

The Local Government Pensions Committee

## **CIRCULAR**

Please pass on sufficient copies of this Circular to your Treasurer/Director of Finance and to your Personnel and Pensions Officer(s) as quickly as possible

**No. 197 - MAY 2007**

### **(1) LGPS TRUSTEES' CONFERENCE**

### **(2) TRUSTEE TRAINING "*FUNDAMENTALS VI 2007*"**

**Purpose of this circular:**

1. This Circular has been issued to advise authorities of:
  - a) a forthcoming LGPS Trustees' conference that has been organised by the Local Government Pensions Committee (LGPC), and
  - b) the VI running of a series of "Fundamentals" regional training events for elected members and others who sit on Pension Committees and/or Panels.
2. Although primarily aimed at elected members, both the conference and training events announced in this Circular will be of interest to

other persons who attend Pension Committees, Panels or sub-Committees etc. (e.g. employing authority, Trade Union and pensioner representatives).

Email [info@lge.gov.uk](mailto:info@lge.gov.uk)

**[www.lge.gov.uk](http://www.lge.gov.uk)**

Managing Director Jan Parkinson

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## **(1) LGPS TRUSTEES' CONFERENCE**

### **Background:**

3. Responding to numerous requests from elected members, the LGPC staged an inaugural trustees' conference at York back in September 2003. The conference was specifically aimed at elected members with responsibility for the Local Government Pension Scheme in their area, and a number of speakers addressed issues from a "trustee" perspective. Following the success of the inaugural event, the second annual trustees' conference was held in October 2004 with a "communications" theme, the third in October 2005 with a "futuristic" theme and the fourth in October 2006 with an "opportunities" theme.
4. Delegate places are not restricted to elected members only, indeed the conference has been attended by many officers who either support pension committees or hold pension fund investment/administration responsibilities. The conference also acts as an annual update for those persons who have been through the LGPC's "Fundamentals" course, keeping them up-to-date with developments in the local government pension world.

### **2007 Conference Details:**

5. The fifth annual conference, themed "2008 and Beyond" is to be held on 18<sup>th</sup> and 19<sup>th</sup> October 2007 at the Marriott Hotel, Tadcaster Road, York commencing with a buffet lunch at 12:30 p.m. The first of the afternoon sessions will commence at 13:45. Following the afternoon programme there will be a drinks reception in the evening and a private conference dinner with an after-dinner speaker. Overnight accommodation and breakfast at the Marriott is included in the conference fee (see cost and booking details below). The second day consists of a full morning's programme concluding with a buffet lunch for delegates at 13:00 p.m. This format has been appreciated by previous delegates, as it allows plenty of time for travel and avoids the expense of an extra nights' accommodation in many cases.
6. This year's conference is well-timed to look at the "new look" LGPS in England and Wales for 2008 and beyond. At the time of writing this Circular only part of the regulatory framework was in

place for the new look scheme, with statutory consultation on the remaining pieces of the jigsaw pending. By October, the puzzle should be complete and both Administering Authorities and Employing Authorities will be gearing up for implementation on 1 April 2008.

7. A conference leaflet including details of the two-day programme will be distributed with another LGPC Circular later in June 2007.

## Cost and Booking

8. The venue for the 2007 conference is the York Marriott, which is set just beyond the ancient walls of the city centre. It has sweeping views of the famed York Racecourse and Knavesmire Parkland, and is just one mile from York railway station. It is also just one mile off the main A64 and the hotel has free car parking for residents on a first come first served basis. **The conference fee is all-inclusive.** All meals from arrival to departure, overnight accommodation at the Marriott, and all delegate materials are included in the conference fee of £399 plus VAT. Due to the strictly limited number of places available, early booking is highly recommended.
9. Booking for the conference is via the events on-line booking system which can be found on the Local Government Employers' website at [www.lge.gov.uk/events](http://www.lge.gov.uk/events). When booking, you will need full delegate details, including the delegate's mailing address if this is different to that to which the invoice for payment is to be sent.
10. If you experience any difficulties in using the on-line booking system or do not have access to the internet, please contact Elaine English, LGPC Executive Officer, on 020 7187 7344 or email: [elaine.english@lge.gov.uk](mailto:elaine.english@lge.gov.uk)

## (2) TRUSTEE TRAINING "*FUNDAMENTALS VI 2007*"

### Background:

11. Fundamentals is an A-Z bespoke Local Government Pension Scheme training course for elected members, and has been attended by almost 500 delegates since 2002. The 2007 event will incorporate all the recent and forthcoming changes to the LGPS. The investment sections were refreshed and updated in 2006 under the headings "Back to Basics" as can be seen in the appendix to this circular.
12. Despite these revisions, the aim of the LGPC remains unaltered; that is to deliver a single training course covering all aspects of

the Scheme, including both “Benefits” and “Fund” administration, as well as investments, so that elected members can

- demonstrate compliance with the first of the ten CIPFA principles;
- meet the objectives espoused in the Office of the Deputy Prime Minister’s report on the stock-take of the Local Government Pension Scheme; and
- adhere to those principles set out in the Pensions Act 2004 that relate to the knowledge and understanding requirements that appertain to trustees of occupational pension schemes.

## Details of *Fundamentals VI 2007*

13. The fundamentals course is run on an annual basis, and provides an insight into LGPS “trusteeship” for newly elected Committee members whilst also serving as an update/refresher course for longer-serving members. The course is of three days duration, spread over a number of months.
14. *Fundamentals VI 2007* is to be delivered at three locations around the United Kingdom as follows:

<b>Cardiff (Marriott)</b>	Day 1	9 October 2007
	Day 2	13 November 2007
	Day 3	4 December 2007
<b>York (Marriott)</b>	Day 1	30 October 2007
	Day 2	21 November 2007
	Day 3	11 December 2007
<b>London (Layden House)</b>	Day 1	12 October 2007
	Day 2	8 November 2007
	Day 3	7 December 2007

15. The outline programme for the course is attached at Appendix A, although some flexibility on the course content is built in to include any major developments in the world of local government pensions between now and the time the courses run. *Fundamentals VI 2007* is designed as a 3-day course, with identical material being delivered at each location. It is therefore possible to attend the course by visiting different locations should delegates’ diaries not allow attendance on all three days at a particular location.

### **Certificate of Attendance**

16. Attendees at all three sessions will receive an attendance certificate signed on behalf of the Local Government Pensions Committee. It is believed that attendance at all three days of the course will satisfy at least the minimum of training required to satisfy the first of the ten CIPFA principles.

### **Cost and Booking Details:**

17. The cost of attending each day is only £160 VAT, making the cost of the three-day course £480 plus VAT. The fee includes all refreshments, lunch and course materials.

Due to the recent local elections, high demand for delegate places is expected and therefore early booking is strongly recommended as places at each venue are strictly limited. Booking is via the events booking facility on the Local Government Employers' website at [www.lge.gov.uk/events](http://www.lge.gov.uk/events). When booking, you will need full delegate

details to hand including the address to which the invoice for payment is to be sent and details of any special requirements you have.

18. If you experience any difficulties in using the website booking facility or do not have access to the internet, please contact Elaine English, LGPC Executive Officer, on 020 7187 7344 or email: [elaine.english@lge.gov.uk](mailto:elaine.english@lge.gov.uk)

#### **Further Training Opportunities**

19. If you wish to comment or make suggestions for future training events please contact Tim Hazlewood, LGPC Training & Development Manager, by telephone on 01530 242777, by fax to 01530 244771, or by email to [tim.hazlewood@lge.gov.uk](mailto:tim.hazlewood@lge.gov.uk)

**Tim Hazlewood**  
**LGPC Training and Development Manager**  
**23 May 2007**



## Fundamentals 2007 – Day 1

- 9.30           **Registration and Coffee**
- 9.50           **Introduction to the Programme**
- 10.00          **The Benefits Framework “Past and Present”**
- The changing LGPS 1922 – 1995; how the scheme developed over the years
  - Interaction with State Provision; the impact of National Insurance, SERPS and S2P
  - The 1997 Scheme – a core scheme plus discretions; a look at the comprehensive benefit structure of the scheme
  - How the scheme altered in 2006
  - Administering Authority and Employing Authority Discretions – how many are there and who is responsible for them
  - Pensions for Councillors
- 11.15          **Coffee Break**
- 11.30          **The Investment Framework**
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 – the statutory framework for investments
  - CIPFA Principles – a look at the ten investment principles
  - Statement of Investment Principles
  - Interaction with the Funding Strategy Statement
- 12.00          **Corporate Governance**
- Approach to Corporate Governance
  - Voting
  - Activism and Engagement
  - Institutional Shareholders Committee principles
  - Socially Responsible Investment
- 12.30          **Lunch**
- 1.30 to 4:00 **(Break at 2:45)**  
**BACK TO BASICS – Traditional Asset Classes**
- An explanation of:
- UK Equities
  - Overseas Equities
  - UK Gilts
  - UK Index-Linked Gilts
  - Corporate Bonds
  - Property

Including a look at:

- Why invest in Fixed Income and Equity Markets?
- Long Term Investment Performance of Equities and Fixed Income
- Benchmarks used
- Cashflows
- The Bond Market
- Return / Risk Profiles

4.00

**Close**

## **Fundamentals 2007 - Day 2**

9:30

**Registration and Coffee**

9:45

**Valuations**

- How are valuations done?, What assumptions are used?
- What are the inputs and outputs?
- What things can affect the results?
- Inter-valuation monitoring

**Funding Strategy Statements**

- The requirements
- Funding targets
- Smoothing including Amortization periods and Stepping
- Dealing with multiple employers
- Constructing and Monitoring the Statement

11:15

**Break**

11.30

**Setting the Benchmark and Asset/Liability modelling**

- What is the benchmark and why does it matter?
- General principles of asset/liability modelling
- The assumptions used
- Different approaches to setting the benchmark

12.30

**Lunch**

13.30

**Communication Strategies/Policies**

- Policy Statement Requirements
- LGPS – Valuable part of employment package
- Purpose and effect – Changes and Choices
- Vehicle for satisfying disclosure
- A look at some good practice initiatives
  - Scheme Member Communications
  - Representation on Committee / Committee Structure
  - Participating Employer Involvement
  - Working together – National & local initiatives

2.00 to 4:00

**(Break at 2:45)**

## **BACK TO BASICS 2 - Established Alternative Investments**

An explanation of:

- Private Equity, Commodities, Hedge Funds
- Emerging Markets, Currency Funds, High Yield Bonds and Overlays

Including a look at:

- The market evolution of Alpha and Beta
- Private Equity sectors
- Commodities – what do they cover and why include them in a portfolio?
- The Hedge Fund universe
- The background to Emerging markets
- The value of Currency Funds and Currency Overlays
- How High Yield Bonds fit into the Bond market
- Some examples of Overlay Funds & Strategies

16:00

**Close**

## Fundamentals 2007 – Day 3

- 9:30            **Registration and Coffee**
- 9:45            **Duties and Responsibilities of Committee Members**
- The LGPS in its legal context
  - General local authority legal issues
  - LGPS specific duties and responsibilities
  - Wider duties and responsibilities
  - What happens when things go wrong?
- 11:00           **Break**
- 11:15           **The Future for the LGPS?**
- The Stocktake 2001 to 2006
  - 3 serious questions:
    - Is the scheme affordable?
    - Is it sustainable?
    - Can and should it survive?
  - The New Look LGPS for 2008
- 12:30           **Lunch**
- 13:30           **Managers and Manager Selection**
- An Independent Investment Consultant's view of:
- Selecting the right manager
  - Managing Manager Relationships
  - What to ask for in a Manager
- 14:00           (Break at 14:45)
- BACK TO BASICS 3 – Bringing it all together**
- The Evolution of LGPS Benchmarks
  - Portfolios and Portfolio Construction
  - Portfolio Concepts
  - Combining Assets in your Portfolio
  - Risks and Efficient Frontiers
  - Standard Deviation
  - Correlation

- Diversification
- Three Things to Remember !!!

15:55 **Course Review and Further Information**

16:00 **Close**

Distribution sheet

Chief executives of local authorities

Pension managers (internal) of administering authorities

Pension managers (outsourced) and administering authority client managers

Officer advisory group

Local Government Pensions Committee

Trade unions

CLG

COSLA

SPPA

Private clients

Website

Visit the LGE's website at: [www.lge.gov.uk/](http://www.lge.gov.uk/)

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