

LGPS

Knowledge Assessment

HYMANS  ROBERTSON



Wiltshire Pension Fund

Wiltshire Pension Fund Committee and Local Pension Board - Knowledge assessment

Executive Summary

LGPS Knowledge assessment questionnaire – Results & Commentary

Since the introduction of the Public Service Pensions Act 2013 (“the 2013 Act”) there has been an increased focus on the governance arrangements of public sector pension schemes, including the Local Government Pension Scheme (LGPS). As a result the Pensions Regulator now has a far greater interest in the governance arrangements across public sector schemes and we are increasingly seeing them use the powers available to them. It is important, therefore, that LGPS Administering Authorities can demonstrate strong governance arrangements are in place, and this includes the knowledge and understanding of those responsible for the management and administration of these schemes.

Hymans Robertson have been instructed to conduct a high level knowledge assessment of the Wiltshire Pension Committee (PC) and Pension Board (PB), to inform on the current position and to highlight any actions required to address our findings. Our initial assessment covers the 8 key areas within the CIPFA knowledge and skills framework:

- Pensions Legislation;
- Pensions Governance;
- Pensions Administration;
- Pensions Accounting & Audit Standards;
- Pension Service Procurement & Relationship Management;
- Investment Performance & Risk Management;
- Financial Markets & Product Knowledge;
- Actuarial Methods, Standards & Practices.

The questionnaire is initially set out at a high level, with responses required to 3 questions on each of the above areas. Further, detailed, assessments are available in respect of each of the areas covered, where required. The output from this exercise can then be fed into the PC and PB training plans for the coming year.

Results, Commentary and Suggested Actions

A total of **8 out of 10** PC members and **4 out of 4*** PB members responded to the questionnaire (*one respondent is a member of both groups, but their results have been detailed only within the PC). Initial analysis from both groups suggests a similar level of overall knowledge and understanding across each of the 8 areas tested.

Pension Committee

The PC member's results provide evidence of a good level of knowledge and understanding within this group. Specifically, the assessment shows they have a better grasp of **Pensions Legislation** and **Pensions Accounting & Audit Standards** than that of **Actuarial Methods, Standards & Practices** and **Pension Administration**. There may be a need, therefore, to consider further training and detailed assessment in these two areas, particularly as we approach the next round of funding valuations in 2019.

Pension Board

The PB members also demonstrated a fairly strong level of knowledge and understanding on most of the areas tested in the questionnaire. Their results were particularly strong on **Pensions Governance** and **Investment Performance and Risk Management**. Their results were weaker in relation to **Actuarial Methods, Standards & Practices** and **Pensions Accounting & Audit Standards**, suggesting further training and more detailed assessment might be required in these areas.

Comparison with the National Confidence assessment – Perception vs. Reality

As with many LGPS funds that took part in the National Confidence assessment, Wiltshire Pension Fund committee and pension board respondents detailed, on the whole, high levels of confidence on the topics assessed. The reality of the knowledge assessment has shown that there are areas where members may feel confident but when tested on their actual knowledge, there are some topics that require member training.

General

When it came to the topics of **Financial Markets and Product knowledge** and **Pensions Legislation** both the PC and PB demonstrated a strong level of understanding. Overall, there is not a strong discrepancy of results between the two groups and, consequently, any training plans developed or updated should complement both groups' requirements.

Our main observations from the assessment:

- The PC appear well informed on matters of **Pensions Legislation** and **Pension Accounting & Audit Standards**. We believe they would benefit from further training and detailed assessment in in most other areas noted for lower marks, particularly **Actuarial Methods, Standards & Practices** and **Pension Administration**.
- The PB member's knowledge was particularly strong on **Pensions Governance**. This may be due to the PB's role in supporting the Administering Authority, as the scheme manager. As with the PC, however, further training and detailed assessment may be beneficial in relation to **Actuarial Methods, Standards & Practices**.

- **Governance** and **Financial Markets and Product knowledge** scored as the joint highest combined score for both groups and **Actuarial methods, standards and practices** the combined lowest joint score.

Report Details

Results tables

In the **result tables** section below we set out the individual, anonymised, results of each PC and PB respondent, together with an average score of their group based on their responses. The results table can be viewed both in the prism of how individuals have fared via each columns and as a collective group within each section and question. As an example the section on Pensions Administration highlights that 2 members of the Committee got all three questions right and the majority got either 1 or 2 wrong answers.

Ranking of highest to lowest correctly answered sections

Based on the member results we have ranked the sections assessed, for both the committee and pension board, on the highest to lowest correctly answered. This allows a quick high level analysis on areas which officer may want to target for improvements.

Commentary and suggested actions

In the tables within this section of the report, we provide further analysis of the numbers of correct and incorrect responses across the 8 topics, together with a short commentary on each and initial suggested actions for the Administering Authority to consider.

Results tables

Committee member answers (anonymised)

Question	Pensions Committee									
Pensions Legislation										
1.1 Which of the following Regulations currently apply to LGPS employers? (tick one box)										5.0
1.2 Which of the following type of employee cannot generally be a member of the LGPS?										4.0
1.3 Which of the following could be considered as not being the role of the pension fund committee/panel? (tick one box)										5.0
Pensions Governance										
2.1 What Act establishes the setting up of the local pension boards and their responsibilities?										5.0
2.2 Which of the following is not the role of the administering authority? (tick one box)										4.0
2.3 What is the role of the administering authority's Chief Finance Officer (Section 151 officer) in relation to the LGPS? (tick one box)										4.5
Pensions Administration										
3.1 Which of the following is not one of the Pensions Regulator's measures of good practice set out in its code of practice 14? (tick one box)										5.0
3.2 Which of the following is the current standard capital value of tax privileged annual pension savings a person can ordinarily enjoy without suffering a tax penalty? (tick one box)										2.5
3.3 When a member pays AVCs, who is responsible for deciding in to which Funds their contributions are invested? (tick one box)										2.5
Pensions Accounting and Audit Standards										
4.1 Which of the following statements describes the role of an elected member in the preparation of pension fund accounts? (tick one box)										5.0
4.2 Which of the following statements describes the responsibilities of the external auditor in the preparation of pension fund accounts? (tick one box)										5.0
4.3 In England and Wales, pension fund accounts are to be included in the Statement of Accounts of every authority that administers an LGPS fund in accordance with? (tick one box)										4.0
Pension Service Procurement and Relationship Management										
5.1 Which of the following statements is true? (tick one box)										4.5
5.2 What does the acronym OJEU stand for? (tick one box)										5.0
5.3 If an administering authority outsources administration to a third party provider, who is then responsible for the services provided to LGPS members? (tick one box)										3.0
Investment Performance and Risk Management										
6.1 Where should the Fund's voting policy be stated? (tick one box)										3.5
6.2 Which of the following is the least appropriate method of measuring how well the Fund is meeting its investment objective? (tick one box)										3.0
6.3 If long term fixed interest gilt and index linked gilt yields fall, which of the following is true? (tick one box)										4.5
Financial Markets and Product knowledge										
7.1 Your funding level is calculated as (tick one box)										4.5
7.2 The pension committee/panel is considering further diversifying the fund. Which of the following statements is true? (tick one box)										4.5
7.3 By lending money to companies or to Government you would be investing in which asset class? (tick one box)										5.0
Actuarial methods, standards and practices										
8.1 How often is a formal valuation of the pension fund required to take place? (tick one box)										4.5
8.2 Which of the following assumptions will the fund actuary not take into account as part of the formal valuation process? (tick one box)										3.5
8.3 The "future service rate" is (tick one box)										1.5

PB member answers (anonymised)

Question	Local Pensions Board				
Pensions Legislation					
1.1 Which of the following Regulations currently apply to LGPS employers? (tick one box)					3.0
1.2 Which of the following type of employee cannot generally be a member of the LGPS?					3.0
1.3 Which of the following could be considered as not being the role of the pension fund committee/panel? (tick one box)					5.0
Pensions Governance					
2.1 What Act establishes the setting up of the local pension boards and their responsibilities?					5.0
2.2 Which of the following is not the role of the administering authority? (tick one box)					4.0
2.3 What is the role of the administering authority's Chief Finance Officer (Section 151 officer) in relation to the LGPS? (tick one box)					4.0
Pensions Administration					
3.1 Which of the following is not one of the Pensions Regulator's measures of good practice set out in its code of practice 14? (tick one box)					4.0
3.2 Which of the following is the current standard capital value of tax privileged annual pension savings a person can ordinarily enjoy without suffering a tax penalty? (tick one box)					4.0
3.3 When a member pays AVCs, who is responsible for deciding in to which Funds their contributions are invested? (tick one box)					3.0
Pensions Accounting and Audit Standards					
4.1 Which of the following statements describes the role of an elected member in the preparation of pension fund accounts? (tick one box)					3.0
4.2 Which of the following statements describes the responsibilities of the external auditor in the preparation of pension fund accounts? (tick one box)					4.0
4.3 In England and Wales, pension fund accounts are to be included in the Statement of Accounts of every authority that administers an LGPS fund in accordance with? (tick one box)					2.0
Pension Service Procurement and Relationship Management					
5.1 Which of the following statements is true? (tick one box)					3.0
5.2 What does the acronym OJEU stand for? (tick one box)					5.0
5.3 If an administering authority outsources administration to a third party provider, who is then responsible for the services provided to LGPS members? (tick one box)					3.0
Investment Performance and Risk Management					
6.1 Where should the Fund's voting policy be stated? (tick one box)					4.0
6.2 Which of the following is the least appropriate method of measuring how well the Fund is meeting its investment objective? (tick one box)					4.0
6.3 If long term fixed interest gilt and index linked gilt yields fall, which of the following is true? (tick one box)					5.0
Financial Markets and Product knowledge					
7.1 Your funding level is calculated as (tick one box)					3.0
7.2 The pension committee/panel is considering further diversifying the fund. Which of the following statements is true? (tick one box)					4.0
7.3 By lending money to companies or to Government you would be investing in which asset class? (tick one box)					5.0
Actuarial methods, standards and practices					
8.1 How often is a formal valuation of the pension fund required to take place? (tick one box)					5.0
8.2 Which of the following assumptions will the fund actuary not take into account as part of the formal valuation process? (tick one box)					3.0
8.3 The "future service rate" is (tick one box)					1.0

Ranking of highest to lowest correctly answered sections

We have set out below the ranking of results between the PC and PB across the 8 topic headings.

PC ranking

1	Pensions Legislation
2	Pensions Accounting and Audit Standards
3	Financial Markets and Product knowledge
4	Pensions Governance
5	Pension Service Procurement and Relationship Management
6	Investment Performance and Risk Management
7	Pensions Administration
8	Actuarial methods, standards and practices



PB ranking

1	Pensions Governance
2	Investment Performance and Risk Management
3	Financial Markets and Product knowledge
4	Pensions Legislation
5	Pensions Administration
6	Pension Service Procurement and Relationship Management
7	Pensions Accounting and Audit Standards
8	Actuarial methods, standards and practices

Commentary and suggested actions

Responses	Commentary and Suggested Action																		
<p>Section 1 – Pensions Legislation (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>PB Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>8</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>4</td> </tr> </table> <p>Combined Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>30</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>6</td> </tr> </table>		Correct	22		Incorrect	2		Correct	8		Incorrect	4		Correct	30		Incorrect	6	<p><i>Commentary</i></p> <p>The responses from the PC member's indicate a strong level of knowledge on the three questions posed in this area. Only one area caused a slight level of uncertainty and that was on the type of employee eligible to be a member of the LGPS*.</p> <p>Within this area the PB members evidenced a slightly lower grasp of Pensions Legislation detail. They would perhaps benefit best from further training and detailed assessment or information bulletin on the key issues within the Pensions Legislation area.</p> <p>*Confirmation of the types of members that are able to join the LGPS and the different employer organisations now represented in the LGPS (particularly following a TUPE transfer). This could be broaden out to include details on Best Value Authorities and new Fair Deal implications.</p> <p>Encouragingly all respondents knew the answer to the question on the pension fund committee role.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Ensure that there is appropriate training in place to maintain and improve members knowledge in this area 2. Introduce a Legislation update into Committee / PB meetings
	Correct	22																	
	Incorrect	2																	
	Correct	8																	
	Incorrect	4																	
	Correct	30																	
	Incorrect	6																	

Responses	Commentary and Suggested Action																		
<p>Section 2 – Pensions Governance (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>21</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>3</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>10</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>31</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table>		Correct	21		Incorrect	3		Correct	10		Incorrect	2		Correct	31		Incorrect	5	<p><i>Commentary</i></p> <p>This was the joint highest combined score from both groups. This snapshot of pension governance indicates that members of the PC and PB have a good knowledge of the governance issues faced by LGPS funds.</p> <p>While it ranks 4th in the PC ranking, it was only one more correct answer from being the equal highest score for that group.</p> <p>Governance has seen increased publicity across the public sector schemes in recent years, as well as more widely across the pensions’ world. The results of this assessment indicate that the Administering Authority has been successful in bringing this area to the attention of both the PC and PB, who in turn have placed the necessary importance on ensuring they have the knowledge and understanding required of them.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Officers to ensure that governance training requirements are a strong focus for committee and pension board members. 2. Specific training session on external bodies (MHCLG / TPR / TPO) roles and responsibility would give members a strong understanding of the full LGPS governance and external scrutiny landscape.
	Correct	21																	
	Incorrect	3																	
	Correct	10																	
	Incorrect	2																	
	Correct	31																	
	Incorrect	5																	

Responses	Commentary and Suggested Action																		
<p>Section 3 – Pensions Administration (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>14</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>10</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>8</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>4</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>14</td> </tr> </table>		Correct	14		Incorrect	10		Correct	8		Incorrect	4		Correct	22		Incorrect	14	<p><i>Commentary</i></p> <p>Though this was generally well answered by the PB members, this was the second weakest area for the PC. There appears to be a lack of pension tax knowledge based on the tax question in this section and the answers supplied by the PC members.</p> <p>It is important that those responsible for running or assisting in the good governance of LGPS funds have a good grounding in all aspects of their role, therefore, administration knowledge and understanding should be given an increased prominence on the agenda of both groups.</p> <p>A training session on pension administration would be advisable, to better inform the PC/PB members. Furthermore, we would advise that confirmation as to how AVC's work within the LGPS should be presented to both groups.</p> <p><i>Suggested Action Suggested Action</i></p> <ol style="list-style-type: none"> 1. Pension administration presentation for PC members (with PB members invited) 2. Review of the administration report supplied to both groups. 3. Both groups to be asked for their thoughts on this area and how they would prefer information to be presented to them
	Correct	14																	
	Incorrect	10																	
	Correct	8																	
	Incorrect	4																	
	Correct	22																	
	Incorrect	14																	

Responses	Commentary and Suggested Action																		
<p>Section 4 – Pensions Accounting & Audit Standards (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>7</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>29</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>7</td> </tr> </table>		Correct	22		Incorrect	2		Correct	7		Incorrect	5		Correct	29		Incorrect	7	<p><i>Commentary</i></p> <p>This area had the biggest disparity between both groups. Though the PC had indicated that they weren't as confident on this topic within the National Confidence assessment, when presented with specific questions they were almost all answered correctly.</p> <p>The PB may want a specific session with the pension accountant and the lead audit manager for the Fund. They may also require a meeting with the external auditor for the Fund and confirm the audit requirements for the Wiltshire Pension Fund.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Review of the presentation of pension accounting and audit reports to both groups. 2. Provide appropriate training to the PB on this topic
	Correct	22																	
	Incorrect	2																	
	Correct	7																	
	Incorrect	5																	
	Correct	29																	
	Incorrect	7																	

Responses	Commentary and Suggested Action																		
<p>Section 5 – Pension Service Procurement & Relationship Management (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>19</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>8</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>4</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>27</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>9</td> </tr> </table>		Correct	19		Incorrect	5		Correct	8		Incorrect	4		Correct	27		Incorrect	9	<p><i>Commentary</i></p> <p>This was generally a well answered section, however the response from both the PC and PB members suggested some weakness in the area of outsourcing.</p> <p>This is a key point that both groups should understand. Scheme employers and administering authorities may outsource a variety of services for others to deliver but cannot abdicate their responsibilities when doing so.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. The question regarding outsourcing of services points to the wider question on Fund responsibilities. We would recommend that a training session or paper is produced for members on specific responsibilities of the administering authority.
	Correct	19																	
	Incorrect	5																	
	Correct	8																	
	Incorrect	4																	
	Correct	27																	
	Incorrect	9																	

Responses	Commentary and Suggested Action																		
<p>Section 6 – Investment Performance & Risk Management (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>16</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>8</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>10</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>26</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>10</td> </tr> </table>		Correct	16		Incorrect	8		Correct	10		Incorrect	2		Correct	26		Incorrect	10	<p><i>Commentary</i></p> <p>Perhaps surprisingly this was one of the poorer answered questions for the PC. Traditionally we have seen this section being well understood, so the apparent lack of understanding here is possibly a cause for concern. Furthermore the evidence from the National Confidence assessment suggested that this would be a strong area for the Committee.</p> <p>Conversely this was generally well answered by the PB. The reason why there has been a difference in knowledge in this area between the PC and PB should be investigated by officers – has there been any specific PB training in this area?</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. The adjustment to the world of LGPS pooling will unalterably affect how the PC deals with investment issues going forward. We would suggest this adjustment is made clear to members and there is a strong understanding of their role now on investment matters. 2. Confirmation to the PC on the method of measuring the Fund against its investment objectives – possibly via a presentation on how this is appropriately tracked 3. PC to undertake training and detailed assessment on the topic
	Correct	16																	
	Incorrect	8																	
	Correct	10																	
	Incorrect	2																	
	Correct	26																	
	Incorrect	10																	

Responses	Commentary and Suggested Action																		
<p>Section 7 – Financial markets & Product knowledge (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>9</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>3</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>31</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table>		Correct	22		Incorrect	2		Correct	9		Incorrect	3		Correct	31		Incorrect	5	<p><i>Commentary</i></p> <p>This was the second highest combined score and the highest for the PC. There was very little that caused issues to respondents.</p> <p>This was also strongly answered within the National Confidence assessment for Wiltshire and perhaps this is due to the traditional time that this is given to it within meetings. Given the changes to English and Welsh LGPS funds investment governance structure, with the introduction of investment pooling, the Fund should regularly review that knowledge in this area is maintained at the current high level.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Regular updates from the Brunel Pension Partnership
	Correct	22																	
	Incorrect	2																	
	Correct	9																	
	Incorrect	3																	
	Correct	31																	
	Incorrect	5																	

Responses	Commentary and Suggested Action																		
<p>Section 8 – Actuarial methods, standards & practices (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>13</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>11</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>6</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>6</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>19</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>17</td> </tr> </table>		Correct	13		Incorrect	11		Correct	6		Incorrect	6		Correct	19		Incorrect	17	<p><i>Commentary</i></p> <p>This section was the lowest combined score by quite a margin from the majority of the other topics – bar pension’s administration. Only 1 member of the PC correctly answered what the future service rate means and no members of the PB answered this question correctly. This, along with the varied answers received within the actuarial assumption question, would indicate that both groups require training on actuarial concepts. This is particularly relevant, given the fact that the Administering Authority is about to undertake the formal triennial valuation as at 31 March 2019.</p> <p>The question regarding the frequency of valuations was flawlessly answered by both groups.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Committee and Pension Board given training and then reassessment on this topic
	Correct	13																	
	Incorrect	11																	
	Correct	6																	
	Incorrect	6																	
	Correct	19																	
	Incorrect	17																	

Conclusion	Commentary and Suggested Action
<p><u>Prioritise training for the PC on the basis of:</u></p> <ol style="list-style-type: none"> 1. Training session that specifically focusses on LGPS administration issues 2. Training on actuarial, standards and practices (share with PB). Particularly important in the run up to the 2019 Fund Valuation 3. Overview training on roles and responsibilities within the LGPS <p><u>Prioritise training for the PB on the basis of:</u></p> <ol style="list-style-type: none"> 1. Initial training on accounting and audit standards 2. Training on actuarial, standards and practices (with Committee) 3. Overview training on roles and responsibilities within the LGPS 	<p>In combination with the indicative results from the Funds' participation in our National Confidence assessment and the findings from this knowledge assessment, both groups have evidenced a relatively strong level of knowledge and understanding required across the various areas for which they have responsibility.</p> <p>There was, however, evidence of a lack of understanding in certain areas. In order to ensure a balanced level of knowledge and understanding across all of the required areas, training plans should aim to maintain the competency levels of high performing areas while raising it in those lower performing areas.</p> <p><i>Overview - suggested actions</i></p> <ol style="list-style-type: none"> 1. Ongoing assessment of the Committee and PB knowledge within each specific sections. Where required, adjustment to members training plans following results.

Prepared by:-

Pete Riedel and Andrew McKerns

Hymans Robertson Benefits and Governance Consultants

30 November 2018

For and on behalf of Hymans Robertson LLP

Appendix 1: Questions and Answers

1	Pensions Legislation	Answer	2	Pensions Governance	Answer
1.1	Which of the following Regulations currently apply to LGPS employers?		2.1	What Act establishes the setting up of the local pension boards and their responsibilities?	
	A The Local Government Pension Scheme Regulations 2013			A Pensions Act 1995	
	B The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016			B Public Service Pensions Act 2013	✓
	C The Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006			C Pension Schemes Act 1993	
	D All of the above	✓		D Superannuation Act 1972	
1.2	Which of the following type of employee cannot generally be a member of the LGPS?		2.2	Which of the following is not the role of the administering authority?	
	A Cleaners employed by a Further Education College			A Maintain and administer the local LGPS Fund	
	B Secretarial staff in an academy			B Determine how the fund's assets are allocated	
	C Employees of a contractor providing a service in connection with the function of a scheme employer			C Advise the Secretary of State on changes to the LGPS	✓
	D Teachers in a local authority school	✓		D Pay pension benefits to members and dependants	
1.3	Which of the following could be considered as not being the role of the pension fund committee/panel?		2.3	What is the role of the administering authority's chief finance officer (section 151 officer) in relation to the LGPS?	
	A Agreeing the fund's communication policy			A Confirming early retirement decisions	
	B Agreeing the early retirement decisions of the senior officers	✓		B Ensuring there is an effective system of internal financial control	✓
	C Setting the overall funding objectives			C Providing expert advice	
	D Signing off the triennial funding valuation			D Appointing the fund's advisers	

3	Pensions Administration	Answer	4	Pension accounting and Audit Standards	Answer
3.1	Which of the following is not one of the Pensions Regulator's measures of good practice set out in its code of practice 14?		4.1	Which of the following statements describes the role of an elected member in the preparation of pension fund accounts?	
A	Appropriate knowledge and understanding		A	Approve the statement of accounts	✓
B	Strong internal controls and good data and record keeping		B	Examine on a test basis, evidence that the information contained in the accounts is consistent with the information contained in supporting information	
C	Providing high quality information to members		C	Provide an opinion on whether the accounts reflect a 'true and fair view' of the financial transactions of the pension fund	
D	Performance against industry standards	✓	D	No involvement at all – it is solely an officer function	
3.2	Which of the following is the current standard capital value of tax privileged annual pension savings a person can ordinarily enjoy without suffering a tax penalty?		4.2	Which of the following statements describes the responsibilities of the external auditor in the preparation of pension fund accounts?	
A	£50,000.00		A	Approve the statement of accounts	
B	£40,000.00	✓	B	Selecting suitable accounting policies and then applying them consistently	
C	£215,000.00		C	Provide an opinion on whether the accounts reflect a 'true and fair view' of the financial transactions of the pension fund	✓
D	There is no annual limit		D	No involvement at all – it is solely an officer function	
3.3	When a member pays AVCs, who is responsible for deciding in to which funds their contributions are invested?		4.3	In England and Wales, pension fund accounts are to be included in the Statement of Accounts of every authority that administers an LGPS fund in accordance with?	
A	The AVC provider		A	CIPFA CoP	
B	The administering authority		B	Local Government Act	
C	The scheme employer		C	The LGPS Regulations	✓
D	The scheme member	✓	D	Public Services Pensions Act	

5	Pension Service Procurement and Relationship Management	Answer	6	Investment Performance and Risk Management	Answer
5.1	Which of the following statements is true?		6.1	Where should the Fund's voting policy be stated?	
A	Appointments of advisers, investment managers and other providers above a minimum threshold (in terms of value p.a.) are subject to European public procurement regulations	✓	A	It does not have to be recorded	
B	The committee should agree the procurement rules that they will apply to each appointment in advance		B	The Statement of Investment Principles / Investment Strategy Statement	
C	All advisory and manager appointments are subject to the requirements of EU public procurement		C	The Funding Strategy Statement	✓
D	Appointments of advisers and investment managers above a minimum threshold (in terms of value) are subject to UK public procurement regulations		D	In the pension committee/panel minutes	
5.2	What does the acronym OJEU stand for?		6.2	Which of the following is the least appropriate method of measuring how well the fund is meeting its investment objective?	
A	Official Journal of the European Union	✓	A	A comparison of the investment return relative to that of other LGPS funds	✓
B	Officers' Journal of European Underwriters		B	A comparison of the investment return relative to its strategic benchmark return	
C	Operational Jurisdiction of European Users		C	A comparison of the value of the assets relative to the value of the liabilities	
D	Occupational Justification of Expenditure Usage				
5.3	If an administering authority outsources administration to a third party provider, who is then responsible for the services provided to LGPS members?		6.3	If long term fixed interest gilt and index linked gilt yields fall, which of the following is true?	
A	The third party provider		A	The discounted value of the liabilities falls	
B	The administering authority	✓	B	The discounted value of the liabilities rises	✓
C	Scheme employers				
D	All of the above				

7	Financial markets and Product knowledge	Answer	8	Actuarial methods, standards and practices	Answer
7.1	Your funding level is calculated as		8.1	How often is a formal valuation of the pension fund required to take place?	
A	Value of assets / value of liabilities	✓	A	Every year	
B	Value of liabilities / value of assets		B	Every 3 years	✓
C	Contribution income / pensions paid		C	Whenever there is a change in the regulations	
			D	Every 5 years	
7.2	The pension committee/panel is considering further diversifying the fund. Which of the following statements is true?		8.2	Which of the following assumptions will the fund actuary not take into account as part of the formal valuation process?	
A	The fund can be diversified by choosing new assets which behave differently to the ones currently in the fund	✓	A	Inflation	
B	The fund can be diversified by choosing new assets which behave in broadly the same way to the ones currently in the fund		B	Investment returns	
C	Private equity should be considered as it is positively correlated with listed equities		C	Life expectancy	
D	Hedge funds should be included as they guarantee to provide a return in all market conditions		D	Cost of early retirement strain costs	✓
7.3	By lending money to companies or to Government you would be investing in which asset class?		8.3	The "future service rate" is	
A	Bonds	✓	A	The cost of 1 additional year extra benefit accrual for the fund	✓
B	Property		B	The cost of paying pensions out in the next year	
C	Equities		C	The rate calculated by Government for the LGPS as a whole	
D	Cash		D	The cost of all future benefit accrual until members retire	