

WIRRAL COUNCIL

PENSIONS COMMITTEE

27 SEPTEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

LGPS TRUSTEE TRAINING 'FUNDAMENTALS'

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with details of the 2010 'Fundamentals' training course.

2. BACKGROUND

- 2.1 The Statement of Investment Principles emphasises the importance of Member training as a crucial underpinning to effective decision-making and governance. The annual training programme seeks to deliver this training to Members through a series of training events and access to a bespoke LGPS training course.
- 2.2 The Local Government Pensions Committee (LGPC) has provided the Fundamentals course since 2002. LGPC aims to provide training to Elected Members (and co-optees) that covers all aspects of the LGPS, including the benefits, governance and investments dimensions of the Scheme. It is recommended that new Members of the Pensions Committee attend this course, but it is also designed to provide refresher training for longer serving Members.
- 2.3 The Pensions Committee has approved the adoption of the CIPFA Knowledge & Skills Framework for the LGPS. This will provide a benchmarking and reporting apparatus for both self-assessment and for providing broader assurance that decision-makers at all levels of the governance structure are suitably competent to perform their roles. It is considered that completion of the 'Fundamentals' course would be compatible with meeting the standards set for Elected Members in the CIPFA Knowledge & Skills Framework

3. COURSE DETAILS

- 3.1. The full course is of three days duration, spread over October to December 2010. The course is delivered at three locations as follows:

Leeds	Day 1	14 October
	Day 2	11 November
	Day 3	02 December
Cardiff	Day 1	19 October
	Day 2	16 November
	Day 3	14 December
London	Day 1	20 October
	Day 2	09 November
	Day 3	07 December

The course content is identical for each of the days at each of the locations. Therefore, it is possible for participants to select the dates and locations that are the most convenient.

- 3.2 The outline programme is given in the appendix to this report. There is some flexibility built in to the programme to allow any major developments in the LGPS to be covered. Each of the topics covered is presented by experienced practitioners from the LGPS and the wider investment industry. In brief, Day 1 covers the benefits and investment frameworks of the LGPS and provides an overview of traditional asset classes and basic investment concepts. Day 2 looks at actuarial valuations and funding strategies, corporate governance, communications strategies and more complex investment concepts and strategies. Day 3 focuses on scheme governance and the role of Elected Members, the selection of investment managers and discusses the future of the LGPS.
- 3.3 The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £210 plus VAT, making the cost of the three-day course £630 plus VAT. These costs will be met from the provision for training expenses included in the budget. Travel and overnight accommodation costs will also be met. Early booking is essential as places are limited.
- 3.4 Wirral Councillors are reminded that before attending this course, they should complete and return the new training request and monitoring form. This form is included as an appendix to this report.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 All training related costs can be met from the existing budget.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1. There are none arising from this report.

6. COMMUNITY SAFETY IMPLICATIONS

6.1. There are none arising from this report.

7. LOCAL MEMBER SUPPORT IMPLICATIONS

7.1. This report has no particular implications for any Members or wards.

8. LOCAL AGENDA 21 IMPLICATIONS

8.1. There are none arising from this report.

9. PLANNING IMPLICATIONS

9.1. There are none arising from this report.

10. BACKGROUND PAPERS

10.1. There were none used in the preparation of this report.

11. RECOMMENDATION

11.1. That attendance at the LGPS Fundamentals 2010 course be approved for any Member who believes they would benefit from it.

IAN COLEMAN
DIRECTOR OF FINANCE

Fundamentals 2010 – Day 1

- 9.30 Registration and Coffee**
- 9.50 Introduction to the Programme**
- 10.0 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 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 six 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 2010 – 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 2010 – 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?
 - Cap and Share Mechanism
 - 2011 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
- 2.00 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
 - Three things to remember!!!
- 3.55 **Course Review and Further Information**
- 4.00 **Close**

Elected Member Training Pro-Forma

SECTION ONE – To be completed in full by the Elected Member	
Name	
Contact No.	
Title of event	
Event dates	
Venue or location	
Duration of event	
Total cost	
Please tick one the following to indicate which budget will be paying for the event Request made by an individual (Members Training Budget) <input type="checkbox"/> Request made by a Committee (Please state which Committee) <input type="checkbox"/>	
The completion of this form does not guarantee that we will be able to support your request*. Please attach any relevant information in support of your request. Contact the Elected Member Development Officer if you are unsure of what information is required.	
How was this training need identified?	
What alternatives are available for learning in this area?	
Please list below other training you have received in the last 12 months. Please state if any of these events are related to the event that you are requesting to attend.	
Please explain why you want to attend this event. What specific skills or knowledge are you expecting to improve as a result of your attendance? i.e what are your learning objectives.	

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How does your attendance to the event contribute to Wirral's priorities?

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How are you going to transfer what you have learnt at the event to your role as an Elected Member?

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- | |
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| <p>Your commitment</p> <ul style="list-style-type: none"> ▪ To complete any pre-course work or reading prior to the event. ▪ To participate fully during the course and attend the session(s) in full. ▪ To disseminate information obtained at the event to other interested parties if appropriate. ▪ To participate in a post event evaluation report with the Elected Member Development Officer ready for review with Member Training Steering Group. |
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<p>*Call In</p> <p>All requests for training are subject to the requirements under Call In deadlines. To ensure we are able to meet these deadlines we will require a minimum of 1 months notice prior to the start of the event. For those requests where these deadlines will not be met, an explanation must be provided regarding the reasons for the late application. Consideration may be given for such requests subject to the explanation given.</p>
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Elected Member's Signature:	Date:
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SECTION TWO	
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Supported by Member Training Steering Group		Date:
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Approval by Cabinet Member		Date:
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SECTION THREE

Event booking made	Name:	Signature:	Date:
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Please return the completed form to Elected Member Development Officer: michellemarch@wirral.gov.uk

If you have any questions or need support with completing this form please speak to the Elected Member Development Officer – Michelle March 0151 691 8542 or to your Member Training Steering Group Member as follows:

Labour Group	Councillor Ann McLachlan	☎ 0151 630 1550	✉ annmclachlan@wirral.gov.uk
Conservative Group	Councillor Chris Blakeley	☎ 0151 677 9040	✉ chrisblakeley@wirral.gov.uk
Liberal Democrats Group	Councillor Tom Harney	☎ 0151 327 2416	✉ tomharney@wirral.gov.uk