

SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 11 DECEMBER 2020**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** NATIONAL KNOWLEDGE ASSESSMENT (NKA) RESULTS AND TRAINING PLAN**SUMMARY OF ISSUE:**

Strategic objectives	
Investment	Funding

The report sets out the results of the National Knowledge Assessment (NKA) conducted by Hymans Robertson. The aim of NKA was to identify where there are gaps in knowledge in Pension Fund committee members, and assist in devising an appropriate training plan.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Note the NKA report (Annexe 1).
2. Note the results including the overall ranking of the Pension Fund Committee against other participating funds.
3. Note and approve the suggested training plan.

REASON FOR RECOMMENDATIONS:

Members of the Committee play a vital role in the scheme, and to exercise their roles effectively must be able to address all relevant topics including governance, administration, investment and actuarial methods.

DETAILS:**Background Information**

1. In recent years there has been an increase in the scrutiny of public service pension schemes including the LGPS. The Chartered Institute of Public Finance and Accountancy (CIPFA) 2013 Code of Practice on Public Sector Pensions Finance Knowledge and Skills applies to all individuals that take on a decision-making, scrutiny or oversight role with respect to LGPS schemes, which includes the pension fund committee.
2. The Scheme Advisory Board Good Governance report Phase II also highlighted the need for LGPS scheme to maintain skills and knowledge were

assessed and maintained, to ensure that decision making and scrutiny bodies had the appropriate skills and knowledge to perform their roles.

3. Furthermore, the introduction of Markets in Financial Instruments Directive II (MIFID II) in January 2018 REQUIRED Committee members to evidence their knowledge in order to be treated as professional investors.
4. While fund officers may deal with the day-to-day running of the funds, pension fund committee members play an important role in the scheme, and to exercise their role effectively must be able to address all relevant topics including governance, administration, investment and actuarial methods.

5. National Knowledge Assessment (NKA)

6. In order to assess the skills and knowledge of the Pension Fund Committee members, they were requested to participate in the LGPS NKA, conducted by Hymans Robertson based on the CIPFA Skills and Knowledge Framework for pensions. The assessment aimed to evaluate the current knowledge level of Pensions Committee members at a collective as well as individual level.

7. Members were asked set of 47 questions on the 8 areas below:

- i. Committee Role and Pensions Legislation
- ii. Pensions Governance
- iii. Pensions Administrations
- iv. Pensions Accounting and Audit Standards
- v. Procurement and Relationship Management
- vi. Investment Performance and Risk Management
- vii. Financial markets and product knowledge
- viii. Actuarial methods, standard and practices

8. Overall Results

9. Annexe 1, summarises the results of the assessment. Surrey Pension Fund ranked 3rd out of 18 funds, with Pension Fund Committee ranking 6th out of 18 from the national average of all LGPS committee members who took part in the assessment.
10. The Committee scored highest on financial markets and product knowledge and there was a good spread of knowledge across other areas.
11. The assessment identified particular areas in which the members did not perform as well, namely, Actuarial methods, standards and practices which need to be the focus of more training.

12. Training Plan 2021/22

13. The following training plan is proposed by Hymans for the Committee as a result of the exercise:

Period	Key areas for development	Potential Attendees
Q1	<ul style="list-style-type: none"> Actuarial Methods Pensions administration and SAB Good Governance 	All
Q2	<ul style="list-style-type: none"> The role of the Committee and pensions legislation 	All
Q3	<ul style="list-style-type: none"> Pensions governance 	All
Q4	<ul style="list-style-type: none"> Valuation training for 2022 Actuarial Valuations. 	All

14. The training programme can be revised based on member feedback and any additional training requirements.

CONSULTATION:

15. The Chairman of the Pension Fund has been consulted and offered full support for the proposals.

RISK MANAGEMENT AND IMPLICATIONS:

16. Effective training and development will help Members to gain sufficient knowledge and skills necessary to make appropriate decisions in minimising risk associated with their roles and responsibilities.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

17. The cost of the National Knowledge Assessment (NKA) was £6,000 + VAT.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

18. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered.

LEGAL IMPLICATIONS – MONITORING OFFICER

19. There are no legal implications or legislative requirements

EQUALITIES AND DIVERSITY

20. The approval of Training plan does not require an equality analysis, as the initiative is not a major policy, project or function.

OTHER IMPLICATIONS

21. There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

22. The following next steps are planned:

- Officers will forward relevant training invites to members of the Pension Fund Committee.

Contact Officer:

Ayaz Malik, Pensions Finance Specialist

Consulted:

Pension Fund Committee Chairman.

Annexes:

Annexe 1: National Knowledge Assessment Results

Sources/background papers:

None
