

The Local Government Pensions Committee
Secretary: Jeff Houston

CIRCULAR

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No. 299 – MAY 2016

LGPS “TRUSTEE” TRAINING

FUNDAMENTALS XV

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, originally aimed at elected members serving on pension committees/panels, and has been attended by over 1300 delegates since 2002. Not limited solely to elected members, past delegates have included trades union representatives, member and employer representatives, a variety of officers who attend/support committees and some private sector organisations who provide services to administering authorities.
3. Last year, with the advent of Pension Boards whose role it is to assist the administering authority in its role as scheme manager, the material was modified so it would also be suitable for Board members who had identified a need to upscale their knowledge and understanding in some areas.

4. The 2016 event will incorporate all legislative changes since last year's event and all sections will be refreshed to keep them up-to-date, relevant and interesting. Despite the year on year revision of course materials, the aim of the LGPC remains unaltered; that is to deliver a single training course covering all aspects of the Scheme, including "Benefits" and "Fund" administration as well as "Investments".
5. In the case of Committee members, this means that attendees can:
 - demonstrate compliance with the first of the six CIPFA principles referred to in the Secretary of State Guidance issued under Regulation 12(3) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (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 et seq that relate to the knowledge and understanding requirements that apply to trustees of occupational pension schemes.
6. In the case of Board members, this means that attendees can:
 - demonstrate compliance with the statutory requirement under Section 248A of the Pensions Act 2004 for them to be conversant in some matters and have knowledge and understanding in others;
 - receive educational material in line with the (then Shadow) Scheme Advisory Board's Guidance on the creation and operation of Local Pension Boards in England and Wales, and akin to CIPFA's Technical Knowledge and Skills Framework for local Pension Board members.

Details of Fundamentals XV 2016

7. The fundamentals course is run on an annual basis, and provides an insight into LGPS "trusteeship" for newly elected Committee/Board 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.
8. Fundamentals XV 2016 will be delivered at three locations as follows:

London	<u>Day 1</u>	6 October
	<u>Day 2</u>	1 November
	<u>Day 3</u>	29 November
Leeds	<u>Day 1</u>	18 October
	<u>Day 2</u>	9 November
	<u>Day 3</u>	6 December
Cardiff	<u>Day 1</u>	25 October
	<u>Day 2</u>	15 November
	<u>Day 3</u>	14 December

9. 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.
10. Fundamentals XV 2016 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

11. 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 for Committee members to demonstrate compliance with the first of the six Myners/CIPFA principles for Investment Decision Making and Disclosure in the LGPS. The material covered also chimes with CIPFA's Knowledge and Skills Framework in the case of both Committee and local Pension Board members.

Cost and booking

12. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £250 plus VAT at the standard rate, making the cost of the three-day course £750 plus VAT.
13. 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 Association website each event has a link attached to the date in order to book direct. The main events booking page for all LGA events are viewable at:
<http://www.local.gov.uk/events>
14. 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

ACTIONS FOR ADMINISTERING AUTHORITIES

15. Administering Authorities are urged to bring this Circular to the attention of all Pension Committee/Panel members and those who attend/advise the meetings, sub-committees etc., and also to local pension board members.

Tim Hazlewood
Pensions Training and Development Manager
31 May 2016

Fundamentals XV 2016 - Day 1

- 9.30 **Registration and Coffee**
- 9.50 **Introduction to the Programme**
- 10.00 **The Benefits Framework “Past and Present”**
- Brief history of the LGPS and its interaction with State provision
 - The 2014 Scheme – a core scheme plus discretions; a look at the comprehensive benefit structure of the scheme
 - Differences in the 2015 Scheme in Scotland
 - Administering Authority and Employing Authority Discretions
- 11.00 **Coffee Break**
- 11:15 **The Investment Framework**
- The 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
- 12:00 **Delivering the Service**
- Partnership Working
 - Framework Agreements
 - Financial Services procurement and relationship management
 - Supplier risk management
 - Performance of support services
- 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 XV 2016 - 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?
- 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
 - 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 XV 2016 - 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**
- LGPS2014 – outstanding/new issues
 - Cost control mechanism
 - Managing investment fees
- 12:30 **Lunch**
- 1:30 **New governance arrangements**
- The new, evolving requirements
 - Committee vs Board - delegation and representation
 - The governance budget
 - The Pension Regulator's involvement
- 2:15 to 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
- 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
Local Government Pensions Committee
Trade unions
DCLG
COSLA
SPPA
Regional Directors
Private clients
Website

Visit the LGA's website at: www.local.gov.uk

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LGPC
Local Government House
Smith Square
London
SW1P 3HZ

or email: tim.hazlewood@local.gov.uk

or telephone: 01455 824850