

## **CIPFA CODE OF PRACTICE ON KNOWLEDGE AND SKILLS**

### **Report of the County Treasurer**

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

- Recommendations:**
- (a) That the Committee formally adopts the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills and the statement as set out in Appendix 1.**
  - (b) That action be taken to implement the Knowledge and Skills Framework as outlined in the report.**
  - (c) That members note the arrangements for the training day to be held on Friday 28 March.**

### **1. Introduction**

- 1.1. The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills sets out the importance of training and development for committee members, relevant to their needs and responsibilities. In accordance with the Myners Principles on good governance, LGPS administering authorities should ensure that:
- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation;
  - Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.
- 1.2. The Devon Pension Fund has had a longstanding commitment to training for Committee members to ensure that they have the skills and understanding required to carry out their stewardship role. This has included regular events to cover the latest developments in the LGPS, investment strategy and performance monitoring. A training day in October 2012 informed members about the requirements of the CIPFA Knowledge and Skills Framework.
- 1.3. However, while a high priority has been given to providing the training that members of the Committee require, the Fund has not formally adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills. This report outlines what that involves and proposes that the Committee formally adopts the Code of Practice.

### **2. The Knowledge and Skills Framework**

- 2.1. There are six areas of knowledge and skills that have been identified as the core requirements for those with decision making responsibility for LGPS funds. They are:
- 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.
- 2.2. This framework enables members of the Committee to consider the areas involved and whether they have the knowledge required to carry out their role. Work has already been undertaken in liaison with Marion Geare, Member Development Officer, and development interviews have been held with some Devon County Council members of the Committee which have addressed the six areas outlined. This approach can also be shared with the other authorities represented on the Committee.
- 2.3. In addition a self-assessment tool has been developed, consisting of multiple choice questions for members to answer. This will be made available to members of the Committee, and will enable them to measure their understanding and plan their development. The tool will also point the way to “bite-size” tutorials and other quality assured websites to help boost levels of knowledge.
- 2.4. As a result of the development interviews and the self-assessment it will be possible to identify gaps in both individual and collective knowledge. Individual training plans can then be put together for members of the Committee and these will be fed into a Committee training plan. The Committee training plan will then feed into the agendas for future training events.

### **3. Reporting and Compliance**

- 3.1. The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills is mandatory for CIPFA members as part of their standards of professional practice. By adopting the Code the Committee will be ensuring good governance and training practices. They will also be supporting the County Treasurer who as a CIPFA member has a professional requirement to comply with the code.
- 3.2. In addition, within the new governance arrangements about to be introduced, the knowledge and skills of those entrusted with the governance of LGPS funds will have a higher profile, and will be overseen by the Pensions Regulator. As a result there will be a greater emphasis on compliance with the Code. The statements to be adopted are set out in Appendix 1 to this report.
- 3.3. CIPFA recommends that, as a demonstration of good practice, a disclosure should be made in the Fund’s Annual Report and Accounts that covers:
- How the Skills and Knowledge framework has been applied.
  - What assessment of training needs has been undertaken.
  - What training has been delivered against the identified training needs.
- 3.4. Future Annual Reports will therefore include a description of how the training needs of the Committee have been assessed, and what training has been provided in response. This will be general to the Committee as a whole, but is likely to include a record of the training that individual members have attended.

#### **4. Training Day 28 March 2014**

- 4.1. The next training day for members is to be held on 28 March. The event will cover a range of topics relevant to the framework, including risk management, financial markets and products knowledge, and the legislative and governance context. There will also be a panel session looking at future strategy for the Fund. The event will be held in the Coaver Conference Room at County Hall. A programme for the day will be sent out to members within the next two weeks.

#### **5. Conclusion**

- 5.1. Formal adoption of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills will both ensure and demonstrate that the Committee has the skillset required to carry out their role of governing the Devon Pension Fund. It will ensure that any gaps in knowledge are addressed, and stand the Committee in good stead to address the challenges posed by the forthcoming changes to the LGPS, and the growing complexity of investment opportunities.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

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## **Appendix 1 – Statement to be adopted**

1. The Investment and Pension Fund Committee adopts the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.
2. The Investment and Pension Fund Committee recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.
3. Accordingly the Investment and Pension Fund Committee will ensure that it has adequate resources, formal and comprehensive objectives, policies (see below) and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.
4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
5. The Investment and Pension Fund Committee will report annually on how these policies have been put into practice throughout the financial year.
6. The Investment and Pension Fund Committee has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the County Treasurer, who will act in accordance with the Investment and Pension Fund Committee's policy statement, and with CIPFA Standards of Professional Practice (where relevant).