



HYMANS  ROBERTSON

2023 LGPS Knowledge Progress Assessment

London Borough of Hillingdon Pension Fund

Overview

This Knowledge Progress Assessment (KPA) allows a direct insight into the knowledge and skills of the key decision makers and oversight body of the London Borough of Hillingdon Pension Fund.

Participants answered a series of questions covering a broad spectrum of topics, for which they should be familiar to effectively perform their role. Based on their answers, a score is recorded for each member, and also collectively for both the Committee and Board.

This information can be incredibly valuable in helping shape and plan training sessions at both group and individual level.

This assessment sits alongside the LGPS National Knowledge Assessment (NKA). Unlike the NKA, there is no benchmarking provided against the results of all other participating Funds. The results focus solely on your Fund.

Background

The London Borough of Hillingdon Pension Fund agreed to participate in the KPA using our online assessment.

This report provides an overview of the participants' results broken down into 8 key areas.

The online assessment opened in January 2024, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

The questions posed in the assessment are split into 3 categories:

- Technical questions
- Roles and responsibilities
- Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The Knowledge Progress Assessment is a challenging multiple-choice assessment of participants' knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members' knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and the Pensions Regulator's (TPR) Code of Practice.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance.

All topics which require a level of knowledge and understanding from the Committee. Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Fund decisions.

The Assessment

The members of the London Borough of Hillingdon Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 5 respondents from the Committee and 5 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	Names
Section 1	Committee Role and Pensions Legislation
Section 2	Pensions Governance
Section 3	Pensions Administration
Section 4	Pensions Accounting and Audit Standards
Section 5	Procurement and Relationship Management
Section 6	Investment Performance and Risk Management
Section 7	Financial Markets and Product Knowledge
Section 8	Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting “I have no knowledge of this area”, where they were unsure.

This allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

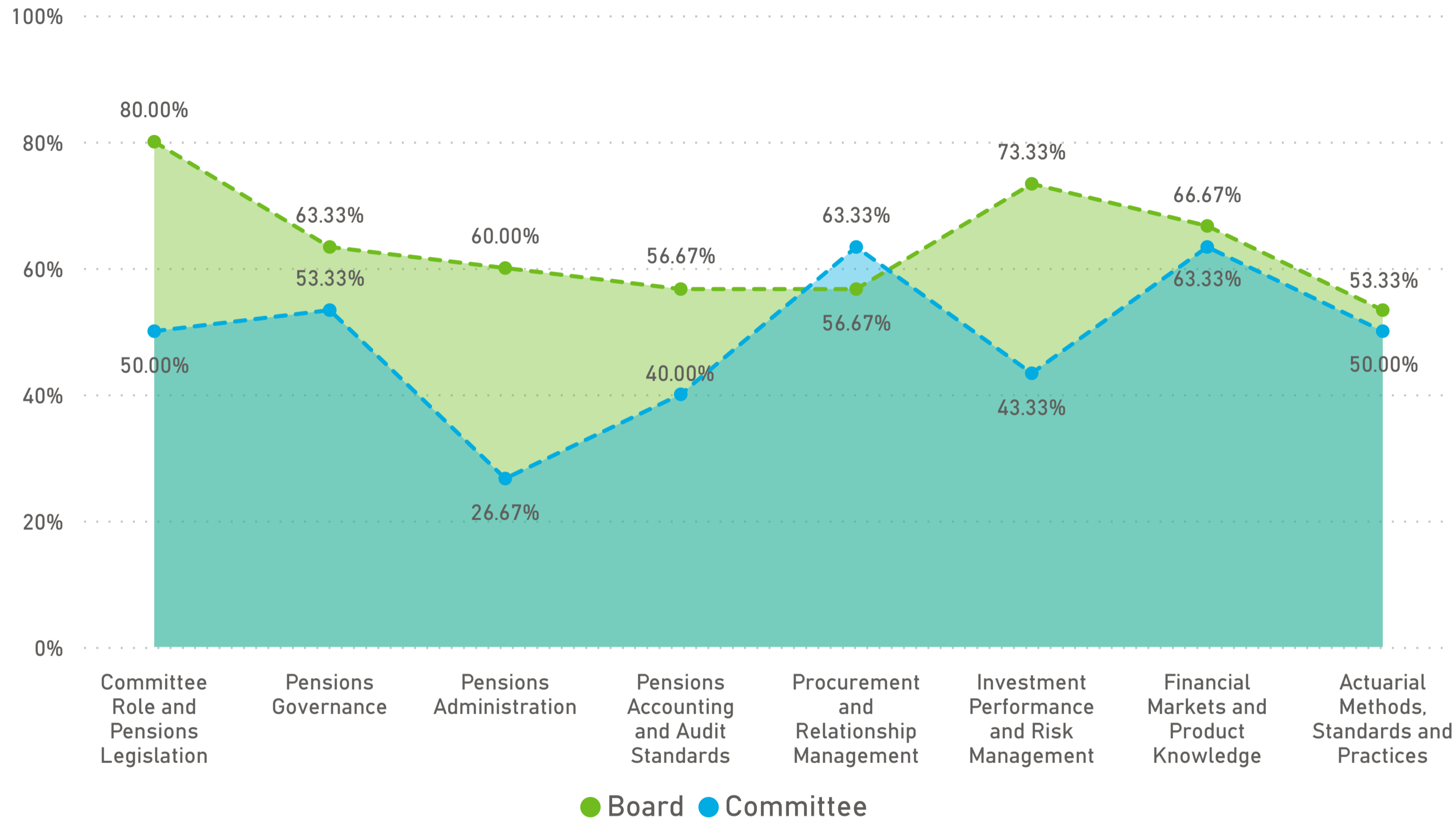
Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The average score for each of the 8 subject areas, for both the Committee and Board.
- Results split by the categories of “**technical**”, “**roles and responsibilities**” and “**decision making**”.
- Engagement levels for both the Committee and Board
- The most requested topics for training.

Based on the results and the responses received from participants, we have included the “next steps” to consider.

Average Score for Board & Committee



For each of the assessment's 8 areas we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 63.75 %) was stronger than that of the Committee (average overall score of 48.75 %).
- The performance for the Committee and Board diverged the most in the Pensions Administration section, when Board were 33.33% higher than the Committee.
- The Committee performed most strongly in the areas of Procurement and Relationship Management and Financial Markets and Product Knowledge.
- The Board areas of strongest knowledge were Committee Role and Pensions Legislation and Investment Performance and Risk Management.

Commentary on results

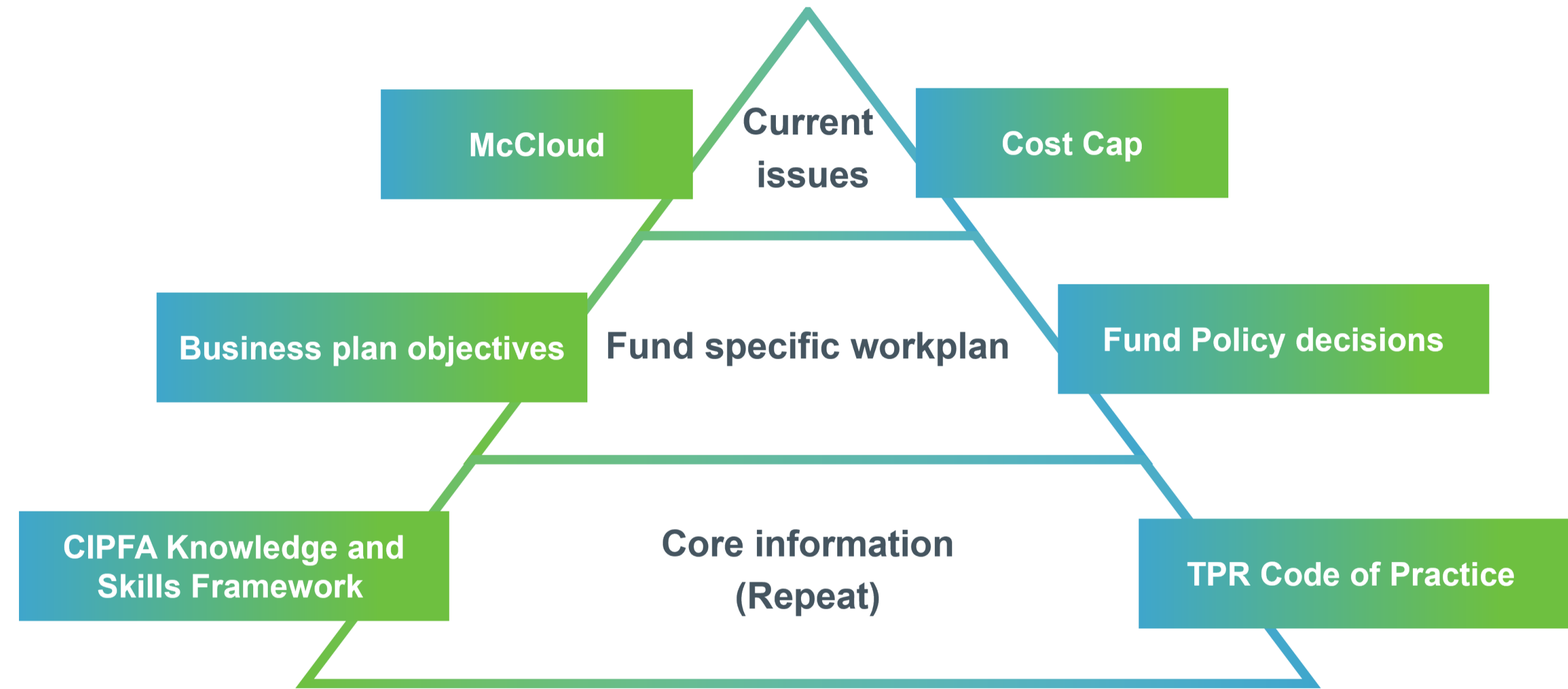
It's very encouraging that 10 participants from your Fund took part in the assessment. Overall, the results were positive and it's clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.



Committee

The results show that Procurement and Relationship Management and Financial Markets and Product Knowledge have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Administration and Investment performance and Risk Management for the Committee.

In general, the Committee's performance was similar to the level found in the 2022 National Knowledge Assessment which had an average score of 51% for Committee participants.

Local Pension Board

The results show that Committee Role and Pensions Legislation and Investment Performance and Risk Management have the highest levels of knowledge, but the areas to focus any specific training on might be Actuarial Methods, Standards and Practices for the Board.

The average Pension Board participant score for the Hillingdon Pension Fund - 64% - was above the average Pension Board member score in the 2022 National Knowledge Assessment of 61%.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.



From this chart, the lowest scoring area was Decision Making . Bearing this in mind, a particular focus could be put on this over the coming months.

Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different parties covering different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDR process, review of suppliers and cyber risk.

Technical – The majority the questions in the assessment were technical and related to core areas of knowledge and skills for Committees and Boards. We would expect the Fund's training strategy and training plan to reflect requirements here.

Collective Knowledge

It is not just the overall average scores which are important, we realise that you need to be aware of the collective knowledge of your members. All committee and Board members will bring different experience and perspectives, and will feel more comfortable providing challenge in areas they are more knowledgeable in. As such, the spread of detailed knowledge in each subject is important for the robust governance of the Fund.

For this reason we feel it is important to understand how many members scored highly in each of the topics, to provide an insight into the breadth of knowledge. Where a Committee or Board have individuals with high knowledge levels in each of the topics, you can feel more assured that members will be able to provide challenge or guidance, as and when required.

A well rounded Committee or Board will have a number of members scoring highly in each topic. To measure this, we have analysed:

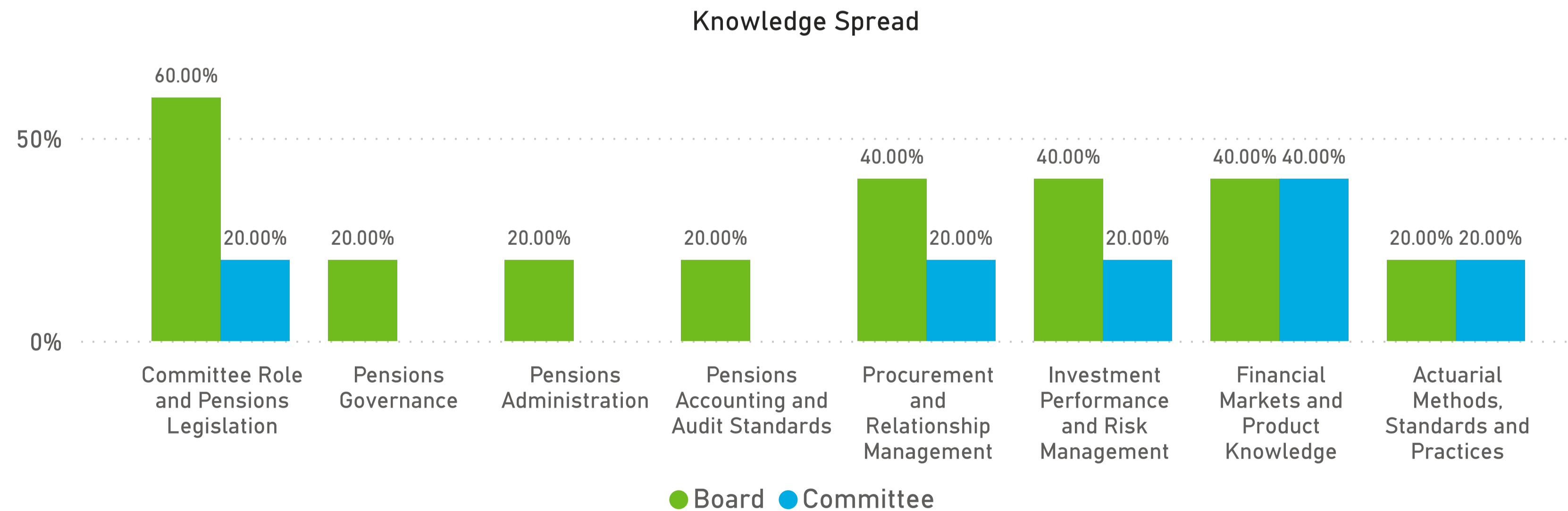
- The number of members who correctly answered at least 5 of the 6 questions in each topic.

It is also important that it is not just the same individuals who score highly in each topic. A spread of individuals with detailed knowledge across different topics, is more likely to create an effective Committee or Board.

We have analysed the number of members who correctly answered 5 or 6 questions in at least one topics. This gives an indication of the spread of knowledge. The chart below shows the respondents who correctly answered 5 or 6 questions in each particular section.

- For the Committee there were 4 of members who scored highly in at least 1 topic.
- There were 4 Board members who scored highly in at least 1 topic.

This is a positive result, as you would hope that most members would have specialist, detailed knowledge in at least one subject area.



Engagement

One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, Committee and Board engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

The chart below shows the breakdown of the total number of participants from the London Borough of Hillingdon Pension Fund, as a proportion of those who could have responded.

Role	Participants	Possible Participants	Participation Rate	Previous Participation Rate
Board	5	5	100.00%	
Committee	5	5	100.00%	
Total	10		100.00%	

That all 10 participants from your Fund took part in the assessment is highly encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be high; however, it is important to maintain this, particularly in the current climate where face-to-face meetings and delivery of training sessions might be in Hybrid format for some time to come.

One of the biggest challenges in this area is how to improve engagement. The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

The table on the right summarises the areas in which members indicated training would be beneficial.

Training requirements

● Board ● Committee

Actuarial Methods, Standards and Practices

Pensions Governance

Good Governance

Investment Performance and Risk Managem...

LGPS Code of transparency

Pension Regulator Code of Practice

Committee Role and Pensions Legislation

Cyber security

Pensions Accounting and Audit Standards

Pensions Administration

Environmental, Social and Governance / Res...

Financial Markets and Product Knowledge

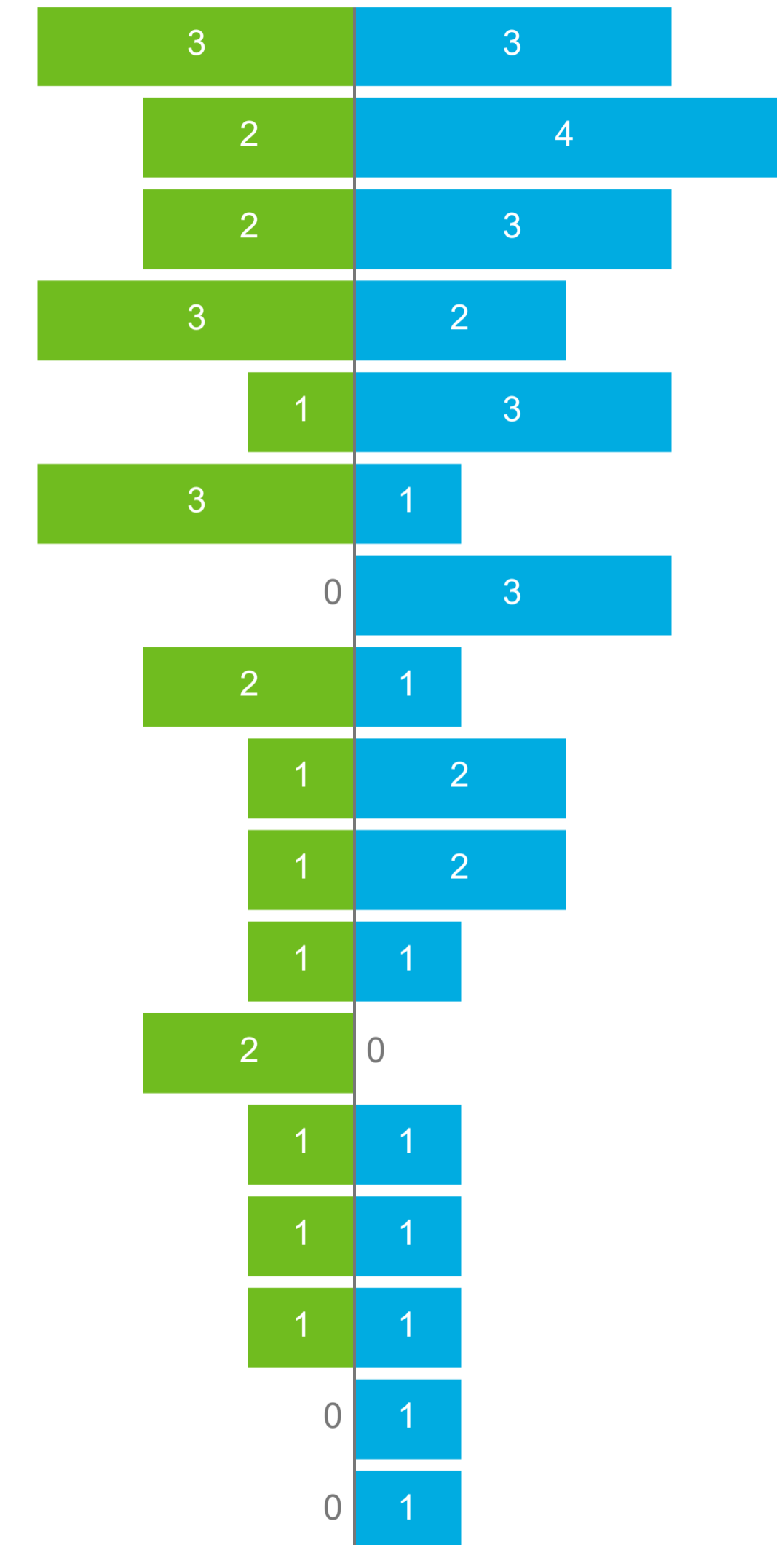
Pensions Dashboards

Procurement and Relationship Management

Section 13

Illiquid asset training

McCloud impacts



Next Steps

Based on the results, we would suggest that there should be consideration to the following next steps:

- This report should be **reviewed** by the Fund's officers and results shared with the Committee and Board.
- Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.
- Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.
- Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.
- **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.
- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose.

If you wish to discuss the contents of this report further, please get in touch.

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Reliances and Limitations

This report has been prepared for the London Borough of Hillingdon Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of February 2024.