months of their appointment. This consists of attendance at a training session held at County Offices, Lincoln, and the online training courses provided in a Public Sector Trustee Toolkit by the Pensions Regulator (TPR).

## **4 TPR Trustee toolkit**

- 4.1 The TPR Trustee toolkit provides a guide to learning development and assessment of learning needs and includes a series of online learning modules and downloadable resources developed to help Pension Board members meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

- 4.2 The toolkit includes nine Essential learning for trustee compulsory modules and seven Public Sector Toolkit compulsory online learning modules that must be completed successfully to pass the induction training.
- 4.3 The nine Essential learning for trustee compulsory modules test Local Pension Board member knowledge in the following key areas:
- Introducing pension schemes;
  - The trustee's role;
  - Running a scheme;
  - Pensions law;
  - An introduction to investment;
  - How a defined benefit scheme works;
  - Funding your defined benefit scheme;
  - Defined benefit recovery plans, contributions and funding principles;
  - Investment in a defined benefit schemes.
- 4.4 The seven Public Sector Toolkit compulsory modules test Local Pension Board member knowledge in the following key areas:
- Conflicts of interest;
  - Managing risk and internal controls;
  - Maintaining accurate member data;
  - Maintaining member contributions;
  - Providing information to members and others;
  - Resolving internal disputes;
  - Reporting breaches of the law.
- 4.5 The Pension Regulator website is available at:  
<https://trusteetoolkit.thepensionsregulator.gov.uk/>
- 4.6 The Pensions and Treasury Manager will use the TPR Trustee Toolkit assessments that the Local Pension Board members complete as a basis for agreeing an appropriate training programme with each individual Board member.

## **5. Ongoing training and development to meet knowledge and understanding requirements**

- 5.1 In addition to the Pension Regulator's Toolkit, Lincolnshire Pension Board members will be invited to undertake the same knowledge and understanding framework which is currently provided to members of the Lincolnshire Pensions Committee through the CIPFA Knowledge and Skills Framework.

- 5.2 The Pensions Committee produce an annual training plan and the Pension Board will be invited to attend the training offered to Committee members.
- 5.3 It is suggested that there are four main ways in which knowledge and skill levels can be increased:
- Use of the web-based packages and CIPFA repository when developed;
  - Manager or actuary led training sessions or specific training as part of the Board meeting agenda;
  - An induction training package for new Board members;
  - Courses and seminars organised by managers, actuaries, NAPF and other experts, details of which can be circulated to Pension Board members as they arise.

## **6 CIPFA Knowledge and Skills Framework**

- 6.1 In an attempt to determine the right skill set for quasi trustees involved in decision making, CIPFA has developed, with the assistance of expert practitioners, a technical knowledge and skills framework.
- 6.2 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.
- 6.3 The framework has been designed so that organisations and individuals can tailor it to their own particular circumstances. Pension Board members may already have some of the required skills.
- 6.4 In total there are six areas of knowledge and skills identified as the core technical requirements for those working in public sector pensions. They are summarised below and detail is attached at appendix B:
- 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.