

Lancashire Local Pension Board

Meeting to be held on 8 July 2015

Electoral Division affected: None

Knowledge and Understanding Requirements for Members of Local Pension Boards

Contact for further information:

Frances Deakin, (01772) 533112, frances.deakin@lancashire.gov.uk

Executive Summary

This report sets out the legislative requirement on Members of Local Pension Boards to develop a level of knowledge and understanding of pension matters sufficient to enable them to provide effective, constructive and informed support to the Administering Authority and includes a number of suggestions to support that requirement.

Recommendation

The Board is recommended to:

- (i) Note the responsibility on Board Members with regards to developing a level of knowledge and understanding of pension matters sufficient to enable them to provide effective, constructive and informed support to the Administering Authority, as set out in the report;
- (ii) Identify, having regard to the suggestions set out on page 3 of the report, some key priorities for a training plan.

Background and Advice

As set out at the Board's training session delivered by Hymans Robertson on 15 June 2015, there is a legislative requirement on Members of Local Pension Boards to develop a level of knowledge and understanding of pension matters sufficient to enable them to provide effective, constructive and informed support to the Administering Authority.

The responsibility is a personal one and will involve Board members undertaking training and study to gain (and maintain) a command over relevant information and develop an appropriate depth of knowledge.

The legislative requirements on Board Members fall from section 5 of the Public Service Pensions Act 2013 which added a new section 248a into the Pension Act 2004 as follows:

Pension Act 2004

s248A: Requirement for knowledge and understanding: pension boards of public service pension schemes

(1) This section applies to every individual who is a member of the pension board of a public service pension scheme.

(2) An individual to whom this section applies must be conversant with—

(a) the rules of the scheme, and

(b) any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

(3) An individual to whom this section applies must have knowledge and understanding of—

(a) the law relating to pensions, and

(b) such other matters as may be prescribed.

(4) The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.”

Whilst stressing that it is the responsibility of individual Pension Board members to ensure they have the appropriate degree of knowledge and understanding the Pensions Regulator (tPR) Code of Practice No.14 – Governance (issued in January 2015) encourages scheme managers

- to establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members
- To designate a person to take responsibility for ensuring that a framework is developed and implemented

Lancashire County Pension Fund has designated its Financial Policy Officer as the person with responsibility for supporting members to develop their Knowledge and Understanding. Fulfilling this responsibility involves working with the Board to:

- identify individual and communal learning needs
- establish the preferred / most effective methods of study and training
- agree subject matter priorities (which reflect the Board's Plan of Work)
- implement a non-bureaucratic approach for establishing and recording learning objectives and documenting progress towards achieving them which

enables the Board to monitor its own compliance with the requirement for Knowledge and Understanding

Achieving the above begins with an initial conversation with the Board.

It will be important to establish an agreement on overall approach and to ensure Board members are involved in shaping the design of a training plan and framework.

In preparation for the Board's first meeting on 8 July, Board members are asked to:

- (i) access the Virtual Reading Room and the Pension Regulators website as an aid to them
- (ii) reflecting on their learning requirements and priorities
- (iii) being ready to articulate their immediate concerns/questions/issues
- (iv) identifying some key priorities for a training plan

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications.

List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A