

WIRRAL COUNCIL

PENSIONS COMMITTEE

23 MARCH 2010

REPORT OF THE DIRECTOR OF FINANCE

KNOWLEDGE & SKILLS FRAMEWORK FOR THE LGPS

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Members of the publication of a Knowledge and Skills Framework.

2. BACKGROUND

- 2.1 The policy and regulatory emphasis on the need for good governance arrangements in the LGPS, and the conduct of business likely to achieve this, is well established. A key component in delivering good governance is to ensure that the members of decision-making bodies, as well as those that advise and support them, are equipped with the necessary knowledge and skills to effectively perform this function.
- 2.2 The CIPFA Guide to the Application of the Myners Principles re-emphasises this point; the guidance for applying Principle 1: Effective decision-making recommends that skills and knowledge audits be conducted at regular intervals. Pensions Committee already approves an annual training programme that encompasses the scope of its work and the most relevant pensions issues, as well as providing tailored training opportunities to individual Committee Members.
- 2.3 However, at present this is not accompanied by a formal update of training and development needs or a measure of progress made. CIPFA advises that it would represent good practice for the Committee to demonstrate that it is actively managing the development of its Members, and for a statement to this effect to be included in the Annual Report. This would enhance the accountability of the Committee, by virtue of being able to further demonstrate competency to its stakeholders.

2.4 In the absence of any detailed definition of what knowledge and skills are actually required to carry out particular roles, it is difficult to ascertain the effectiveness of the training provided. Likewise, it is difficult for a decision-making body to determine the adequacy of its internal resources, without recourse to a description of the right skill set for public sector pensions finance professionals. To address these difficulties CIPFA, through the CIPFA Pensions Panel has developed a technical knowledge and skills framework.

3. THE FRAMEWORK

3.1 The CIPFA Pensions Panel has produced two versions of the framework; one for elected representatives and non-executives, the other for pensions practitioners. Both versions are based around six areas of knowledge and skill:

- Pensions legislative and governance context
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices.

3.2 The framework contains detailed guidance identifying the knowledge and skills, under each of the above headings, which are required of Elected Members to best perform their governance role. There is a detailed description of the role of the Chair of an LGPS Pensions Committee, which includes the required knowledge and skills. The framework for pensions practitioners covers post-holders grouped into four levels of broadly equivalent responsibility and technical demand: chief finance officer, head of pensions / chief investment officer, investment manager / senior fund accountant, investment administrator / assistant fund accountant.

3.3 The purpose of the framework is twofold: it is an organizational tool to be used to determine if Merseyside Pension Fund has the appropriate mix of knowledge and skills necessary to achieve its objectives; it is also an assessment tool for use by individuals to measure their progress and plan their development.

- 3.4 The framework is designed to be adapted to suit the particular circumstances of both organizations and individuals. An initial review of the detailed knowledge and skills outlined in the framework, under the six headings listed above, suggests that this Committee and its officers are already well equipped. It is reasonable to conclude that through ongoing service on the Pensions Committee, coupled with involvement in the training programme, attendance at pre-meeting briefings and access to the Members' Induction Pack, those serving would not be found wanting, according to the framework. However, adoption of the framework would afford Members the opportunity to make their own forward training and development plans.
- 3.5 The version of the framework relating to officers is easier to adapt. The guidance refers to a range of job roles and related key skills, which can be easily mapped onto the relevant Merseyside Pension Fund management and staffing structure. The framework could easily be incorporated into the Key Issues Exchange process. A significant number of officers covered by the framework are members of professional organisations and keep records of their training and development to meet their continuing professional development (CPD) targets.
- 3.6 Self-assessment and reporting against the framework would represent a departure from current practice, but as a form of good practice must be given careful consideration. DCLG is considering an amendment to the 2008 regulations (concerning pension fund Annual Reports) that would require pension funds to state their policy on delivering and monitoring training and development in their Annual Reports. Adoption of the framework at this stage would allow time to integrate the framework into the forward planning process, which includes objectives for workforce and Elected Member development.
- 3.7 The CIPFA Pensions Network is developing a web-based knowledge and skills self assessment tool, to be linked to a repository of knowledge sources. The intention is to provide support for those adopting this framework. The self-assessment tool would allow individuals to test and extend their knowledge, as well as assess and manage their own training and development needs.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 There are none arising from this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are none arising from this report.

6. COMMUNITY SAFETY IMPLICATIONS

6.1. There are none arising from this report.

7. LOCAL MEMBER SUPPORT IMPLICATIONS

7.1. This report has no particular implications for any Members or wards.

8. LOCAL AGENDA 21 IMPLICATIONS

8.1. There are none arising from this report.

9. PLANNING IMPLICATIONS

9.1. There are none arising from this report.

10. BACKGROUND PAPERS

10.1 'Knowledge and Skills Framework. Technical guidance for Pensions Practitioners in the Public Sector', CIPFA

10.2 'Knowledge and Skills Framework. Technical guidance for Elected Representatives and Non-executives in the Public Sector', CIPFA

11. RECOMMENDATIONS

11.1 That Members note the publication of the Knowledge & Skills Framework and its relevance in assisting them to perform their governance role.

11.2 That Members agree to adopt the Framework.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/45/10