

## HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Pension Fund Panel
<b>Date:</b>	18 June 2010
<b>Title:</b>	Training plan and Panel representation
<b>Reference:</b>	1699
<b>Report From:</b>	County Treasurer

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## 1. Executive Summary

- 1.1. The purpose of this report is to consider a training plan for the Pension Fund Panel for 2010/11, and review the Panel members' training for 2009/10.
- 1.2. The report includes details of training received by the Panel in 2009/10, and considers opportunities for further training in 2010/11.
- 1.3. The report also sets out arrangements for the representative of the two city councils to transfer from Portsmouth City Council to Southampton City Council with effect from 1 October 2010.

## 2. Background

- 2.1. The Panel agreed at the meeting on 8 July 2009 that a detailed training plan should be prepared for the Panel and that training logs should be maintained for each member of the Panel.
- 2.2. The Panel's training activities were first collated into a formal training plan for 2009/10, which was approved by Panel members at the meeting on 20 November 2009.
- 2.3. A formal training plan was implemented in order to identify the training needs for the Panel as a whole and for individual members and to identify how those needs would be met. The plan is reviewed annually including an evaluation of the extent to which the training provided has met the needs.
- 2.4. The Governance Compliance Statement required by the Government specifies that the Pension Fund Panel should consider adopting a training plan and maintaining training logs. This is not mandatory but adopting a training plan enables the Pension Fund to demonstrate best practice in the Governance Compliance Statement. In addition, it is important at a time when pensions provision in the public sector is likely to be the subject of a

much higher profile that members of the Panel's training needs are given regular consideration.

### **3. Training plan for 2010/11**

- 3.1. A draft training plan for 2010/11 is attached as Appendix 1 for the Panel's comments and approval.

### **4. Training during 2009/10**

- 4.1. Four half-day training sessions were arranged for Panel members in Winchester during November 2009, as follows:

2 November	Actuarial valuation and Investment management arrangements	Tim Lunn and Emily McGuire of Hewitt Associates
4 November	Local Government Pension Scheme – history, benefits, etc	Tim Hazelwood
16 November	Investments	Neil Osborne
17 November	Alternative investments	Aoifinn Devitt of Clontarf Capital

- 4.2. Feedback on these training events has been positive, with Panel members reporting that the sessions met the training needs identified for these topics.
- 4.3. Panel members have also independently attended a number of training events during 2009/10, including LGC investment seminars in Newport and Chester, the annual LGC investment summit in Newport, the LGPS annual conference in Cardiff, an IPP regional seminar on pensions and a TUC training day for pension fund representatives.

### **5. Training logs**

- 5.1. The Panel agreed at the meeting on 20 November 2009 that in conjunction with the training plan, a training log should be maintained for each member of the Panel to record the actual training undertaken during the year. Training logs have been maintained and include details of all relevant training courses, seminars and events attended by each member.
- 5.2. The training logs also include an assessment of whether each training event has fulfilled the need it was intended to meet.
- 5.3. The training logs for 2009/10 have been prepared and are available on request.

## 6. Upcoming training opportunities

- 6.1. The County Treasurer will continue to circulate information about external conference and other training opportunities to Panel members as details become available.
- 6.2. Recently circulated events still to take place are as follows (events are in London unless otherwise indicated):

<b>Provider</b>	<b>Event</b>	<b>Date in 2010</b>
LGC	LGC Investment Summit 2010 - at Celtic Manor Resort, Newport, Gwent	9-10 September
Schroders	Autumn conference "Flight paths for Pension Schemes"	14 October
Newton	Annual investment conference 2010	12 November

- 6.3. At the Panel meeting on 20 November 2009 members discussed the possibility of other training options such as web-based training. There is trustee training provided by Newton, available on the following website: <http://www.newton.co.uk/trusteetraining>. A list of topics covered is available on the website, and Panel members can register online to obtain access to the training modules.

## 7. Training sessions in November 2010

- 7.1. Two half-day training sessions have been arranged for Panel members in Winchester later this year, to take place on 1 November and 3 November 2010, between 10am and 1pm.
- 7.2. One possible area to be covered by this training could be a seminar from Tim Lunn of the Fund actuary Hewitts on the actuarial valuation that is currently in progress. This could take place during one of the morning sessions. Further suggestions received from Panel members are short seminars on Exchange Traded Funds, inflation index linked gilts, and a briefing on the overall management of the Pension Fund and how it operates on a daily basis. These three shorter items could all take place during the second morning session.
- 7.3. The County Treasurer will identify speakers in conjunction with the Chairman and will confirm details to Panel members in advance of the November training sessions. Any further suggestions for topics on which Panel members would benefit from training would be appreciated.

## **8. Panel representative from Portsmouth and Southampton**

- 8.1. The representative of the two city councils on the Panel alternates between Portsmouth and Southampton City Councils every two years. Councillor Donna Jones was nominated by Portsmouth City Council in 2008 to serve as the representative until 30 September 2010. Southampton City Council will be invited to nominate a representative from 1 October 2010 for the following two years. That representative will be able to attend the training sessions on 1 and 3 November 2010 and the Panel's next meeting on 5 November 2010.

## **9. Recommendations**

- 9.1. That the Panel agrees the training plan for 2010/11.
- 9.2. That the Panel notes the completion of the training logs for 2009/10.
- 9.3. That Panel members contact the County Treasurer if they wish to attend any of the training courses, seminars or conferences described in the report.
- 9.4. That the Panel considers the proposals for the content of the training sessions planned for November 2010.
- 9.5. That the Panel considers whether there are any further issues on which training sessions or reports are required.
- 9.6. That the Panel notes that Southampton City Council will be invited to nominate a representative of the two city councils from 1 October 2010.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes/no
Corporate Business plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes/no
Corporate Business plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes/no
Corporate Business plan link number (if appropriate):	
<b>OR</b>	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because actions are required to make sure that appropriate training arrangements are in place for members of the Pension Fund Panel.</b>	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. Equality objectives are not considered to be adversely affected by the proposals in this report.

### **2. Impact on Crime and Disorder:**

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific impact.

## **Hampshire Pension Fund**

### **Pension Fund Panel**

#### **Training Plan 2010/11**

##### **1. Background**

- 1.1. Hampshire County Council as the administering authority for the Hampshire Pension Fund has delegated responsibility for the management of the Pension Fund to the Pension Fund Panel.
- 1.2. The Pension Fund Panel fully supports the principle that Panel members and officers have a duty to undertake all training on pension fund matters that is necessary to be able to fulfil their duties to the appropriate standard. Opportunities are made available to members and officers to attend training courses and seminars when necessary and appropriate.
- 1.3. This training plan has been prepared for the Pension Fund Panel for 2010/11. As the Panel's responsibilities extend beyond investment management of the Pension Fund, the training plan also covers pensions administration matters.

##### **2. The regulatory and governance context for the training plan**

- 2.1. The Myners principles codify the best practice in investment decision-making for pension fund management. The principles require pension fund trustees to consider how the principles apply to their own fund and report on a 'comply or explain' basis. Training is a key factor within Principle 1 which covers effective decision-making:
  - trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation
  - trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.
- 2.2. The Government also requires Local Government Pension Schemes (LGPS) to publish a Governance Policy Statement which includes a section on Training. A Governance Compliance Statement is also required which sets out the Pension Fund's compliance with the following principle on Training, Facility Time and Expenses:
  - a) that in relation to the way in which the administering authority takes statutory and related decisions, there is a clear policy on training, facility time and reimbursement of expenses for members involved in the decision-making process
  - b) that where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum
  - c) that the administering authority considers adopting annual training plans for committee members and maintains a log of all such training undertaken.

- 2.3. The Chartered Institute of Public Finance and Accountancy (CIPFA) published a guide to the requirements for the Governance Compliance Statements in the context of the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government: Framework (2007)'. The CIPFA guide links the principle in paragraph 2.2 above to the Framework's principles of:
- performing effectively in clearly defined functions and roles, and
  - developing the capacity and capability of the governing body to be effective.
- 2.4. The CIPFA guide includes the further comment that the principle in paragraph 2.2 is aimed at making sure that all those serving on committees, sub-committees and panels receive levels of training that are appropriate to their needs and that suitable arrangements are made to ensure that this is properly resourced in terms of both time and finance.
- 2.5. The Pension Fund Panel fully endorse the importance placed on training in these principles. With this training plan and proposals to maintain training logs, the Hampshire Pension Fund is in full compliance with this principle.

### 3. Pension Fund Panel

- 3.1. There are 13 members of the Pension Fund Panel, with two deputy representatives, as listed in Table 1. The table shows the experience of Panel members in terms of their length of service on the Pension Fund Panel.

<b>Table 1</b>	Membership of the Pension Fund Panel
County councillors:	
M.N Kemp-Gee (Chairman)	5 years
T.K. Thornber (Vice Ch'man)	13 years
F.G. Allgood	5 years
C. Carter	1 year
B.D. Dash	13 years
A.G. Dowden	5 years
D.A Kirk	5 years (2001 to 2005, reappointed 2009)
B. Tennent	1 year
T. Thacker	1 year
City councils' representative:	
D. Jones	2 years
District councils' representative:	
P. Giddings	3 years
I.R. Carr (deputy)	5 years
Pensioners' representative	
E.W. Hughes	16 years
Employees' representative	
P. Reynolds	3 years
B. Wood	1 year

- 3.2. All training opportunities are also made available to the Panel's independent adviser, Mr H Cole.
- 3.3. The Panel has a mixture of experienced members, who have served at least one full four-year term as members of the Panel, and more recently appointed members. Panel members also have a range of relevant experience from their working lives which includes, in some cases, the financial services industry and the City of London.

#### **4. Access to training**

- 4.1. Training opportunities are made available equally to all members of the Pension Fund Panel, including the co-opted representatives of the city councils, district councils, pensioners and contributors as well as the county councillors. The full cost of attending training is met by the Pension Fund, including course fees, reasonable travel and accommodation costs.
- 4.2. The Panel have considered making attendance at training courses compulsory for Pension Fund Panel members. This suggestion reflected the increasing complexity and profile of pension matters and the need for Panel members to keep up to date with current developments at a time of heightened scrutiny. However, whilst it is important that Panel members prepare themselves properly to fulfil their responsibilities, it would not be practical to make attendance at training events a condition of Panel membership. The suitability and fitness for members for their role is best left to the Panel itself to monitor. Should any concerns arise, they can then be raised with the sponsoring body of the Panel member in question.

#### **5. Officers Training**

- 5.1. The current County Treasurer, who has many years of experience in investment and pension fund matters, retires on 8 June 2010. His replacement, Carolyn Williamson, has been appointed and is due to start in August 2010. She does not have any previous experience of pension fund investments, however she has had employer responsibilities and involvement in admission body scheme arrangements. Efforts will be made to ensure she has access to all relevant training.
- 5.2. The County Council is currently accredited by Investors in People (IIP) which provides a framework for the development and training of all staff. IIP is a national standard for how organisations develop and communicate with their staff to meet business objectives. Each individual's training needs are assessed annually and training plans prepared for each section and department within the County Council. The actual training provided is evaluated each year to assess its effectiveness against the aims and objectives identified prior to the training event. In addition, professional staff in the County Treasurer's Department are required by the accountancy bodies to maintain their levels of Continuing Professional Development.
- 5.3. During 2009/10 officers have attended a number of training events specifically relating to investments and pension fund matters, including investor meetings for several of the private equity funds in which the Pension

Fund is a partner, investment seminars hosted by the Pension Fund's investment managers and other events relating to the Local Government Pension Scheme.

## **6. Proposed training in 2010/11**

- 6.1. This training plan for 2010/11 has been designed to cater for the needs of the recently elected Panel members as well as providing an opportunity to update and refresh the knowledge of the more experienced members of the Panel.
- 6.2. Two bespoke training sessions for the Panel are scheduled to be held in Winchester in November 2010 using external speakers. Proposed content for these sessions is as follows:
  - the actuarial valuation currently in progress
  - exchange traded funds
  - inflation index linked gilts
  - management of the Pension Fund
- 6.3. These bespoke training sessions will be complimented by a range of other training opportunities which will be made available to Panel members during the year. These include many seminars and courses on pension fund matters provided each year by various organisations. Some are specifically tailored for LGPS funds, such as the Local Government Chronicle's annual investment summit held in September each year. The Pension Fund's investment managers hold annual client conferences and the Fund's actuary Hewitt also provides training events. The County Treasurer will continue to circulate details of these training opportunities to members.
- 6.4. The Panel's independent adviser attends meetings of the group of independent advisers to LGPS funds. These meetings often include presentations by investment managers and others on topics of current interest. The independent adviser provides feedback to the Panel on these events as appropriate and relevant.
- 6.5. Reports to the Panel by the officers on new developments in pension fund matters will continue to include background briefing information and this will provide another means by which Panel members can keep up to date.
- 6.6. Panel members will also undertake background reading on pension fund matters and this too can contribute to meeting their training needs.

## **7. Training logs**

- 7.1. Training logs are maintained for each member of the Panel to record the actual training undertaken during the year, including details of all relevant training courses, seminars and events attended by each member. The training logs include an assessment of whether each training event has fulfilled the need it was intended to meet.
- 7.2. The training logs will be published as part of the training plan for the following year to provide evidence of the Panel's commitment to training.

7.3. The training logs for each Panel member for 2009/10 have been completed are available on request.

## **8. Evaluation**

8.1. The actual training undertaken by Panel members in 2010/11 will be evaluated using the training logs to assess whether it has fulfilled the training need identified at the outset. This information will be used to design the training plan for the following year.