



Board report

Committee	ISLE OF WIGHT LOCAL PENSION BOARD
Date	5 APRIL 2023
Title	KNOWLEDGE AND UNDERSTANDING
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report provides the board with a progress report on the completion of the current Hymans Robertson LGPS Online Learning Academy modules, and seeks members' thoughts on future plans for the development and delivery of the knowledge and understanding plans for the fund.

RECOMMENDATION

2. That board members note the progress made towards the completion of the Hymans Robertson LGPS Online Learning Academy (LOLA) modules.
3. That the board determines the timing of the fund's transition to LOLA v2.0, as set out in paragraph 19.
4. That the board nominates an attendee for the Annual Pension Board Conference in Birmingham on 18 May 2023.
5. That members provide feedback on the briefing session provided under item 11 on this meeting's agenda, and also on their preferred methods for the delivery of future development sessions.

REGULATORY REQUIREMENTS

6. Board members are reminded of the requirements under the regulation 248A of the Pensions Act 2004, as introduced by the Public Services Pensions Act 2013, which states:

248A 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.*

7. The expectations of the Pensions Regulator in respect of the knowledge and understanding of “the governing body” of pension schemes will be contained in the new General Code, which is expected to be launched in Spring 2023. The relevant sections of the draft code which was consulted upon in March 2021 are attached as appendix 1 to this report.
8. The sections entitled ‘Working knowledge of pensions’ and ‘Building and maintaining knowledge’ build on the current requirements of the Regulator’s code of practice no 14 *Governance and administration of public service pension schemes*.
9. While the section entitled ‘Governance of knowledge and understanding’ is not directly relevant to public service schemes, it is considered best practice to take the requirements into account to ensure continued good governance.

LOCAL EXPECTATION OF BOARD MEMBERS

10. The board member role profile, which is published on the fund’s website (and linked in the background papers below) states “Members are expected to complete the Pension Regulator’s online Public Service toolkit within six months of appointment, and to attend training opportunities and maintain a wider interest in the subject, beyond formal intervention, in order to fulfil their role effectively.”

HYMANS ROBERTSON LGPS ONLINE LEARNING ACADEMY

11. Following the board meeting in October 2022, members were requested to complete all modules of the Hymans Robertson LGPS Online Learning Academy (LOLA) toolkit by 31 March 2023. A summary of members’ progress in completing the modules, extracted on Friday 24 March 2023 is included at Appendix 2 to this report.
12. It is pleasing to note that most board members are making progress with these modules, although there are two members who have not completed a module yet, including one who has not started any of the modules.
13. In February 2023, Hymans Robertson announced that LOLA version 2.0 has been launched, and was available from 14 March 2023. The upgraded version retains the core fundamentals of short, sharp and engaging training videos, supplemented with shorter learning modules and the ability to add fund-specific training material to the platform.

14. The key changes include:
 - (a) The new eight core modules now mirror the exact same topic number and headings as the National Knowledge Assessment.
 - (b) The introductory module and current issues module are still there but are not part of the core training plan.
 - (c) The modules have been streamlined and are now shorter and quicker to complete.
 - (d) The introduction of Gamification badges to increase user engagement.
15. On transition to the new version, all users will be required to start again from scratch on all modules, as this is a brand new learning plan – previous LOLA progress will not count towards the new learning plan.
16. The transition date is flexible, to be agreed between the fund and Hymans. The expectation is that all funds will move to the new platform before 14 December 2023.
17. Board members are asked to consider:
 - (a) whether all members should complete the existing modules before transition to the new learning plan, and if so by what date the modules would be completed?
 - (b) whether the fund should move to the new learning plan as soon as possible, and all members commit to completing the new modules within six months of the transition?

ANNUAL LOCAL PENSION BOARD CONFERENCE

18. On 27 February 2023, the Pension fund Manager circulated information about the forthcoming annual Local Pension Board conference to be held in Birmingham on Thursday 18 May 2023.
19. Speakers will include the Chair of the Scheme Advisory Board (SAB), the chair of the SAB's compliance and reporting committee, and representatives from the LGA, the Pensions Regulator and DLUHC, covering topics including:
 - the upcoming TCFD reporting mechanism;
 - the new Single Code of Practice;
 - the Good Governance project;
 - an update from the Scheme Advisory Board on its work over the past year
20. There will also be breakout sessions, facilitated by independent board chairmen to enable the discussion of local issues and to share best practice.
21. The cost of the event will be covered by the fund, as will reasonable travel costs.
22. Board members are asked to consider who wishes to attend this event.

LEARNING AND DEVELOPMENT STYLES

23. At the pension committee meeting on 8 February 2023, committee members were asked to consider their preferred learning delivery methods, and the timing and potential subject matter for that training.

24. Committee members indicated a strong preference for face to face delivery, in short, focussed sessions with simple practical examples included. It was very clear that members were not comfortable with online learning, so a decision has been taken to not enrol committee members on Hymans' LOLA portal.
25. There was also a suggestion that reference to learning materials be included in the reporting pack, and brief development sessions delivered within the agenda items themselves. This has been tested in today's meeting with the delivery of a briefing session on recording and reporting breaches of the law.
26. Board members are asked to provide feedback on that briefing, and to comment on their preferences for learning and development delivery.

CIPFA KNOWLEDGE AND SKILLS FRAMEWORK

27. The Scheme Advisory Board (SAB) has issued a survey to LGPS funds seeking their views on the current Chartered Institute of Public Finance and Accountancy (CIPFA) Knowledge and Skills Framework, its applicability and usefulness in supporting the delivery and monitoring of knowledge and understanding for committee and board members, as well as fund officers. Responses to this survey will support the review and updating of this document.
28. The SAB report that the Department for Levelling Up, Housing and Communities (DLUHC) is expected to issue a consultation in 2023 on a proposal to amend LGPS regulations to require administering authorities to have a plan on their approach to the delivery, assessment and recording of training plans. It is not expected that the regulations will prescribe the actual training to be undertaken, as that will be a matter for each fund.
29. It appears that this will propose a statutory obligation for committee members to acquire and maintain a suitable level of knowledge and understanding, similar to the existing requirement for board members. There are proposals that the board have an oversight role in monitoring compliance with the training and development plans.
30. The consultation is also likely to include consideration of the payment on honorariums to board members to reflect the Pensions Regulator's requirement to undertake regular training and development.
31. As soon as the consultation is issued, it will be shared with board and committee members to seek their input in the fund's response.

STRATEGIC CONTEXT

32. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
33. Ensuring that board members acquire and maintain appropriate levels of knowledge and understanding contributes to the achievement of the following fund objectives:

- (a) Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.
- (b) Ensure Fund is managed, and its services provided, by people with the appropriate knowledge and understanding.
- (c) Understand and monitor risk and compliance.
- (d) Continually measure and monitor success against objectives.

FINANCIAL / BUDGET IMPLICATIONS

- 34. The fund allocates an annual budget of £3,500 to support the training and development of board members.
- 35. The cost of the Hymans LOLA modules for 2022-23 was £3,000 for 10 licenses. This cost was allocated 70% to the board and 30% to fund officers. For 2023-24, the cost for 10 licenses (the minimum available) has increased by inflation.
- 36. The fund pays for members to attend conferences, including reasonable travel costs.

APPENDICES ATTACHED

- 37. Appendix 1: extract from the Pension Regulators' draft General Code – Knowledge and understanding.
- 38. Appendix 2: Hymans Robertson LGPS Online Learning Academy. Members' progress at 24 March 2023

BACKGROUND PAPERS

- 39. Role profile: Employer and Scheme Member Representatives on the Local Pension Board
<https://www.isleofwightpensionfund.org/resources/employer-and-scheme-member-representatives-on-the-local-pension-board/>
- 40. Hymans Robertson LGPS online learning academy
<https://aspire.hymanslearning.co.uk/>

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