

The Local Government Pensions Committee  
Secretary: Jeff Houston

## **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. 292 – MAY 2015**

### **1) LGPS “TRUSTEE” TRAINING “FUNDAMENTALS XIV”**

### **2) ANNUAL LGPS TRUSTEES’ CONFERENCE**

#### **Purpose of this circular:**

1. This Circular has been issued predominantly to advertise our forthcoming LGPS Trustees’ training programme “Fundamentals” but also as a reminder about this year’s annual trustee conference in Cardiff, both organised by the Local Government Pensions Committee (LGPC).

#### **1) LGPS “TRUSTEE” TRAINING “FUNDAMENTALS XIV”**

#### **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 1100 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. The 2015 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.

3. 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 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 et seq that relate to the knowledge and understanding requirements that apply to trustees of occupational pension schemes.
4. With 2015 bringing the advent of Pension Boards whose role it is to assist the administering authority in its role as scheme manager, it is believed that where Board members have identified any shortfall in their knowledge and understanding requirements that the Fundamentals event would be a suitable medium for filling those gaps.

#### **Details of Fundamentals XIV 2015**

5. 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.
6. Fundamentals XIV 2015 will be delivered at three locations around the United Kingdom as follows:

Cardiff	Day 1	6 October
	Day 2	3 November
	Day 3	15 December
Leeds	Day 1	21 October
	Day 2	17 November
	Day 3	8 December
London	Day 1	15 October
	Day 2	10 November
	Day 3	1 December

7. 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.

8. Fundamentals XIV 2015 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**

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 Knowledge and Skills Framework.

### **Cost and booking**

10. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £240 plus VAT at the standard rate, making the cost of the three-day course £720 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 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>
12. 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](mailto:elaine.english@local.gov.uk)

## **2) ANNUAL LGPS TRUSTEES' CONFERENCE**

13. This is a reminder that the 12<sup>th</sup> Annual Conference (themed "Know your onions") is being held at the Marriott Hotel in Cardiff. The conference programme has its popular lunchtime-to-lunchtime format commencing on Thursday 25th and concluding on Friday 26th June 2015.
14. Confirmed speakers to date are Annemarie Allen (Barnett Waddingham), Anthony Arter (the new Pensions Ombudsman), Cllr Mary Barnett (Chair, Torfaen Pension Committee), Andrew Fox (Lancashire County Council), Bob Holloway (DCLG), Denise Le Gal (Chair, Surrey Pension Fund Board), Karen McWilliam and Alison Murray (Aon Hewitt), Aida Mebrahtu (Eversheds), Greg Smith (London Pensions Fund Authority) and Brian Strutton (GMB).
15. Full details of the conference, including the wide range of topics covered and how to book, are shown in the conference flyer [here](#).

## **ACTIONS FOR ADMINISTERING AUTHORITIES**

16. 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 the new local pension board members.

**Tim Hazlewood**  
**Pensions Training and Development Manager**  
**15 May 2015**

## Fundamentals XIV 2015 - 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 XIV 2015 - 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 XIV 2015 - 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 issues
  - Cost control mechanism
  - Pension Boards
  - 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](http://www.local.gov.uk)

## **Copyright**

Copyright remains with the LGA. This Circular may be reproduced without the prior permission of the LGA provided it is not used for commercial gain, the source is acknowledged and, if regulations are reproduced, the Crown Copyright Policy Guidance issued by OPSI is adhered to.

## **Disclaimer**

The information contained in this Circular has been prepared by the LGPC Secretariat, a part of the LGA. It represents the views of the Secretariat and should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation. No responsibility whatsoever will be assumed by the LGA for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in this Circular. Whilst every attempt is made to ensure the accuracy of the Circular, it would be helpful if readers could bring to the attention of the Secretariat any perceived errors or omissions. Please write to:

LGPC  
Local Government House  
Smith Square  
London  
SW1P 3HZ

or email: [tim.hazlewood@local.gov.uk](mailto:tim.hazlewood@local.gov.uk)

or telephone: 01455 824850

