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pay, pensions and  
employment solutions

The Local Government Pensions Committee  
Secretary: Terry Edwards

## **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. 230 - JUNE 2009**

## **LGPS TRUSTEES' CONFERENCE & TRUSTEE TRAINING 'FUNDAMENTALS' UPDATES**

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

1. This Circular has been issued to update authorities on the forthcoming LGPS Trustees' conference and Trustee training programme "Fundamentals", both organised by the Local Government Pensions Committee (LGPC) and announced in Circular 229 dated April 2009.

### **2009 CONFERENCE DETAILS:**

2. Although primarily aimed at elected members, the conference will be of interest to other persons who attend Pension Committees, Panels or sub-Committees etc. (e.g. employing authority, Trade Union, pensioner representatives and Pension Managers). Indeed the conference has been attended by many officers and representatives who either attend 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.

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

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

Managing Director Jan Parkinson

3. The seventh annual conference, themed "2010 – Is the writing on the wall?" is to be held on 22nd and 23rd October 2009 at the Cardiff Marriott Hotel, Mill Lane, Cardiff, commencing with a buffet lunch at 12:30 p.m.
4. A separate leaflet giving further details of the conference, including the programme of events and confirmed speakers, is now available as a downloadable file at the Circulars page of the Pensions section of the LGE's website [www.lge.gov.uk](http://www.lge.gov.uk)
5. Booking for the conference is via the on-line events booking facility which is part of the Local Government Employers' website at [www.lge.gov.uk](http://www.lge.gov.uk). When booking, you will need full delegate details including their mailing address if this is different to that to which the invoice for payment is to be sent. Please note our cancellation policy contained in our Terms and Conditions on the website.
6. Early booking is highly recommended as places are strictly limited. Bookings are on a first come, first served basis and some bookings have already been made as a result of the earlier LGPC Circular.
7. 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)

## **2009 FUNDAMENTALS TRAINING**

### **Background**

8. Fundamentals is an A-Z bespoke Local Government Pension Scheme training course for elected members, and has been attended by over 600 delegates since 2002. The 2009 event will incorporate all the recent changes to the LGPS and all sections are being refreshed to keep them up-to-date, relevant and interesting.
9. 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 Government 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 VIII 2009**

10. 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.

11. Fundamentals VIII 2009 is being delivered at three locations around the United Kingdom as follows:

Cardiff	Day 1	20 October
	Day 2	18 November
	Day 3	08 December

Leeds	Day 1	29 October
	Day 2	26 November
	Day 3	15 December

London	Day 1	27 October
	Day 2	30 November
	Day 3	16 December

12. 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 VIII 2009 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**

13. 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**

14. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £199 plus VAT at the standard rate, making the cost of the three-day course £597 plus VAT.
15. 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 Employers' website at [www.lge.gov.uk](http://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.
16. 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, to organise overflow events.

17. If you experience any difficulties in using the on-line website booking facility, please contact Elaine English, LGPC Executive Officer, by email [elaine.english@lge.gov.uk](mailto:elaine.english@lge.gov.uk)

### **Fundamentals Refresher Training**

18. The possibility of running some refresher courses for the benefit of persons who attended the Fundamentals training events several years ago was outlined in paragraphs 23 and 24 of Circular 229. Still the subject of planning and design, it is hoped to announce further details later this Summer with a view to holding a number of one-day events around the UK in the early part of 2010.

**Tim Hazlewood**  
**LGPC Training and Development Manager**  
**29 June 2009**

**Fundamentals 2009 - 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 1998 Scheme – a core scheme plus discretions; a look at the comprehensive benefit structure of the scheme
  - How the scheme altered in 2008 in England and Wales
- 11.00 **Coffee Break**
- 11.15 **The Benefits Framework "Past and Present" Continued**
- How the scheme altered in 2009 in Scotland
  - Administering Authority and Employing Authority Discretions – how many are there and who is responsible for them
  - Pensions for Councillors
- 11:45 **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
- 12.30 **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 2009 - 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?

**Funding Strategy Statements**

- The requirements
- Funding targets
- Smoothing including Amortization periods and Stepping
- Constructing and Monitoring the Statement

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 2009 - 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?**

- 3 serious questions:
  - Is the scheme affordable?
  - Is it sustainable?
  - Can and should it survive?
- Conceptual design of the New Look LGPS for 2008 in England & Wales
- Cost Sharing
- 2010 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  
CLG  
COSLA  
SPPA  
Regional Directors  
Private clients

## **Website**

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