

**WHAT PENSIONS COMMITTEE MEMBERS ARE EXPECTED TO KNOW.**

**PENSIONS LEGISLATIVE AND GOVERNANCE CONTEXT**

**General Pensions Framework**

- General knowledge of the pensions legislative framework in the UK

**Scheme Specific Legislation**

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

**Pensions Regulators and Advisors**

- Understanding of how the roles and powers of the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

**General Constitutional Framework**

- Broad understanding of the role of pension fund committee in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.
- Awareness of the role and statutory responsibilities of the Head of Finance and the Monitoring Officer.

**Pension Scheme Governance**

- An awareness of the main features of the LGPS.
- Knowledge of the Myners Principles and associated CIPFA and SOLACE guidance.
- Detailed knowledge of the duties and responsibilities of committee members.
- Knowledge of the stakeholders of the pension fund and the nature of their interests.
- Knowledge of consultation, communication and involvement options relevant to stakeholders.

**PENSION ACCOUNTING AND AUDIT STANDARDS**

- Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the Audit Committee and individual members in considering and signing off the accounts.
- Awareness of the role of both internal and external audit in the governance and assurance process.

## **FINANCIAL SERVICES PROCUREMENT AND RELATIONSHIP MANAGEMENT**

### **Understanding Public Procurement**

- Understanding of the background to current public procurement policy and procedures and of the values and scope of public procurement and the roles of key decision makers and organisations.
- General understanding of the main public procurement requirements of UK and EU legislation.

### **Supplier Risk Management**

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

## **INVESTMENT PERFORMANCE AND RISK MANAGEMENT**

### **Total Fund**

- An understanding of the importance of monitoring asset returns relative to the liabilities of the Fund and a broad understanding of assessing long-term risks.

### **Performance of Advisors**

- An awareness of the Myners principles of performance management and the approach adopted by the committee.

### **Performance of Committee**

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

### **Performance of Support Services**

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

## **FINANCIAL MARKETS AND PRODUCTS KNOWLEDGE**

### **Investment Strategy**

- Awareness of the risk and return characteristics of the main asset classes (equities, bonds, property).
- An understanding of the role of these asset classes in long-term pension fund investing.

### **Financial Markets**

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

## **ACTUARIAL METHODS, STANDARDS AND PRACTICES**

### **Valuations**

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

### **Outsourcing**

- A general awareness of the relevant considerations in relation to outsourcing and bulk transfers.