

## **Buckinghamshire Local Pension Board Knowledge and Understanding Framework**

### **Legal requirements**

1. In accordance with Section 248 of the Pensions Act 2004, every member of the Buckinghamshire County Council Local Pension Board must be conversant with:
  - the rules of the scheme (the Local Government Pension Scheme Regulations), and
  - any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
- 1.1 Pension Board members must also have knowledge and understanding of:
  - the law relating to pensions, and
  - such other matters as may be prescribed.
- 1.2 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.
- 1.3 Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.

### **Areas of knowledge and understanding required**

2. Pension board members must be conversant with their scheme rules, which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.
- 2.1 Pension board members must be conversant with specific documents recording policy about administration such as:
  - conflicts of interest and the register of interests
  - record-keeping
  - internal dispute resolution
  - reporting breaches
  - maintaining contributions to the scheme
  - the appointment of pension board members
  - risk assessments/management and risk register policies for the scheme

- scheme booklets, announcements and other key member and employer communications
- the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
- terms of reference, structure and operational policies of the pension board and / or any sub-committee
- statements of policy about the exercise of discretionary functions
- statements of policy about communications with members and scheme employers
- the pension administration strategy
- any admission body policies
- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
- statements of assurance (for example, assurance reports from administrators)
- third party contracts and service level agreements
- stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues
- investment strategy statement ~~of investment principles~~
- funding strategy statement
- scheme annual reports and accounts
- accounting requirements relevant to the scheme
- audit reports, including from outsourced service providers, and
- other scheme-specific governance documents

2.2 They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.

2.3 Pension board members should also be familiar with the AVC options offered and the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.

### **Induction Training**

3 Pension board members are expected to complete induction training within 6 months of their appointment. This consists of an online training resource provided by tThe Pensions Regulator (tPR) and ~~ongoing~~ in-house training sessions provided by Buckinghamshire County Council as the Administering Authority of the Buckinghamshire Pension Fund (BCC) which all members are required to attend.

## The Pensions Regulator Public Sector

4 The Pensions Regulator has developed a specific Public Sector online training Toolkit <http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx> to help Board members meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004. The toolkit contains seven modules in the following areas:

- Conflicts of interest
- Managing risk and internal controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing information to members and others
- Resolving internal disputes
- Reporting breaches of the law

4.1 Prior to their first Board meeting, members are expected to complete ~~t~~The Pensions Regulator Public Service Toolkit and to revisit the training modules periodically thereafter.

4.2 ~~A~~Additional n initial training day willtraining will also ~~be held prior to the first meeting. This initial training will be provided~~be provided by the ~~Local Government Association and Investec~~ and will cover:

- Legal and Governance
- Investment Framework
- Benefits Framework
- Investment Basics

4.3 Seminars for Local Pension Board Members are hosted by Barnett Waddingham and CIPFA twice yearly which members are invited to attend.

4.~~4~~3 In addition to The Public Service Toolkit The Pensions Regulator has a Trustee Toolkit in relation to Defined Benefit Schemes <https://trusteetoolkit.thepensionsregulator.gov.uk/> It is not a requirement for Public Service Board members to also complete the modules within the Trustee Toolkit, but if a Board member wishes to do so they can email The Pensions Regulator at [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk) and they will arrange to have these learning modules added to their profile.

4.~~5~~4 Pension board members must have a working knowledge of their scheme regulations and documented administration policies. They should understand their scheme regulations and policies in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.

4.~~6~~5 Pension board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their

scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.

- 4.76 It is anticipated that board members will develop a full understanding of all the relevant issues over a period of time. It is not expected that all board members will have the same level of knowledge on all relevant areas, but the Board as a whole must ensure that it has a wide breadth of skills and expert knowledge to ensure that all relevant issues are scrutinised when making recommendations.

### **Acquiring, reviewing and updating knowledge and understanding**

5 Pension board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. BCC will provide pension board members with the relevant training and support that they require.

5.1 Board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Any gaps in knowledge should be reported to BCC so that future training can be tailored to bridge these gaps. BCC will then assist pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.

5.2 It is suggested that there are three main ways in which levels of knowledge and skills can be increased:

- Use of web based packages and training provided by CIPFA;
- LGA, Fund Manager or Actuary led training sessions or specific training as part of the Board meeting agenda;
- Courses and seminars organised by Fund Managers, Actuaries and the LGA, details of which can be circulated to Board members

### **Demonstrating knowledge and understanding**

6 BCC will keep appropriate records of the learning activities of individual pension board members and the board as a whole. This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps.