

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. 304 – JUNE 2017**

### **LGPS “TRUSTEE” TRAINING**

### **FUNDAMENTALS XVI**

#### **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 1380 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. In 2015, 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 2017 event will incorporate all legislative changes since last year's event (incorporating those because of "pooling") 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:
  - 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 XVI 2017**

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 XVI 2017 will be delivered at three locations as follows:

Leeds	Day 1	<a href="#"><u>4 October</u></a>
	Day 2	<a href="#"><u>1 November</u></a>
	Day 3	<a href="#"><u>5 December</u></a>
London	Day 1	<a href="#"><u>10 October</u></a>
	Day 2	<a href="#"><u>15 November</u></a>
	Day 3	<a href="#"><u>13 December</u></a>
Cardiff	Day 1	<a href="#"><u>18 October</u></a>
	Day 2	<a href="#"><u>29 November</u></a>
	Day 3	<a href="#"><u>20 December</u></a>

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. Also, the third afternoon session entitled “Back to Basics - Bringing it all together” is likely to be remodelled significantly on account of the pooling agenda.
10. Fundamentals XVI 2017 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 both Committee and local Pension Board members to demonstrate compliance with CIPFA’s Knowledge and Skills Frameworks.

### **Cost and booking**

12. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £260 plus VAT at the standard rate, making the cost of the three-day course £780 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](mailto: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**  
**12 June 2017**

**PROGRAMME**  
**Fundamentals XVI 2017 - Day 1**

- 9.30           **Registration and Coffee**
- 9.50           **Introduction to the Programme**
- 10.00          **The Benefits Framework “Past and Present”**
- 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 2009/2016 (the statutory framework for investments before/after 1/11/16)
  - Statement of Investment Principles / Investment Strategy Statement
  - 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, and the market abroad
  - Corporate Bonds, Property
- Including a look at:
- Long Term Investment Performance of both Equities and Fixed Income
  - Benchmarks used, Cashflows and Risk/Return Profiles
- 4.00           **Close**



## Fundamentals XVI 2017 - 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 **Responsible Investment (RI)**
- Evolution of Corporate Governance and Stewardship
  - Why considering environmental, social and governance issues matters
  - RI aspects of the new LGPS investment regulations
  - RI in asset pooling
- 12.30 **Lunch**
- 1.30 **Communication Strategies/Policies**
- Policy Statement Requirements
  - Disclosure of Information Regulations
  - Minimum standards and communications in practice
  - 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
  - Investing in Infrastructure
  - The Hedge Fund universe
  - How High Yield Bonds fit into the Bond market
- 4:00 **Close**

## Fundamentals XVI 2017 - 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**
- Outstanding/new issues
  - Cost control mechanism
  - Things on the radar
- 12:30           **Lunch**
- 1:30           **Governance arrangements**
- The 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**  
*(Please see note in paragraph 9 of LGPC Circular 304)*
- The Evolution of LGPS Benchmarks
  - The benefits of asset pooling
  - Portfolios and Portfolio Construction
  - Combining Assets in a 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)

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LGPC  
Layden House  
76-86 Turnmill Street  
Farringdon  
London  
EC1M 5LG

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