

The Local Government Pensions Committee
Secretary: Terry Edwards

CIRCULAR

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No. 250 - JUNE 2011

LGPS TRUSTEE TRAINING “FUNDAMENTALS”

Purpose of this circular:

1. This Circular has been issued to advertise our forthcoming LGPS Trustees' training programme “Fundamentals”, organised by the Local Government Pensions Committee (LGPC).

Background

2. Fundamentals is an A-Z bespoke Local Government Pension Scheme training course predominantly aimed at elected members serving on pension committees/panels, and has been attended by over 750 delegates since 2002. The 2011 event incorporates all legislative changes made to the LGPS since last year's event and all sections are refreshed to keep them up-to-date, relevant and interesting.
3. 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 attendees can
 - demonstrate compliance with the first of the six CIPFA principles referred to in the Local Government Pension Scheme Regulations (and therefore being a statutory requirement);
 - receive educational material in line with CIPFA's Pensions Knowledge and Skills Framework (KSF) for elected representatives and non-executives; 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 X 2011

4. 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.

5. Fundamentals X 2011 is being delivered at three locations around the United Kingdom as follows:

| | | |
|-------|-------|-------------|
| Leeds | Day 1 | 12 October |
| | Day 2 | 16 November |
| | Day 3 | 01 December |

| | | |
|---------|-------|-------------|
| Cardiff | Day 1 | 26 October |
| | Day 2 | 23 November |
| | Day 3 | 13 December |

| | | |
|--------|-------|-------------|
| London | Day 1 | 19 October |
| | Day 2 | 09 November |
| | Day 3 | 07 December |

6. 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.

7. Fundamentals X 2011 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.

8. As far as possible, the subject material covered on each of the days remains the same from one year to the next. This means that if a delegate was unable to attend one of the days in 2010 they could simply attend that day in 2011 and complete the course. Because of this, when aligning the material to CIPFA’s KSF for 2011, we have only made minor alterations to the programme sequence and content. In 2012 it is probable that, taking into account also the review of public service pensions, the programme may have to be re-sequenced significantly. Potential delegates are advised therefore to sign up for all 3 days in 2011 where possible.

Certificate of Attendance

9. 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 six CIPFA principles and also chime with CIPFA’s KSF.

Cost and booking

10. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £210 plus VAT at the standard rate, making the cost of the three-day course £630 plus VAT.
11. Early booking is highly recommended as places are limited. Bookings are made via the on-line events booking facility which is part of the Local Government Group website at www.lge.gov.uk. Please be sure to note our cancellation policy contained in our Terms and Conditions which you will be asked to confirm you have read when completing your booking details on the booking events page. You will also need full delegate details to hand including the address to which the invoice for payment is to be sent.
12. If the session at your preferred location is full and you do not wish to book on one at an alternative location, you are advised to enter your name on the reserves' list at your preferred location. It is important to do so as, not only will you have a priority warning should any cancellations occur, but it also enables the LGPC to judge demand for future events or, on occasion, organise overflow events.
13. If you experience any difficulties in using the on-line website booking facility, please contact Elaine English, LGPS Executive Officer, by email elaine.english@local.gov.uk

Tim Hazlewood
Pensions Training and Development Manager
24 June 2011

Fundamentals 2011 - 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 – 1997; how the scheme developed over the years
 - Interaction with State Provision; the impact of National Insurance, SERPS and S2P
 - The 2008 Scheme – a core scheme plus discretions; a look at the comprehensive benefit structure of the scheme
- 11.00 **Coffee Break**
- 11.15 **The Benefits Framework “Past and Present” Continued**
- Differences in the 2009 Scheme in Scotland
 - Administering Authority and Employing Authority Discretions – how many there are and who is responsible for them
 - Pensions for Councillors
 - Delivering the Administration Service
- 11:45 **The Investment Framework**
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 – the statutory framework for investments
 - CIPFA Principles – a look at the six investment principles
 - Statement of Investment Principles
 - Interaction with the Funding Strategy Statement
 - Governance Compliance Statements
 - Annual Reports and Auditing
- 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 X 2011 - Day 2

9:30 **Registration and Coffee**

9:45 **Valuations**

- The Purpose of an Actuarial Valuation
- Assets and Liabilities
- How do liability calculations work?
- What assumptions are used?
- Inter Valuation Monitoring

Funding Strategy Statements

- What is the funding strategy?
- Different Employers – different characteristics and objectives
- What is the strength of the covenant?
- Deficit Recovery Periods

11:15 **Break**

11.30 **Corporate Governance**

- Approach to Corporate Governance
- Voting, Activism and Engagement
- Institutional Shareholders Committee principles
- Socially Responsible Investment

12.30 **Lunch**

1.30 **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

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

4:00 **Close**

Fundamentals X 2011 - 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?
- 11:15 **Break**
- 11:30 **The Future for the LGPS?**
- The Hutton Commission
 - Negotiation and Consultation
 - 2012 and beyond.....
- 12:30 **Lunch**
- 1:30 **Managers and Manager Selection**
- Selecting the right manager
 - Managing Manager Relationships
 - What to ask for in a Manager
 - Manager de-selection
- 2:00to 4:00 **(Break at 2:45)**
- 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 !!!
- 3:55 **Course Review and Further Information**
- 4:00 **Close**

Distribution sheet

Local authorities who have registered for notification of Circulars
Pension managers (internal) of administering authorities
Pension managers (outsourced) and administering authority client managers
Officer advisory group
Local Government Pensions Committee
Trade unions
DCLG
COSLA
SPPA
Regional Directors
Private clients

Website

Visit the website at: www.lge.gov.uk

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