

Knowledge and skills framework for

# LGPS committee members and LGPS officers

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# LGPS committee members and LGPS officers

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# Foreword

In recent years, the Local Government Pension Scheme (LGPS) has faced unprecedented changes and challenges, and these are likely to continue into the future. At such times of change, it is vitally important that there is sound governance and management of and transparency over pension funds and pension benefits on behalf of employers and scheme members.

The updates to the CIPFA Knowledge and Skills Framework and the separate Code of Practice seek to reflect changes to the operation of the LGPS at both national and local levels. They include the impact of the England and Wales LGPS Scheme Advisory Board's Good Governance Review, recent regulatory changes and other requirements of the MHCLG, the establishment of pension boards and asset pools, and the changing responsibilities and skills required by decision makers, managers and advisors.

In line with all CIPFA codes of practice, the contents of this Code, which are complemented by this Framework, establish the minimum standards required by all CIPFA professional members and, as such, all are expected to comply with this Code's requirements. This Code of Practice is also designed to support the wider LGPS community (such as advisors and any other persons not explicitly covered by this Code who apply LGPS regulations and associated guidance).

It is the intention of CIPFA and the CIPFA Pensions Panel to keep the Knowledge and Skills Framework and the Code of Practice updated on a rolling basis in order to reflect the frequency of any future changes and recognised good practice.

Can I take this opportunity of thanking my fellow panel members and colleagues from Aon for their contributions to the updates.

**Pete Moore BA, FCPFA**

**Chair of the CIPFA Pensions Panel**

**May 2021**

Note: it is expected that this guidance will need updating following the issue of any statutory guidance by MHCLG to assist in the delivery of the outcomes from the England and Wales Scheme Advisory Board's Good Governance Review relating to the expectations for knowledge and skills, particularly for members of pension committees. However, it is expected that may be later than when this revised version is first published by CIPFA. Therefore, we would expect that it might require a minor update when the statutory guidance is issued to align with MHCLG's requirements for England and Wales.



# Acknowledgements

This guidance has been reviewed and updated by the CIPFA Pensions Panel, working with Mary Lambe, Karen McWilliam and other colleagues at Aon and supported by Richard Lloyd-Bithell (CIPFA Lead Pensions Advisor).

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Jeff Dong	Welsh Treasurers representative
Rachel Brothwood	West Midlands Pension Fund
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CIPFA is grateful to all those who participated in the development of this Framework during the consultation process.





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# Introduction

This publication consolidates and updates (and supersedes) two existing publications:

- *Pensions Finance Knowledge and Skills Framework: Technical Guidance for Pensions Practitioners in the Public Sector*, published in 2010
- *Pensions Finance Knowledge and Skills Framework: Technical Guidance for Elected Representatives and Non-executive Members in the Public Sector*, also published in 2010.<sup>1</sup>

It reflects the latest developments in the area of knowledge and skills for the LGPS at the time of publication (2021). A separate framework remains in place for local pension board members.<sup>2</sup>

The document is intended to promote good governance in the LGPS in the key area of knowledge and skills. It is designed to be used by LGPS officers and the scheme's decision-making bodies (such as LGPS pension committees) as a framework in the assessment of knowledge and skills, the delivery and recording of training, and ultimately the development of knowledge and understanding of all those with a responsibility to manage and administer their LGPS fund.

The Framework should be read in conjunction with CIPFA's *Code of Practice*<sup>3</sup> on *LGPS Knowledge and Skills* (latest version updated and published in 2021). The Code of Practice seeks to embed the requirements for identifying the adequacy of, acquiring and maintaining of appropriate knowledge and skills.

## BACKGROUND

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Governance can be defined as a combination of the process of decision making, the means by which strategies and policies are decided, how those are implemented and delivered, and continuously monitoring the outcomes, including understanding the inherent risks. It requires involving the right people at the right time based on relevant and up-to-date information. In recent times, the standards of governance in all sectors of the economy have risen and have also been subject to scrutiny because of some high-profile failures. These failures demonstrate the potential impact of inadequate governance on organisations' economic and reputational standing and on the environment in which they operate. Each failure leads to actions intended to increase the effectiveness of governance further.

CIPFA has been very active over a long period in seeking to strengthen governance in the management of the LGPS and continues to review its advice and guidance. Good governance is vital and requires a transparent framework within which public sector bodies, such as LGPS administering authorities, can achieve and demonstrate good performance, sound management, the effective stewardship of public funds and, as a consequence, delivery against the expectations placed upon them.

The LGPS:

- at 31 March 2020 in England and Wales had assets of over £272bn, 18,595 employers and 6.1 million members<sup>4</sup>

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1. In addition, there is a further publication entitled *Local Pension Boards: A Technical Knowledge and Skills Framework* (published in 2015), which remains in operation.

2. **Local Pension Boards: A Technical Knowledge and Skills Framework** (CIPFA, 2015).

3. **Code of Practice on LGPS Knowledge and Skills** (CIPFA, 2021).

4. **Local government pension scheme funds for England and Wales: 2019/20** (HM Government, 2020).

- at 31 March 2019 in Scotland had assets of over £48bn and 577,645 members,<sup>5</sup> and
- at 31 March 2020 in Northern Ireland had assets of over £7.8bn, 139,048 members and 171 employers.<sup>6</sup>

This emphasis on the decision makers and decision-making structures that surround the LGPS is critical to sound stewardship, management and good financial performance.

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5. Annual report 2018/19 (Scottish Local Government Pension Scheme Advisory Board, 2019).

6. Annual report 2019/20 (NILGOSC, 2020).

# Purpose, scope and status of this guidance

In 2021, CIPFA published an updated *Code of Practice on LGPS Knowledge and Skills*. This Code sets out in detail the purpose, scope, key principles, statements to be adopted and guidance application in relation to knowledge and skills in the LGPS. Its principles include the need to have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those in the administering authority responsible for management and decision making.

The arrangements set out in this publication establish a knowledge and skills framework for members of committees and senior officers. Administering authorities adopting this Framework (suitably adapted to their own circumstances) will be able to demonstrate that they are complying with the spirit of CIPFA's Code of Practice, as well as the other legal and best practice requirements as highlighted later in this section. This Framework is intended to help LGPS pension committee members and senior officers to deliver, assess and record effective training and development activities to further support and enhance knowledge and skills. The ultimate aim is better governance.

This Framework should be read in conjunction with the Code of Practice, which sets out in detail the purpose, scope, key principles, statements to be adopted and guidance application.

This Framework is focused on committee members and senior officers to ensure that the appropriate skills and knowledge are in place for those charged with the management and governance of the fund. This Framework does not consider the requirements in relation to other officers of the fund. However, it is expected that each administering authority should also ensure that knowledge and skills requirements, and individual training and development plans, are in place for all members of staff within each fund's pension team.

## POLICY AND LEGISLATIVE BACKGROUND

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The need for a high level of knowledge and skills for those involved in the management of the LGPS is underpinned by various items of legislation, legal opinion and guidance. Some of this is explained further below.

### Legislation and legal opinion

- **Fiduciary and public law duties<sup>7</sup>** – there is a range of legal opinions and cases that are relevant to the management of the LGPS, many of which are referenced on the [\*\*LGPS England and Wales Scheme Advisory Board website\*\*](#). In particular, those responsible for the management of the LGPS should be mindful of the following conclusion by Nigel Giffin QC on fiduciary duty:<sup>8</sup>

*In managing an LGPS fund, the administering authority has both fiduciary duties and public law duties (which are in practice likely to come to much the same thing).*

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7. Ongoing activity in the area of defining fiduciary duty in the LGPS may mean this information requires updating in due course.

8. [\*\*Advice on Fiduciary Duty in the LGPS – Opinion of Nigel Giffin QC\*\*](#) (LGPS Advisory Board – England and Wales, 2014).

This conclusion is clarified in the body of the opinion in paragraph 6 as follows:

*In my view, the administering authority does owe fiduciary duties, both to the scheme employers and to the scheme members.*

Although not explicitly referring to knowledge and skills, this is a critical point of understanding for the management of LGPS funds. The more recent judgment in the Supreme Court in April 2020<sup>9</sup> also commented on the fiduciary duty owed by investment decision makers in the LGPS, and further interpretation is anticipated.

- **Pensions are not a local authority executive function<sup>10</sup>** – while not explicitly referring to knowledge and skills, it is important to understand that pensions are not a local authority executive function<sup>11</sup> and therefore matters cannot be delegated to an administering authority’s cabinet or executive. Accordingly, functions should be otherwise delegated to a committee, sub-committee or officer.<sup>12</sup> In the case of LGPS matters, this tends to involve delegation of responsibilities to a pension committee, with day-to-day responsibilities usually being delegated to a senior officer (sometimes the LGPS senior officer, which is expected to be defined in statutory guidance in England and Wales and could be the chief finance officer (CFO)).

## Explicit legislative requirements

- **MiFID II (Markets in Financial Instruments Directive)** – there are two key elements of legislation that direct the need to have appropriate knowledge and skills when managing LGPS funds. The first is MiFID II. Under this directive (introduced in January 2018), local and public authorities are classified as retail investors, which severely limits both the financial instruments and providers available to authorities for pension purposes. Authorities can consider electing for (and maintaining) a return to professional status in order to ensure they can access the full range of vehicles and managers to meet the needs of their investment strategy. To do so, LGPS administering authorities must request to be treated as professional clients, which is carried out by evidencing to managers and advisors that they meet both qualitative and quantitative requirements. The qualitative requirements focus on a collective<sup>13</sup> assessment of the expertise, experience and knowledge of the LGPS administering authority in relation to its investment decisions.

LGPS administering authorities who are elected professional clients under this process are responsible for keeping their managers and advisors informed of any change that could affect their current categorisation. The firm must take ‘appropriate action’, which could include recategorising the client as retail. It is therefore critically important that the knowledge and skills of all pension committee members and officers are regularly reviewed and maintained. Changes to personnel (for example, following local authority elections where there is a significant change in elected members on a pension committee, or the appointment of a new CFO) will require a change to the opt up information conveyed to managers and advisors. Failure to implement timely and thorough training could jeopardise the professional status of an LGPS administering authority, which could have serious consequences on being able to deliver a fund’s investment strategy.

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9. Case of R (Palestine Solidarity Campaign Ltd and another) v Secretary of State for Housing, Communities and Local Government [2020] UKSC 16. See [case details](#).

10. This means that the executive (usually cabinet or the elected mayor) cannot make decisions in relation to LGPS matters – for example, how to exercise discretions under the regulations.

11. Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007.

12. Section 101 of the Local Government Act 1972.

13. The ‘collective’ for this purpose includes committee members, officers, advisors and/or consultants.

The criteria for the opt up process to professional status includes the following, highlighting how this Framework (and the accompanying Code of Practice) is key in meeting these requirements:

3. *Adherence to CIPFA Codes or undertaking other relevant training or qualifications may assist in demonstrating knowledge and expertise as part of the qualitative test.*<sup>14</sup>
- **Pensions Act 2004** – the second area of legislation that is explicit in relation to knowledge and skills is Section 248A of the Pensions Act 2004, which requires all members of the local pension board to be conversant with:
    - the rules of the scheme, and
    - any document recording policy about the administration of the scheme that is for the time being adopted in relation to the scheme.

The individual must have knowledge and understanding of the law relating to pensions to the degree that is appropriate for the purposes of enabling the individual to exercise properly the functions of a member of the local pension board. Although this guidance does not directly relate to local pension boards, those involved with the management of the LGPS should be mindful of this requirement and should refer to the separate CIPFA framework for local pension boards.<sup>15</sup> In addition, any updated statutory guidance in England and Wales (which is due to address the recommendations in the Good Governance Review) is likely to introduce clearer requirements for those with a role in the LGPS.

## OTHER RELEVANT GUIDANCE

- **Ministry of Housing, Communities and Local Government (MHCLG) Governance Compliance Statements** – Statutory Guidance (November 2008)<sup>16</sup>

MHCLG issued this statutory guidance relating to governance matters when they were the Department for Communities and Local Government (DCLG). All LGPS administering authorities are required to publish a statement outlining how they are complying with the guidance (and the extent to which they do not comply and the reasons for not complying). The guidance refers to the acceptance by government of the Myners principle<sup>17</sup> of “effective decision making”, which requires decisions to be made only by persons or organisations with the skills, information and resources necessary to make them effectively, and for LGPS pension committee members to have sufficient expertise to evaluate critically any advice they take. The guidance also states it is important that administering authorities report the extent to which training facilities are extended to lay members sitting on pension committees.

The statutory guidance requires all administering authorities to state how they comply with the following three principles:

- a) *That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.*

14. **Opting up process** (LGPS Advisory Board, 2018).

15. **Local Pension Boards: A Technical Knowledge and Skills Framework** (CIPFA, 2015).

16. **Governance Compliance Statements – Statutory Guidance** (MHCLG, 2008).

17. Since 2002, all LGPS funds have been required to report upon their application of and compliance with the Myners principles. Originally ten best practice statements relating to pension fund investment and decision making launched by HM Treasury in 2001, there are now six principles for pension fund investment, scheme governance, disclosure and consultation. These principles were adopted by the DCLG (now MHCLG) in 2009 and replace the ten Myners principles published in 2001.

- b) *That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.*
- c) *That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.*

It's expected that this statutory guidance will be updated with clearer requirements (following the recommendations of the Good Governance Review) on the knowledge and skills requirements for those with a role in the LGPS.

- **Scottish Public Pensions Agency (SPPA) – Statutory Guidance (April 2011)<sup>18</sup>**

SPPA issued this statutory guidance to set out the requirements for all Scottish LGPS administering authorities to publish a statement on how they are complying with the guidance (and the extent to which they do not comply and the reasons for not complying). The guidance includes the following principles:

- j) *That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.*
- k) *That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.*
- l) *That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.*

- **CIPFA guidance** – there is a range of CIPFA guidance that refers explicitly or implicitly to knowledge and skills, including:

- *Local Pension Boards: A Technical Knowledge and Skills Framework<sup>19</sup>* – CIPFA has developed this framework to cover the training and development of pension board members. The objective is to improve knowledge and skills in all the relevant areas of activity on a pension board and assist board members in achieving the degree of knowledge appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.
- *The Role of the Chief Financial Officer in Local Authorities<sup>20</sup>* – the CFO occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. This CIPFA publication is intended to support individual finance professionals. It outlines the core responsibilities of the CFO, as well as the personal skills and professional standards that are crucial to success in the role.
- *The Role of the CFO in the LGPS<sup>21</sup>* – this supplement to the above guidance aims to place that advice in the context of the financial administration of the LGPS and should be used in conjunction with the statement on the role of the CFO in local government.
- *Delivering Good Governance in Local Government: Framework<sup>22</sup>* – the Framework is intended to assist administering authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, there is sound and inclusive decision making and there is clear accountability for the use of those resources in order

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18. **Statutory Guidance** (SPPA, 2011).

19. **Local Pension Boards: A Technical Knowledge and Skills Framework** (CIPFA, 2015).

20. **The Role of the Chief Financial Officer in Local Authorities** (CIPFA, 2015).

21. **The Role of the CFO in the LGPS** (CIPFA, 2014).

22. **Delivering Good Governance in Local Government: Framework** (CIPFA, 2016).



to achieve desired outcomes for service users and communities. The Framework includes the principle:

*Developing the entity's capacity, including the capability of its leadership and the individuals within it.*

This refers to:

*ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.*

- *Effective Decision Making (Myners)<sup>23</sup>* – LGPS administering authorities are required to prepare, publish and maintain statements of compliance against a set of six principles for pension fund investment, scheme governance, disclosure and consultation. These principles were adopted by the DCLG (now MHCLG) in 2009 and replace the ten Myners principles published in 2001. This guidance stresses, among other things, the importance of the training and development of members of pension committees in local government. It advises that, wherever possible, appointments to the committee should include considerations of relevant skills, experience and continuity. However, the guidance also stresses the importance of the organised and continued development of committee members through regular training, development plans and skills and knowledge assessments.
- *Investment Pooling Governance Principles for LGPS Administering Authorities* – this CIPFA guidance is designed to highlight the risks, opportunities and best practice over the establishment, transition into and long-term operation of the investment pools. It sets out that pension committees should expect additional training to enable decisions relating to investment pooling.<sup>24</sup>
- *Preparing the Annual Report<sup>25</sup>* (reporting of how knowledge and skills requirements are applied) – this guidance is designed to assist officers in meeting the requirements of the current regulatory framework. Although regulation 57 of the LGPS Regulations 2013 and regulation 55 of the Scottish Regulations prescribe what must be included in the pension fund annual report, pension funds are free to include other information as they see fit. CIPFA guidance highlights a number of areas they consider should be included in the annual report, given it is a key component of communication between pension funds and their stakeholders. In Northern Ireland, the Department of Finance provides guidance on financial statements.

For example, administering authorities may wish to include a statement of compliance with the CIPFA *Code of Practice on LGPS Knowledge and Skills* and evidence to demonstrate compliance with the Code, such as a report on officer and committee member training undertaken during the year (if not reported elsewhere) and skills and knowledge reviews undertaken.

- **England and Wales Scheme Advisory Board**

- **MiFID II opting up process/guidance<sup>26</sup>** about the opting up to professional status is available for administering authorities. It advises that administering authorities should consider electing for (and maintaining) a return to professional status in order to ensure

23. [Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom](#) (CIPFA, 2012)

24. [Investment Pooling Governance Principles for LGPS Administering Authorities](#) (CIPFA, 2016). Revised pooling guidance is expected from MHCLG in 2021.

25. [Preparing the Annual Report](#) (CIPFA, 2019).

26. [Opting up process](#) (LGPS Advisory Board, 2018).

they can access the full range of vehicles and managers to meet the needs of their investment strategy. A key part of this process is evidencing the expertise, experience and knowledge of those involved in investment-related decisions.

- **Responsible investment draft guidance<sup>27</sup>** was issued for consultation in 2020, and further developments in this area are expected in 2021, given the forthcoming requirements of the Task Force on Climate-related Financial Disclosures (TCFD).
- **The Pensions Regulator (TPR) code of practice<sup>28</sup>** – there are a number of key requirements relating to the management and operations of public service pension schemes that are outlined in TPR’s code of practice, which are in addition to the LGPS regulations, CIPFA and SAB guidance. Many of the elements in the code relate to legislative requirements, mainly under the Public Service Pensions Act 2013 or the Pensions Act 2004. This includes requirements relating to the knowledge and understanding of pension board members. As a matter of best practice, it is expected that all administering authorities will carry out a regular review of their approach against the legal requirements and TPR code of practice with a view to ensuring that these are being adhered to.

## KEY ROLES IN THE LGPS

The ultimate responsibility for management, investment and administration of an LGPS fund is the administering authority.<sup>29</sup> Each administering authority is required to determine its own governance arrangements, and the delegation of those responsibilities will be included in the authority’s constitution (or equivalent). In addition, each administering authority must set those arrangements out in its governance compliance statement.<sup>30</sup> This statement should set out if the administering authority delegates its functions, or part of its function, to a committee or sub-committee or an officer of the authority.

The following section sets out the main roles that exist within delegated structures for LGPS administering authorities, as well as providing an overview of expectations around knowledge and skills in relation to those roles.

Clearly, the type and level of knowledge and skills will differ between the various persons involved in the management of an LGPS fund. The CIPFA Code of Practice includes the following principle:

*Administering authorities responsible for the administration of the LGPS recognise that effective management, decision making, governance and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.*

Accordingly, regardless of the range of responsibilities, those exercising a delegated responsibility on behalf of the administering authority and to whom this framework applies must be conversant with:

- the rules of the LGPS, and
- any document recording policy about the funding, investment, administration, communications or governance which is for the time being adopted in relation to the scheme.

27. **Responsible Investment Guidance** (LGPS Advisory Board, 2020).

28. Consultation on a new TPR single modular code is expected in 2021.

29. In England and Wales, a body listed in Part 1 of Schedule 3 of the LGPS Regulations 2013, which maintains a fund within the LGPS. In Scotland, a body listed in Schedule 3 of the LGPS (Scotland) Regulations 2018. The NILGOSC is a non-departmental public body sponsored by the Department for Communities in NI.

30. In England and Wales, as required by regulation 55 of the LGPS Regulations 2013. In Scotland, as required by regulation 53 of the LGPS (Scotland) Regulations 2018.

Such persons must have knowledge and understanding of:

- the law relating to pensions, and
- such other matters as may be prescribed in legislation and guidance.

The degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to properly exercise their delegated responsibility on behalf of the administering authority.

The following sections consider in more detail how this applies to specific responsibilities. Annex A provides suggested competencies in relation to each of these responsibilities.

## PENSION COMMITTEE MEMBERS

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*Please note that all references to pension committees include any LGPS sub-committees or other committees or panels that have LGPS responsibilities delegated to them.*

The majority of administering authorities delegate most LGPS responsibilities to a pension committee. The membership of committees typically includes some or all of the following:

- administering authority elected members
- other local authority elected members
- other employer representatives
- scheme member representatives (who in some circumstances may be from the trade unions).

A pension committee must:

- be able to demonstrate that it has the skills, knowledge and experience appropriate for governing its fund
- have a balance of knowledge and skills across the membership of the committee
- be able to apply that knowledge and skills in governing the fund.

All members of a pension committee are expected to have appropriate knowledge and skills relating to their LGPS duties. However, it is considered appropriate to consider the knowledge and skills of a committee as a collective, ie ensuring that the collective degree of knowledge and understanding is appropriate for the purposes of enabling the committee as a whole to properly exercise their delegated responsibility on behalf of the administering authority. Accordingly, although desirable, it is not necessary for every member of the committee to be able to demonstrate individually that they meet all the expected knowledge and skills competencies.

Other local authority elected members, other employer representatives and scheme member representatives on the pension committee may be voting, and some may be non-voting members. Irrespective of the position on voting, this guidance should apply equally to all committee members. Administering authorities should also consider the risk of having substitute members who may not have the same level of knowledge, skills and access to training as the main committee members. It is encouraged that substitute members should ideally have sufficient knowledge and skills to fulfil the role effectively and be provided with access to training as required.

Administering authorities must be able to demonstrate and explain that the combined knowledge and understanding of the pension committee (or sub-committee), together with the advice available to the committee, enable them to properly exercise their delegated functions.

The administering authority must maintain an effective plan for the ongoing maintenance and development of the committee's knowledge. They must also be able to demonstrate how

competency will be maintained, including how they will identify and address skills gaps and seek to increase knowledge.

Given the high bar expected of LGPS committee members in relation to their knowledge and skills, it is important that they understand what is expected of them. This includes:

- committing to undertake the role for a term of office
- having the capacity to attend meetings
- attending and participating constructively in meetings
- undertaking training and development appropriate to their role
- approaching matters with an open and independent mind, avoiding any pre-determination or bias
- having the confidence to challenge, influence and engage
- operating within the terms of reference of the committee and the administering authority's code of conduct.

## CHIEF FINANCE OFFICER – SECTION 151 OFFICERS<sup>31</sup>

Chief finance officers (CFOs) are subject to professional standards,<sup>32</sup> and regardless of whether a CFO of an administering authority has direct, delegated responsibilities relating to the LGPS or not, all have a statutory responsibility in relation to the proper administration of financial affairs relating to the LGPS fund. This is because one common factor running throughout these arrangements is that an LGPS administering authority is a local authority body.<sup>33</sup> No matter how the pensions operations of the administering authority are delivered, they are, for the purposes of the responsibilities of the CFO of that authority, indivisible from other financial operations. This in turn means that the CFO of that local authority body is responsible for ensuring the proper financial administration of the LGPS fund, in addition to that of the local authority. Moreover, in some cases, the CFO may also have specific delegated functions within the administering authority's constitution relating to the management of the fund.

As a CFO has, as a minimum, statutory Section 151 responsibilities under the Local Government Act 1972 in respect of an administering authority, they must keep their knowledge of the LGPS up to date, and this should be evidenced through regular, continued professional development.

The CFOs of non-administering authority local authorities also have a responsibility to ensure they have the requisite knowledge and skills, given the financial operational role within the organisation requires they ensure proper administration of their authority's financial affairs.<sup>34</sup> This extends to payment of employer contributions to their fund.

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31. Section 151 of the Local Government Act 1972. This also relates to Section 95 of the Local Government (Scotland) Act 1973 and in Northern Ireland Section 54 of the Local Government Act (Northern Ireland) 1972.
32. Section 113 of the Local Government Finance Act 1988 requires the responsible officer under Section 151 of the 1972 Act to be a member of a specified accountancy body. In the case of CIPFA members, these professional standards are set down in CIPFA's Statement of Professional Practice, with which all CIPFA members are required to comply. For members of other accountancy bodies, this represents best practice within the public sector. All professional accountants should also have regard to their own body's code of ethics, as well as that produced by the International Ethics Standards Board for Accountants (IESBA) on behalf of the International Federation of Accountants (IFAC).
33. The two exceptions to this are NILGOSC and the Environment Agency, both of which are non-departmental public bodies set up respectively under the auspices of the Department of the Environment (Northern Ireland) and Defra.
34. Section 151 of the Local Government Act 1972 and Section 95 of the Local Government (Scotland) Act 1973. The equivalent in Northern Ireland is in Section 54 of the Local Government Act (Northern Ireland) 1972, which requires local authorities to make safe and efficient arrangements for the receipt of money paid to them and the issue of money payable by them, and for those arrangements to be carried out under the supervision of the CFO.

Administering authorities must be able to demonstrate and explain that the knowledge and understanding of the CFO enables them to properly exercise their delegated functions.

Further information in relation to the knowledge and skills expectations of CFOs in the LGPS can be found in CIPFA's *Role of the CFO in the LGPS*.<sup>35</sup>

## LGPS SENIOR OFFICER INCLUDING HEAD OF PENSIONS AND OTHER SENIOR MANAGERS

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Each administering authority will have its own unique staffing structure, but this will include a senior manager or managers (which could include the CFO) having overall responsibility for the day-to-day management of the fund (as a minimum). Therefore, each administering authority needs to ensure those members of staff have appropriate knowledge and skills. CIPFA's Code of Practice applies to "all individuals responsible for the management of the LGPS or who have a decision-making, scrutiny or oversight role." Each administering authority should ensure it determines which officers fall within that definition and therefore to whom this Framework applies. In this guidance, we also use the term 'LGPS senior officer' to align with the updated statutory governance guidance expected from MHCLG for England and Wales.

As with the other roles, the degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to properly exercise their delegated responsibility on behalf of the administering authority. The level of risk involved in the day-to-day operations of an LGPS fund cannot be underestimated, and it will therefore fall on these senior officers to ensure that robust controls are in place. In addition, they will be the key officers providing advice and guidance to the committee or other decision makers in relation to the LGPS fund. Accordingly, it is critical that the administering authority ensures senior officers have and retain an exceptional level of knowledge commensurate with the responsibilities they are undertaking.

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35. [The Role of the CFO in the LGPS](#) (CIPFA, 2014).



# Key areas of knowledge

The LGPS is a complex and multi-faceted scheme where the knowledge and skills required will extend across several disciplines, from accountancy, administration and audit into areas of investment and actuarial finance, as well as knowledge of the legislative and governance environment. In total, for the purposes of this Framework, CIPFA has identified eight core technical areas where appropriate knowledge and skills should be achieved and maintained. They are:

- pensions legislation and guidance
- pensions governance
- funding strategy and actuarial methods
- pensions administration and communications
- pensions financial strategy, management, accounting, reporting and audit standards
- investment strategy, asset allocation, pooling, performance and risk management
- financial markets and products
- pension services procurement, contract management and relationship management.

The knowledge matrices for pension committee members (set out in Annex A, Part 1) and for senior officers (set out in Annex A, Part 2) are based on the core areas of knowledge listed above. They set out a list of competencies in each of the areas. Administering authorities adopting this Framework, including the knowledge matrix in the Annex suitably applied to their own circumstances if they consider it appropriate, will be able to demonstrate that they are complying with the requirements of CIPFA's Code and the other legal and best practice requirements as set out previously in this Framework.

Overall, pension committee members need to have a less detailed knowledge of the specifics. Committee members should take a holistic view – one that is strategic and concentrates on the principles involved, and on performance and communication in line with their roles and responsibilities set out in their terms of reference. Committee members should also be assisted, where necessary, to have the confidence to make knowledgeable challenges to the information and advice given to them.

The eight core areas are explained in more detail in the following paragraphs.

## PENSIONS LEGISLATION AND GUIDANCE

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The pensions landscape is characterised by a complex legislative framework. In addition to the LGPS legislative requirements, there are industry-wide statutes that apply in whole or in part to the LGPS, including the way in which schemes interact with state pensions, the tax system and The Pensions Regulator, etc. There are also requirements in place from both statutory and best practice guidance impacting on the LGPS.

A knowledge of this framework of legislation and guidance, and the way in which it affects the management and operational aspects of the LGPS, provides the context within which LGPS pension committee members and senior officers must operate to ensure they can undertake their statutory, professional and other obligations.

## PENSIONS GOVERNANCE

Governance in the LGPS has evolved significantly in recent years. Developments include oversight from The Pensions Regulator, the introduction of local pension boards and nationally the Scheme Advisory Board – the introduction of LGPS investment pools that have fundamentally changed the governance framework. In addition, increasing complexity in the administration and benefit structure, alongside financial challenges faced by administering authorities and scheme employers plus increased reporting in the area of oversight of investment,<sup>36</sup> puts an even greater emphasis on ensuring good governance across all LGPS funds.

Understanding the requirements of the current and evolving governance framework is of central importance for decision makers in the LGPS. Also of key importance is a knowledge of the governance frameworks that apply within the pensions industry (such as MiFID II, the UK Stewardship Code and the Myners principles), within the LGPS (such as the requirements of the governance compliance statement) and within administering authorities (for example, the CIPFA/Solace **Delivering Good Governance in Local Government: Framework**).

Knowledge in this area should include an understanding of risk management, ensuring it is an integral part of governance. This includes knowledge of best practice risk management and how that supports a structured and focused approach to managing risks.

## FUNDING STRATEGY AND ACTUARIAL METHODS

The scheme actuary holds a key position in the financial management of a pension scheme. To be successful, those with delegated responsibility will need to be able to do more than simply ensure that the relationship with the actuary is properly managed. They will need to understand the work of the actuary and the way in which actuarial information impacts both the finances of the scheme and the scheme employers. This extends to employers joining and exiting the fund, developments relating to employer covenant and increasing employer funding flexibilities.

This knowledge should also ensure it outlines the links to national requirements set out in Section 13 of the Public Service Pensions Act 2013 and related Government Actuary's Department (GAD) activity,<sup>37</sup> as well as a wider awareness of different actuarial methods and funding risk.

## PENSIONS ADMINISTRATION AND COMMUNICATIONS

Administering scheme benefits, contributions and other transactions is highly complex and is governed by extensive scheme regulations, as well as industry-wide requirements on disclosure, record keeping, data maintenance, dispute resolution, etc. The fund's administration strategy and communications policy are also key in how these responsibilities are delivered and the role of employers in doing so. Data quality underpins the delivery of the administration function and is a key aspect of the successful delivery of the service to scheme members.

Understanding these requirements is key for those with management, decision-making and oversight responsibilities in the LGPS. This is to ensure decisions made are in compliance with the various regulations, standards and codes in place for the area of administration and communications.<sup>38</sup>

36. Including the Cost Transparency Initiative (CTI) and TCFD requirements that are anticipated.

37. Section 13 of the Public Service Pensions Act 2013 requires GAD to report on the valuations of each of the funds in the scheme to ensure the aims of compliance, consistency, solvency and long-term cost efficiency are being achieved.

38. The Pension Schemes Act 2021 will bring into force new requirements on LGPS funds regarding pension dashboards for scheme members.



## PENSIONS FINANCIAL STRATEGY, MANAGEMENT, ACCOUNTING, REPORTING AND AUDIT STANDARDS

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Those with delegated responsibility in the LGPS must ensure they have the knowledge and skills to ensure a robust financial strategy for the fund in the short, medium and long term, thus enabling the fund to meet its strategic objectives. There should be a robust annual budgeting process to ensure that the fund has sufficient resources to deliver its objectives, while ensuring value for money for its stakeholders and wider taxpayers.

The way in which the LGPS is accounted for, both as a scheme and by the sponsoring employer(s), plays a significant part in the *Knowledge and Skills Framework*. The accounting requirements and associated disclosures are complex and involve a large actuarial element. Consequently, this demands an understanding of the regime in order to comply with the requirements and to communicate the requirements and their implications both internally and externally.

In addition, both internal and external auditors play a significant role in assuring that the administering authority complies with statutory requirements. Understanding the scope of their role, and the roles played by providers of third-party assurance on outsourced services, is key for decision makers in the LGPS.

## INVESTMENT STRATEGY, ASSET ALLOCATION, POOLING, PERFORMANCE AND RISK MANAGEMENT

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In the LGPS, where contributions are invested and managed to meet future liabilities, understanding investment risk and performance constitutes a major element of the role for those with delegated responsibilities in the fund.

Investment strategy and asset allocation decision makers must have an in-depth knowledge in relation to investment pooling arrangements, including the transitioning of assets to the pool. In addition, an understanding of investment risk and emerging risk (such as the risks posed by climate change) is required.

Pension committee members and senior officers will also be aware of the requirement to apply the same rigour to an assessment of their own performance and the performance of those who work on their behalf. Frameworks and targets must be devised and set and performance monitored against them and reported to stakeholders.

## FINANCIAL MARKETS AND PRODUCTS

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For pension committee members and senior officers, an understanding of financial markets and products is fundamental, particularly in relation to setting the fund's investment strategy. The depth of knowledge will depend, to some degree, upon the particular approach to investment management undertaken by the fund. However, as a minimum, a general understanding of the workings of financial markets and of the investment vehicles available to the fund, including how these are established and utilised in the case of the investment pools and the nature of the associated risks, is required.

The pension committee will need to relate the longer-term liabilities of the fund to the strategy for the investment of its assets and generation of cash flows. Investor engagement will be a key consideration in terms of getting value from the fund's investments and in applying responsible investment and other good governance principles. An understanding of risk is also fundamental.

## PENSION SERVICES PROCUREMENT, CONTRACT MANAGEMENT AND RELATIONSHIP MANAGEMENT

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Such are the scale, diversity and technical requirements of pensions operations, outsourcing is commonplace. Whether it is the use of actuaries, benefits consultants, governance advisors, the asset pool and other fund managers, pensioner payroll providers or third-party administrators, the skills and knowledge required to procure and manage outsourced services are central to the management of the LGPS. An understanding of procurement requirements, including the availability of LGPS-specific frameworks, will be key in considering how service providers are appointed and reviewed.

The administering authorities that have established their own management companies to operate investment pooling arrangements are also shareholders in such an arrangement. Decision makers in those administering authorities should have an understanding of additional requirements in these circumstances.

## WIDER SKILLS AND BEHAVIOURS REQUIRED FOR DECISION MAKERS IN THE LGPS

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There will be other technical (non-pensions related) and non-technical skills required in order to be competent in the role of a decision maker on a committee. These include but are not limited to:

- using informed judgement and common sense in decision making
- seeking clarification as required
- absorbing, analysing and processing large volumes of information
- participating in discussions and being willing to question negotiation skills, diplomacy and political sensitivity
- critiquing advice received.

The non-technical skills implied here are considered to be outside the scope of this Framework but should be considered when determining the ability of committee members and senior officers to effectively discharge their duties.

# Delivery, monitoring, reporting and compliance

## POLICY DEVELOPMENT

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The CIPFA Code<sup>39</sup> expects that all administering authorities are required to have a formal and comprehensive training policy for the effective acquisition and retention of knowledge and skills for those responsible for management, delivery, governance and decision making in the LGPS. In addition, future changes to MHCLG statutory governance guidance in England and Wales are expected to include a requirement to have a policy setting out the authority's approach to the delivery, assessment and recording of training.

Administering authorities should include the following within the knowledge and skills or training policy:

- the aims and objectives of the policy
- relevant legislation and guidance that the policy requirements must adhere to (eg MiFID II, CIPFA Code and Framework, MHCLG statutory guidance/Scottish Ministers (SPPA) guidance, TPR code)
- to whom the policy should apply
- the relevant competencies that those persons will be expected to have (which can be those set out by CIPFA in Annex A or administering authority specific)
- how training will be delivered, including induction training
- how knowledge and skills will be monitored, including how gaps in knowledge will be determined
- what reporting against the policy requirements will be carried out and when.

The policy should also include the following statements as required in CIPFA's Code of Practice, outlining the authority's commitment to this area:

1. This LGPS administering authority adopts the key principles of the Code of Practice on LGPS knowledge and skills.
2. This LGPS administering authority recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
3. This administering authority has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS.

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39. [Code of Practice on LGPS Knowledge and Skills](#) (CIPFA, 2021).

4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA LGPS Knowledge and Skills Framework.
5. This administering authority will ensure that it has adequate resources in place to ensure all staff, members or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary knowledge and skills.
6. This administering authority will report annually on how their knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.
7. This administering authority has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the administering authority's knowledge and skills policy statement, and, where they are a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

That policy should be published and publicly available to all stakeholders – for example, via the fund's website. The knowledge and skills policy should apply to all members of the pension committee, any sub-committees and the local pension board.<sup>40</sup> It should also apply to senior officers of the fund. Advisors would also be expected to meet the objectives of the fund's policy.<sup>41</sup>

## TRAINING DELIVERY AND SUPPORT

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The way in which training can be delivered will vary, and administering authorities should ensure that appropriate methods are made available with regard to those who are in receipt of the training. Training may be provided in-house or externally. These may include:

- in-house training days
- external training events
- training as part of committee meetings or immediately before or after such meetings
- reading material/documentation/information
- seminars and conferences offered by industry-wide bodies, including by pools
- online training including webinars, which can be developed internally or by industry-wide bodies
- telephone conference briefings
- qualifications, particularly those relevant to senior officers.

In addition, senior officers and advisors should provide support on an ongoing basis to pension committee and sub-committee members to share previous material or answer queries. It is expected that all committee members will have access to all fund documentation and policies.

Training plans should include the competencies highlighted in Annex A (or alternative competencies that may be adopted by an administering authority), as well as special topics – for example:

- a focus on decisions to be made in the forward plan of committee business
- those relating to areas of change or special interest.

On joining a pension committee, sub-committee or becoming a senior officer on a fund, the administering authority must provide induction training. This should be done in a timely manner.

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40. Some LGPS administering authorities may have separate policies relating to pension board members.

41. Investment advisors are now covered by the Competition and Markets Authority (CMA) requirement that LGPS administering authorities should set objectives for their investment consultants.

In addition, they must be immediately provided with documentation<sup>42</sup> that would provide a basic understanding of the fund. In line with guidance from The Pensions Regulator, administering authorities should ensure that newly appointed members of committees attain the required level of knowledge within six months of being appointed.

## MONITORING AND ONGOING REVIEW OF KNOWLEDGE AND SKILLS

Ensuring objectives relating to knowledge and skills are being met is important, and administering authorities should be assessing whether members and senior officers have the required knowledge and skills required to undertake their role. As a minimum, administering authorities should carry out the following to monitor and review knowledge and skills:

- record attendance at training and ensure action is taken where poor attendance is identified
- prepare tailored training plans for committee members and officers
- require members and officers to undertake self-assessment against the required competencies (as set out in this Framework or alternative competencies that may be adopted by an administering authority)
- communicate regularly with members and officers, encouraging them to highlight training needs on an ongoing basis.

A record of training attended should be kept up to date and made available to stakeholders in the fund's annual report and accounts each year. Members are responsible for ensuring their training record is up to date and accurate.

## REPORTING AND COMPLIANCE

Each administering authority's policy should outline how they report on meeting the objectives within their policy. This should include how they are complying with CIPFA's Code, this Framework (or an equivalent administering authority-specific framework) and MHCLG or SPPA statutory governance requirements.

As a minimum, information should be provided:

- in the fund's annual report – as a minimum, meeting the requirements of CIPFA's *Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds*<sup>43</sup>
- to the pension committee – regular updates on what training has been undertaken, attendance levels and what is planned for the committee, board members and senior officers
- to the local pension board – regular updates on what training has been undertaken, attendance and what is planned for the board, committee members and senior officers.

The Code of Practice requires that each administering authority designates a named individual to be responsible for ensuring that their policy is implemented. That individual should ensure that they are regularly monitoring compliance with their policy, as well as ensuring it adheres to overriding requirements (eg MiFID II, CIPFA's Code, this Framework, MHCLG/SPPA statutory governance requirements, TPR code). That individual should also take appropriate action where members or senior officers are not adhering to the requirements of the policy – for example, not participating in training or completing a self-assessment of training needs.

42. For committee members, this documentation could include a guide for members, the actuarial valuation, the annual report and accounts, and all strategies and policies prepared and published by the fund.

43. [Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds](#) (CIPFA, 2019).



# Further reading and sources of guidance

## MHCLG

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Local Government Pension Scheme Governance Compliance Statements Statutory Guidance (November 2008). An update to this guidance is expected in 2021.

## SPPA

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LGPS Governance Guidance (April 2011)

## CIPFA

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Code of Practice on LGPS Knowledge and Skills (2021)

Knowledge and Skills Framework for LGPS Committee Members and LGPS Senior Officers (2021)

Local Pension Boards: A Technical Knowledge and Skills Framework (2015)

The Role of the Chief Financial Officer in the Local Government Pension Scheme (2014)<sup>44</sup>

Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019)

The Guide for Local Pension Boards (2018)

Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom (2012)

Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme (2016)

Managing Risk in the Local Government Pension Scheme (2018)

Investment Pooling Governance Principles for LGPS Administering Authorities (2016)

Investment Pooling Governance Principles for LGPS Administering Authorities: Practical Guide and Next Steps (2017)

Administration in the LGPS: A Guide for Pensions Authorities (2019)

Delivering Good Governance in Local Government Pension Funds: A Guide to the Application of the CIPFA/Solace Code of Corporate Governance in Local Authorities to their Management of LGPS Funds (2009)

CIPFA Pensions Panel: Freedom of Information Act – Dealing with Requests for Information Relating to Local Authority Pension Funds (2006).

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44. This is due to be updated in 2021.

## SCHEME ADVISORY BOARD

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*Scheme Advisory Board MiFID II opting up process (2018)*

*Local Government Pension Scheme (LGPS) Guidance on the Creation and Operation of Local Pension Boards in England and Wales (2015)*

*Good Governance Phase I report (2018)*

*Good Governance Phase II report (2018)*

*Good Governance Phase III report (2021)*

## THE PENSIONS REGULATOR

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*Code of Practice No. 14: Governance and Administration of Public Service Pension Schemes (2015)*

*Compliance and Enforcement Policy for Public Service Pension Schemes (2015)*

The Pensions Regulator also publishes **a range of other helpful materials**.

## OTHER TRAINING AND SUPPORT

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There is a range of training courses and materials available to practitioners such as committee, board and officer training events, including the Local Government Association's LGPS fundamentals courses and the CIPFA Pensions Network, as well as a range of other training events. The Pensions Regulator also has an online **'public service toolkit'** available.



# Knowledge and skills framework

This annex provides a sample framework of competencies required for committee members and senior officers. A separate framework is in place for pension board members.<sup>45</sup> As mentioned previously, the degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to exercise properly their delegated responsibility on behalf of the administering authority. It is up to each authority to consider what the appropriate competencies are for their fund and the level of knowledge required for each individual. The levels of knowledge in this section have been split into the following categories (in ascending order of the level of knowledge required):

For committee members:

- an awareness, ie recognition that the subject matter exists
- a general understanding, ie understanding the basics in relation to the subject matter
- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level).

For senior officers/managers:

- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level)
- a detailed level of knowledge in relation to the subject matter
- an expert level of knowledge in relation to the subject matter.

## PART 1 – PENSION COMMITTEE MEMBERS’ FRAMEWORK

<p><b>Pensions legislations and guidance</b></p>	<p><b>General pensions framework</b></p> <p>A general understanding of the pensions legislative framework in the UK.</p> <p>A general understanding of other legislation that is relevant in managing an LGPS fund, eg freedom of information, General Data Protection Regulation (GDPR) and local authority legislation.</p> <p><b>Scheme-specific legislation</b></p> <p>A general understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including:</p> <ul style="list-style-type: none"> <li>• a general understanding of the LGPS Regulations 2013</li> <li>• a general understanding of the LGPS (Management and Investment of Funds) Regulations 2016.</li> </ul> <p>An awareness of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members.</p> <p>A regularly updated awareness of the latest changes to the scheme rules and current proposals or potential changes to the scheme.</p> <p><b>Guidance</b></p> <p>A general understanding of the requirements of statutory guidance from the responsible authority – MHCLG (England and Wales), SPPA (Scotland) or the Department for Communities (Northern Ireland).</p> <p>A general understanding of the requirements of The Pensions Regulator code of practice.</p> <p>An awareness of the requirements of guidance from the Scheme Advisory Board.</p> <p>An awareness of the requirements of guidance from GAD.</p> <p>An awareness of other guidance relevant to the LGPS, such as from CIPFA.</p>
<p><b>Pensions governance</b></p>	<p>An awareness of the LGPS regulations’ main features, including any material developments and requirements relating to pension scheme governance.</p> <p>An awareness of statutory and other guidance in relation to pension scheme governance, including MHCLG statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.</p> <p><b>Pension regulators, Scheme Advisory Board and other bodies</b></p> <p>A general understanding of how the roles and powers of MHCLG, TPR, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p> <p>A general understanding of the role of the Scheme Advisory Board and how it interacts with other bodies.</p> <p><b>General constitutional framework</b></p> <p>A general understanding of the role of the administering authority in relation to the LGPS.</p> <p>A general understanding of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.</p> <p>An awareness of the role and statutory responsibilities of the CFO and monitoring officer.</p> <p><b>Fund-specific governance</b></p> <p>A strong understanding of the roles, terms of reference and delegated responsibilities of the pension committee (including any sub-committees), the pension board and any other delegated responsibilities to senior officers.</p> <p>A general understanding of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent).</p> <p>A general understanding of the stakeholders of the fund and the nature of their interests.</p> <p>A general understanding of who the key officers responsible for the management of the fund are, how the pension team is structured and how services are delivered.</p>

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	<p>A general understanding of the fund's strategies, policies and other key documents.</p> <p>A general understanding of best practice risk management, including how that supports a structured and focused approach to managing risks. This should include how risk is monitored and managed and the fund's current key risks.</p> <p>A general understanding of how conflicts of interest are identified and managed.</p> <p>A strong understanding of how breaches in law are recorded and managed and, if necessary, reported to TPR, including each individual's personal responsibility in relation to breaches.</p> <p>A general understanding of the fund's knowledge and skills policy and associated training requirements.</p> <p>An awareness of the fund's process for dealing with complaints, including its internal dispute resolution procedure.</p> <p>A general understanding of how the effectiveness of the fund's governance is reviewed.</p> <p><b>Service delivery</b></p> <p>A general understanding of the required budget and resources needed to manage and administer the fund.</p> <p>A general understanding of the annual business planning cycle and budget setting.</p> <p>A general understanding of the fund's key performance indicators and other performance measures.</p> <p>A general understanding of the fund's business continuity policy and cyber security policy across all areas of fund activity, including administration.</p>
<b>Funding strategy and actuarial methods</b>	<p>An awareness of the LGPS regulations' main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.</p> <p>A general understanding of the role of the fund actuary.</p> <p>A general understanding of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.</p> <p>A general understanding of the key risks to the fund relating to the funding strategy.</p> <p><b>Valuations</b></p> <p>A general understanding of the valuation process, including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.</p> <p>An awareness of the costs to the employer, including employer contributions and early retirement strain costs.</p> <p>An awareness of the different types of employers that participate in the fund</p> <p>A general understanding of the importance of employer covenant, the relative strengths of the covenant across the fund's employers and how this impacts the funding strategy adopted.</p> <p>A general understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.</p> <p>A general understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (ie, the cost management process/ Section 13 report).</p> <p><b>New employer and exits</b></p> <p>A general understanding of the implications of including new employers in the fund and of the exit of existing employers.</p> <p>A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.</p>

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<p><b>Pensions administration and communications</b></p>	<p>An awareness of the LGPS regulations' main features and requirements relating to:</p> <ul style="list-style-type: none"> <li>• administration and communications strategies</li> <li>• entitlement to and calculation of pension benefits</li> <li>• transfers in and out of the scheme</li> <li>• employee contributions</li> <li>• the delivery of administration and communications (including associated guidance).</li> </ul> <p>A general understanding of the fund's pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.</p> <p>A general understanding of the fund's communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.</p> <p>A general understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>A general understanding of the fund's processes and procedures relating to:</p> <ul style="list-style-type: none"> <li>• member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission</li> <li>• contributions collection.</li> </ul> <p>An awareness of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances.</p> <p>A general understanding of additional voluntary contribution (AVC) arrangements, including:</p> <ul style="list-style-type: none"> <li>• the AVC arrangements that exist</li> <li>• the choice of investments to be offered to members</li> <li>• the provider's investment and fund performance,</li> <li>• the payment of contributions to the provider</li> <li>• the benefits that can be received by scheme members</li> <li>• how and when the AVC arrangements, including the investment choices, are reviewed.</li> </ul>
<p><b>Pensions financial strategy, management, accounting, report and audit standards</b></p>	<p>A general understanding 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 fund's accounts and annual report.</p> <p>A general understanding of the various elements of income into and expenditure of the fund, including the operational budget.</p> <p>A general understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.</p> <p>A general understanding of the role of both internal and external audit in the governance and assurance process.</p>
<p><b>Investment strategy, asset allocation, pooling, performance and risk management</b></p>	<p>An awareness of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance.</p> <p><b>Investment strategy</b></p> <p>A general understanding of the key risks that the fund is exposed to and how a fund's investment strategy should be considered in conjunction with these risks.</p> <p>A general understanding of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy.</p> <p>A general understanding of the role of these asset classes in long-term pension fund investing.</p> <p>A general understanding of the fund's cash flow requirements and how these impact on the types of investments considered.</p>

**Investment pool (England and Wales)**

A general understanding of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool.

An awareness of the regulations, best practice and guidance relating to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.

An awareness of the boundaries of investment activities (eg strategy requiring advice from a suitably qualified person, in-house investment transactions) and which investment activities require FCA authorisation.

A general understanding of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangement – in particular, reporting requirements, influence and accountability.

A general understanding of the fund's investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives, including any objectives relating to environmental, social and governance factors.

**Total fund**

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

**Performance of the committee**

An awareness of the Myners principles and the need to set targets for the committee and to report against them.

An awareness of the range of support services provided to the committee, who supplies them and the nature of the performance monitoring regime.

**Performance of the investment pool (England and Wales)**

An awareness of the investment regulations and the requirements for monitoring investments.

A general understanding of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.

**Responsible investment**

An awareness of the latest developments and requirements in the area of responsible investment.

An awareness of the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI) and whether the fund is a signatory of these.

A general understanding of the fund's approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund's investment strategy.

**Risk management**

A general understanding about how to manage and reduce risk and lessen the impact of risk on assets when it arises, including climate risk.

<b>Financial markets and products</b>	<p><b>Financial markets</b></p> <p>A general understanding of the primary importance of the investment strategy decision.</p> <p>A general understanding of the workings of the financial markets, the investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An awareness of the restrictions placed by legislation on the investment activities of LGPS funds.</p> <p><b>MiFID II</b></p> <p>A general understanding of MiFID II requirements relating to the knowledge of decision makers.</p> <p><b>Investment pool (England and Wales)</b></p> <p>A general understanding of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.</p> <p>A general understanding of which assets and investments may sit outside of the investment pool and why their nature and characteristics permit this.</p> <p>An awareness of how the fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
<b>Pension services procurement, contract management and relationship management</b>	<p><b>Understanding public procurement</b></p> <p>An awareness of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.</p> <p><b>Fund suppliers</b></p> <p>Awareness of the key decision makers in relation to the fund's procurements.</p> <p>A general understanding of the fund's suppliers and providers and their roles in the management of the fund.</p> <p>An awareness of how the fund's suppliers are monitored, including:</p> <ul style="list-style-type: none"> <li>• the Myners principles</li> <li>• the need for strategic objectives for investment consultants.</li> </ul> <p><b>Supplier risk management</b></p> <p>A general understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting external suppliers and providers.</p> <p>A general understanding of how the pension fund monitors and manages the performance of their external suppliers and providers, including business continuity and cyber risk.</p> <p><b>Investment pool (England and Wales)</b></p> <p>An awareness of the nature of the relationship with the investment pool parties and a general understanding of:</p> <ul style="list-style-type: none"> <li>• the extent of influence over the investment pool operator and oversight committee</li> <li>• the terms for terminating a pooling agreement</li> <li>• guidance on the requirement to pool investments.</li> </ul>

## PART 2 – SENIOR OFFICERS/MANAGERS' FRAMEWORK (INCLUDING LGPS SENIOR OFFICER)

Note the levels of knowledge expected that are included within this part are focused on the minimum expectations relating to all senior officers or managers within a fund, including the LGPS senior officer. However, collectively, there should be expert knowledge demonstrated in all areas. For example:

- The LGPS senior officer<sup>46</sup> should have expert knowledge in governance matters.
- The head of investments should have expert knowledge in investment areas.
- The head of administration should have expert knowledge in administration areas.
- There should be a senior officer or manager with expert knowledge in all other areas, including funding and communications.

### Pensions legislation and guidance

#### General pensions framework

A strong understanding of the pensions legislative framework in the UK, particularly:

- Pensions Act 1995
- Pensions Act 2004
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- Public Service Pensions Schemes Act 2013.

A strong understanding of other legislation that is relevant in managing an LGPS fund, eg freedom of information, GDPR and local authority legislation.

#### Scheme-specific legislation

A detailed knowledge of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including:

##### England and Wales

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- Local Government Pension Scheme Regulations 2013
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

##### Scotland

- Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008
- Local Government Pension Scheme (Administration) (Scotland) Regulations 2008
- Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014
- Local Government Pension Scheme (Governance) (Scotland) Regulations 2015
- Local Government Pension Scheme (Scotland) Regulations 2018.

46. The term 'LGPS senior officer' is expected to be defined in statutory guidance in England and Wales. It could be the chief finance officer (CFO). Its use here defines the senior officer responsible for the management and administration of the fund.

**Northern Ireland**

- Local Government Pension Scheme Regulations (Northern Ireland) 2014
- Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014
- Local Government Pension Scheme (Amendment) (Governance) Regulations 2015
- Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000.

A detailed knowledge of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members.

A detailed knowledge of the latest changes to the scheme rules and current proposals or potential changes to the scheme.

A strong understanding of how the scheme interfaces with other private and state pension provision.

**Guidance**

A detailed knowledge of the requirements of statutory guidance from the responsible authority – MHCLG (England and Wales), SPPA (Scotland) or the Department for Communities (Northern Ireland).

A detailed knowledge of the requirements of The Pensions Regulator code of practice.

A detailed knowledge of the requirements of guidance from the Scheme Advisory Board.

A strong understanding of the requirements of guidance from GAD.

A strong understanding of other guidance relevant to the LGPS, such as from CIPFA.

**Tax legislation**

A strong understanding of pension scheme tax legislation and the UK pension scheme reporting framework, in particular:

- Finance Act 2004
- related statutory instruments.

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**Pensions  
governance**

A detailed knowledge of the LGPS regulations' main features, including any material developments and requirements relating to the pension scheme governance.

A strong understanding of statutory and other guidance relating to pension scheme governance, including MHCLG/SPPA/Department for Communities statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.

**Pension regulators, Scheme Advisory Board and other bodies**

A detailed knowledge of how the roles and powers of MHCLG/SPPA/Department for Communities, The Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

A detailed knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies.

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**General constitutional framework**

A detailed knowledge of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.

A detailed knowledge of the role and statutory responsibilities of the CFO and monitoring officer.

**Fund-specific governance**

An expert knowledge of the roles, terms of reference and delegated responsibilities of the pension committee (including any sub-committees), the pension board and any other delegated responsibilities to senior officers.

A detailed knowledge of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent).

A detailed knowledge of the stakeholders of the fund and the nature of their interests.

An expert knowledge of the role of key officers responsible for the management of the fund, how the pension team is structured and how services are delivered.

A detailed knowledge of the fund's strategies, policies and other key documents.

An expert knowledge of best practice risk management, including how that supports a structured and focused approach to managing risk. This should include how risk is monitored and managed and the fund's current key risks.

An expert knowledge of how conflicts of interest are identified and managed.

An expert knowledge of how breaches in law are recorded and managed and, if necessary, reported to The Pensions Regulator, including each individual's personal responsibility in relation to breaches.

An expert awareness of the fund's knowledge and skills policy and associated training requirements.

A detailed knowledge of the fund's process for dealing with complaints, including its internal dispute resolution procedure.

A detailed knowledge of how the effectiveness of the fund's governance is reviewed.

**Service delivery**

An expert knowledge of the required budget and resources needed to manage and administer the fund.

An expert knowledge of the annual business planning cycle and budget setting.

An expert knowledge of the fund's key performance indicators and other performance measures.

An expert knowledge of the fund's business continuity policy and cyber security policy across all areas of fund activity, including administration.

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<p><b>Funding strategy and actuarial methods</b></p>	<p>A detailed knowledge of the LGPS regulations' main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.</p> <p>A detailed knowledge of the role of the fund actuary.</p> <p>A detailed knowledge of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.</p> <p>A detailed knowledge of the key risks to the fund relating to the funding strategy.</p> <p><b>Valuations</b></p> <p>A detailed knowledge of the valuation process, including:</p> <ul style="list-style-type: none"> <li>• the actual valuation processes</li> <li>• agreeing the financial and demographic assumptions</li> <li>• the development and publication of the funding strategy statement</li> <li>• signing off the rates and adjustment certificate</li> <li>• inter-valuation monitoring.</li> </ul> <p>A detailed knowledge of the costs to the employer, including employer contributions and early retirement strain costs.</p> <p>A strong understanding of the importance of employer covenant, the relative strengths of the covenant across the fund's employers, and how this impacts the funding strategy adopted.</p> <p>A strong understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.</p> <p>A strong understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (ie the cost management process/Section 13 report).</p> <p><b>New employer and exits</b></p> <p>A strong understanding of the implications of including new employers into the fund and of the exit of existing employers.</p> <p>A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.</p> <p>A strong understanding of the requirements of HM Treasury's 'fair deal' guidance and related guidance concerning outsourcing and bulk transfers.</p> <p><b>Other issues</b></p> <p>A strong understanding of other pension arrangements, particularly with regard to staff transfers.</p> <p>A strong understanding of the corporate and workforce ethos when working closely with HR colleagues to determine discretionary policies.</p>
<p><b>Pensions administration and communications</b></p>	<p>A detailed knowledge of the LGPS regulations' main features and requirements relating to:</p> <ul style="list-style-type: none"> <li>• administration and communications strategies</li> <li>• entitlement to and calculation of pension benefits</li> <li>• transfers in and out of the scheme</li> <li>• employee contributions</li> <li>• the delivery of administration and communications (including associated guidance).</li> </ul> <p>A detailed knowledge of the fund's pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.</p>

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	<p>A detailed knowledge of the fund's communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.</p> <p>A strong understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>A detailed knowledge of the fund's processes and procedures relating to:</p> <ul style="list-style-type: none"> <li>• member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission</li> <li>• contributions collection.</li> </ul> <p>A strong understanding of how discretionary powers operate.</p> <p>A strong understanding of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances.</p> <p>A detailed knowledge of AVC arrangements, including:</p> <ul style="list-style-type: none"> <li>• the AVC arrangements that exist</li> <li>• the choice of investments to be offered to members</li> <li>• the provider's investment and fund performance</li> <li>• the payment contributions to the provider</li> <li>• the benefits that can be received by scheme members</li> <li>• how and when the AVC arrangements, including the investment choices, are reviewed.</li> </ul>
<p><b>Pensions financial strategy, management, accounting, report and auditing standards</b></p>	<p>A detailed understanding of the Accounts and Audit Regulations and legislative requirements relating to role of the committee and individual members in considering and signing off the fund's accounts and annual report.</p> <p>A detailed knowledge of relevant pensions accounting standards as they apply to the scheme and to the employer:</p> <ul style="list-style-type: none"> <li>• Pensions SORP</li> <li>• FRS 102 (IAS 19)</li> <li>• iFReM.</li> </ul> <p>A detailed understanding of the approach to pensions external audit as set down in APB Practice Note 15.</p> <p>A detailed understanding of the various elements of income into and expenditure of the fund, including the operational budget.</p> <p>A detailed understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.</p> <p>A detailed understanding of the role of internal and external audit in the governance and assurance process.</p> <p>A strong understanding of and compliance with the CIPFA <i>Statement of Expertise</i> as it applies to:</p> <ul style="list-style-type: none"> <li>• leadership and strategic management</li> <li>• governance, ethics and values</li> <li>• financial and performance reporting</li> <li>• audit and accountability</li> <li>• strategic and operational financial management</li> <li>• partnerships and stakeholder relations</li> <li>• change, risk and project management.</li> </ul>

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<b>Investment strategy, asset allocation, pooling, performance and risk management</b>	<p>A detailed knowledge of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance.</p> <p><b>Investment strategy</b></p> <p>A detailed knowledge of the key risks that the fund is exposed to and how a fund's investment strategy should be considered in conjunction with these risks.</p> <p>A detailed knowledge of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy.</p> <p>A detailed knowledge of the role of these asset classes in long-term pension fund investing.</p> <p>A detailed knowledge of the fund's cash flow requirements and how these impact on the types on investments considered.</p> <p><b>Investment management</b></p> <p>A strong understanding of prevailing market conditions within UK and overseas equity markets and UK bond and property markets.</p> <p>A strong understanding of the principles of portfolio construction within both bond and equity mandates.</p> <p>A strong understanding of portfolio risk monitoring techniques.</p> <p>A strong understanding of trading systems and practices within bond and equity markets.</p> <p>A strong understanding of the importance of setting appropriate benchmark indices.</p> <p><b>Investment pool (England and Wales)</b></p> <p>A detailed knowledge of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool.</p> <p>A detailed knowledge of the regulations, best practice and guidance related to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.</p> <p>A detailed knowledge of the boundaries of investment activities (eg strategy requiring advice from a suitably qualified person, in-house investment transactions), and which investment activities require FCA authorisation.</p> <p>A detailed knowledge of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangements – in particular, reporting requirements, influence and accountability.</p> <p>A detailed knowledge of the fund's investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives, including any objectives in relation to environmental, social and governance factors.</p> <p><b>Total fund</b></p> <p>A strong understanding of the importance of monitoring asset returns relative to the liabilities and a strong understanding of ways of assessing long-term risks.</p> <p>A strong understanding of the merits of manager diversification.</p> <p><b>Performance of the committee</b></p> <p>A strong understanding of the Myners principles and the need to set targets for the committee and to report against them.</p> <p>A detailed knowledge of the range of support services provided to the committee, who supplies them, and the nature of the performance monitoring regime.</p>
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**Performance of the investment pool (England and Wales)**

A detailed knowledge of the investment regulations and the requirements for monitoring investments.

A detailed knowledge of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.

A detailed knowledge of the non-financial risks within the operation and relationship with the investment pool (operator, oversight committee and other parties) and how these can be mitigated or best managed.

**Responsible investment**

A detailed knowledge of the latest developments and requirements in the area of responsible investment.

A strong understanding of the UK Stewardship Code and the UNPRI and whether the fund is a signatory of these.

A detailed knowledge of the fund's approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund's investment strategy.

**Risk management**

A strong understanding about how to manage and reduce risk and lessen the impact of risk when it arises, including climate risk.

**Financial markets and products**

A detailed knowledge of the primary importance of the investment strategy decision.

A strong understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.

A strong understanding of the restrictions placed by legislation on the investment activities of LGPS funds.

**MiFID II**

A strong understanding of MiFID II requirements relating to the knowledge of decision makers.

**Investment strategy**

A strong understanding of long-term risk and return parameters of equity, bond and property markets and issues arising from short-term volatility.

A strong understanding of the effects on overall risk and return of combining these asset classes in the pension fund strategy.

A strong understanding of the relationship between the investment and funding strategies and the liabilities of the fund.

A strong understanding 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.

A strong understanding of the costs and benefits of active and passive currency hedging strategies, including implementation issues.

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**Investment manager structures**

A strong understanding of the relative attractions of active and passive management across different asset classes.

A strong understanding of the role of active manager risk within the investment arrangements.

A strong understanding of the concepts of 'risk budgeting', sources of return (alpha and beta) and improving the 'efficiency' of the arrangements.

A strong understanding of the practical implications of pooled and segregated mandates in terms of setting investment guidelines, effecting transactions and client reporting.

A strong understanding of the implications of combining managers with different investment styles.

**Other issues**

A strong understanding of the responsibilities of the custodian and procedures for reconciling information with investment providers.

A strong understanding of the costs and benefits of stock lending and commission recapture programmes.

**Investment pool (England and Wales)**

A detailed knowledge of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.

A strong understanding of which assets and investments may sit outside of the investment pool and their nature and characteristics.

A strong understanding of how the fund interacts with the taxation system in the UK and overseas in relation to investments.

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**Pension services procurement, contract management and relationship management**

**Understanding public procurement**

A detailed knowledge of the background to current public procurement policy and procedures, the values and scope of public procurement and the roles of key decision makers and organisations.

A detailed knowledge of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.

**Fund suppliers**

An expert knowledge of the key decision makers in relation to the fund's procurements

A detailed knowledge of the nature and scope of risks for the fund and of the importance of considering risk factors when selecting third parties.

A detailed knowledge of how the fund monitors and manages the performance of its outsourced providers.

A detailed knowledge of how the fund's suppliers are monitored, including:

- the Myners principles
- the need for strategic objectives for investment consultants.

**Investment pool (England and Wales)**

A detailed knowledge of the nature of the relationship with the investment pool parties and a detailed understanding of:

- the extent of influence over the investment pool operator and oversight committee
  - the terms for terminating a pooling agreement
  - guidance on the requirement to pool investments.
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# Role profile for chair of an LGPS pension committee

The role of the chair of the pension committee (or equivalent) requires post holders who have a wide experience of chairing meetings effectively, are good communicators and have at least some knowledge of pensions, financial or HR matters (through council, personal and/or career experience).

The above Knowledge Framework is developed further for the chair (and, by implication, the vice chair) in the following paragraphs by introducing key skills elements unique to the chair. This includes an expectation that the chair should individually have the appropriate level of knowledge in relation to all the competencies in Annex A, but noting that in some cases it will be necessary for a higher level of knowledge to be attained in some areas. The administering authority should ensure the chair is provided with the appropriate training to meet these requirements, preferably within six months of appointment.

## PURPOSE OF ROLE

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The purpose of the role is to ensure the pension committee properly carries out the delegated responsibilities of the administering authority with regard to legal requirements, the fund's aims, strategies and policies, and the administering authority's fiduciary and public law duties.

## PRINCIPAL RESPONSIBILITIES

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1. Chair the pension committee, ensuring that it carries out all responsibilities delegated to it by the administering authority as shown below:

[Each administering authority to insert its own pension committee delegated responsibilities, which could include:

- a principal aim to carry out the functions of [the council] as the scheme manager and administering authority for [the fund] in accordance with LGPS legislation
- [the fund] being managed and payment of pensions made in accordance with LGPS regulations, HMRC requirements for UK-registered pension schemes and all other relevant statutory provisions
- operating with regard to, and in the spirit of, all relevant statutory and non-statutory best practice guidance
- ensuring robust risk management arrangements
- approving [the fund's] aims and objectives, strategies, statutory compliance statements and non-statutory best practice guidance to manage [the fund] across governance, funding strategy, investment strategy, administration strategy, communications strategy and discretions and to monitor these policies/strategies

- appropriate delegations relating to LGPS pooling (in England and Wales)
  - approving [the fund's] annual report and financial statements
  - selecting, appointing, dismissing and monitoring the fund's advisors
  - agreeing and monitoring business plans
  - decisions relating to employers joining and leaving [the fund]
  - terms and payment of bulk transfers into and out of [the fund]
  - agreeing the knowledge and skills policy for [the fund], identifying training requirements, developing training plans and monitoring compliance of that policy
  - agreeing consultation responses on matters that impact on [the fund's] stakeholders.]
2. Ensure that all decisions taken by the pension committee are made with due regard to the advice of the senior officers with pension fund responsibilities (eg the LGPS senior officer, head of pensions, chief finance officer) and the appointed fund advisors.
  3. Uphold and promote the purpose of the committee and ensure that its terms of reference are followed in relation to all meetings.
  4. Work with the LGPS senior officer and other senior fund officers as relevant to plan an effective work programme for the committee.
  5. Assist the designated officer responsible for the fund's knowledge and skills or training policy and conflicts of interest policy in ensuring all committee members adhere to those policies.
  6. Report to the administering authority and other employers as stakeholders, using practical and appropriate means of communication, to give assurances about the fund's governance, day-to-day operations, performance, risk management and internal control mechanisms.
  7. Liaise with the LGPS senior officer and other senior fund officers as relevant and the fund's advisors in relation to the ongoing management of the fund, and to receive briefings in order to understand the context and implications of forthcoming issues.
  8. Liaise with the chair of the local pension board and attend pension board meetings when requested, or where permitted.
  9. Represent the administering authority as required at other committees and events, not limited to any asset pooling joint governance committee.



## EXPECTED SKILLS AND CHARACTERISTICS REQUIRED FOR ROLE OF CHAIR

Requirement	Essential	Desirable
<b>1. Educational</b>	<p>A strong understanding of pensions, financial or HR matters (through council, personal and/or career experience).</p> <p>Commitment to individually achieving the required level of knowledge in relation to the CIPFA Framework competencies (or alternatively requirements as set out by the administering authority).</p>	<p>Demonstrable evidence of knowledge kept up to date.</p> <p>Knowledge of pension funds and schemes.</p>
<b>2. Work experience</b>	<p>Political awareness in numerous political environments.</p> <p>Chairing high-level partnership meetings and achieving effective outcomes.</p> <p>Has operated for ten years at a senior level.</p> <p>Experience of risk and performance frameworks.</p>	<p>Previously chaired a pension committee or similar.</p>
<b>3. Abilities, intelligence and special aptitudes</b>	<p>Chairing skills.</p> <p>Influencing and consensus building.</p> <p>Listening skills.</p> <p>Able to assimilate complex information.</p> <p>Communication and engagement skills.</p>	<p>Mathematical/statistical literacy.</p> <p>Knowledge of public sector and local government finance.</p>
<b>4. Adjustment and social skills</b>	<p>Able to establish and maintain good working relationships with councillors, officers and advisors.</p> <p>Able to direct discussions in politically sensitive environments.</p> <p>Able to command respect and demonstrate strong leadership.</p> <p>Assertive in pursuing the correct course of action.</p> <p>Able to work effectively with colleagues who may have different levels of experience and understanding.</p>	<p>Diplomacy and tact.</p>
<b>5. Motivation</b>	<p>Enthusiastic, not easily deterred and able to convey enthusiasm to others.</p> <p>Committed to the aims and objectives of the fund.</p>	
<b>6. Equal opportunities</b>	<p>Understanding of and commitment to promoting equality of opportunity with an understanding of the pension context.</p>	

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