

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel
Date:	17 June 2011
Title:	Training plan
Reference:	3008
Report From:	County Treasurer

Contact name: Jennifer Devine

Tel: 01962 847054

Email: jennifer.devine@hants.gov.uk

1. Executive Summary

- 1.1 The purpose of this report is to consider a training plan for the Pension Fund Panel for 2011/12, and review the Panel members' training for 2010/11.
- 1.2 This report also considers options for future training, including training for new Panel members.

2. Background

- 2.1. The Panel's training activities were first collated into a formal training plan for 2009/10. 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.
- 2.2. At the meeting on 18 June 2010, the Panel approved the training plan for 2010/11. On 15 December 2010, the Panel discussed training received to date, including internally arranged sessions in November 2010, and other external events attended by members of the Panel.

3. Training plan 2011/12

- 3.1. A draft training plan for 2011/12 is attached as Appendix 1 for the Panel's comments and approval.

4. Training received during 2010/11

- 4.1. Two half-day training sessions were arranged for Panel members in Winchester during November 2010, as follows:

1 November	Actuarial valuation and impact on investment strategy	Tim Lunn and Rachel Hammond of Hewitt Associates
	The role of function of the global custodian	Ray Bloom and Anita Weiss of Northern Trust
3 November	Exchange traded funds	Christopher Aldous of Evercore and Pollyanna Rhodes of Blackrock
	Index linked gilts	Moirra Gorman and John Philpot of State Street, and James Stride of AXA
	Corporate governance	Lord Myners

4.2. Attendance by members of the Pension Fund Panel at these sessions was very high. The Audit Committee were also invited to attend, with four members attending one or both sessions.

4.3. Feedback on these training events has been positive, with Panel members reporting that the sessions met the training needs identified for these topics.

Publishing additional information about Panel members

4.4. It was reported to the Panel at the meeting on 15 December 2010 that Lord Myners felt that overall the Annual Report was to be commended for its content. However, he felt that more could be said about the members of the Pension Fund Panel. This additional information could include details of their working life, as relevant to the Pension Fund, and their training experience.

4.5. From a review of other local government pension fund annual reports, no other fund provides this level of detail about their Pension Fund Panel members in the annual report, although West Sussex Pension Fund publish this type of information on their website.

4.6. The Annual Report currently includes a photo of each County Councillor Panel member. For 2010/11, it is intended to extend this to the district and city council representatives, and to report in the Annual Report in more detail about the training activities of the Panel as a whole. This approach should meet Lord Myners' suggestion, as, in reality, Panel members' working lives probably have less relevance than the training they have received. The Panel may wish to consider whether they would be in favour of this approach for the 2010/11 Annual Report.

5. Other training events

- 5.1. The County Treasurer has circulated information to Panel members about training events held by the Pension Fund's investment managers and other external providers, for the Panel members' consideration.
- 5.2. Events attended by Panel members during 2010/11 were as follows:

Event	Content	Date	Attendees
LGC Investment Summit	Annual update on the investment of local government pension funds and possible future strategies	9 – 10 September 2010	Cllrs Kemp-Gee, Carter, Dowden and Tennent, Mr Hughes and Mr Cole
Hewitt Trustee Seminar	An update on changes and potential changes to pensions following announcements made by the coalition government	28 September 2010	Cllr Tennent and Mr Cole
Custody Risk Seminar	Explanation of the risks involved in custody operations and help to ensure custody agreements mitigate risks wherever possible	11 October 2010	Cllr Tennent
Local Authority Pension Investment Seminar	The latest developments in the Local Government Pension Scheme and case study experiences from leading local government pension funds	12 October 2010	Cllrs Allgood and Tennent
Schroders Annual Investment Conference	Global economic outlook, market benchmarks and alternatives, global equity investments and long term funding plans for trustees and sponsors of pension schemes	14 October 2010	Cllr Kemp-Gee
Mercer Summit Conference	Strategy and tactics for financing the scheme for the future	21 October 2010	Cllr Tennent and Mr Cole
MFS London Conference	The pension fund landscape – where are we now and where are we headed	4 November 2010	Cllr Tennent
Newton 2010 Conference	The current investment environment, performance of Newton's strategies, and thematic investing	12 November 2010	Cllr Tennent, Mr Reynolds and Mr Cole

LGC Investment Seminar	Information on reviewing investment strategy, re-building strategic allocations and assumptions, and reassessing management structures in the light of the 2010 actuarial valuation	3 – 4 March 2011	Cllr Dash and Mr Cole
Public Sector Pension Reform	Opportunity to engage with expert pension professionals discussing the key areas for review, and to debate the impact that pension reform will have on the Public Sector schemes following the publication of the Hutton Commission's findings	29 March 2011	Cllr Thacker and Mr Reynolds

- 5.3. Cllr Thacker also completed e-learning provided by The Pension Regulator. The County Treasurer has reviewed other online toolkits available, and the findings are reported in section 8.
- 5.4. A number of additional events were also attended by the Panel's independent adviser, including independent adviser group meetings.
- 5.5. The County Treasurer will continue to circulate information about external conferences and other training opportunities to Panel members as details become available.
- 5.6. At previous meetings, Panel members have provided feedback and insights for their colleagues about the training events and seminars they have attended. The Panel may wish to take this opportunity to share any comments they may have about training events recently attended.

6. Training logs

- 6.1. Training log are maintained for each member of the Panel to record the actual training undertaken during the year. Training logs have been completed and include details of all relevant training courses, seminars and events attended by each member.
- 6.2. The training logs also include an assessment of whether each training event has fulfilled the need it was intended to meet.
- 6.3. The training logs for 2010/11 have been prepared and are available on request.

7. Training session in November 2011

- 7.1. One half day training session has been booked for Panel training for 2011. This will be held on 9 November 2011, from 2pm to 5pm in the Mitchell room in Elizabeth II Court, Winchester.
- 7.2. Possible topics suggested are:
 - topics mentioned in the CIPFA Knowledge and Skills Framework
 - choosing an investment manager

- the County Council Code of Conduct, and how this affects the Panel members, and
 - a briefing on the distinction between the Panel members' roles as councillors and as trustees of the Pension Fund.
- 7.3 The Panel may also wish to consider whether they have any further training requirements, which could be addressed at future training sessions.

8. E-learning opportunities

- 8.1. The County Treasurer has reviewed options for online training, which could be used by Panel members. A list of possible options is below.
- 8.2. Trustee Toolkit – this is available for free from the Pension Regulator at the following website: <http://www.trusteetoolkit.com/arena/index.cfm>. This toolkit provides an introduction to pension scheme investing, running a pension scheme, the role of the trustee, pension law etc. It was designed to meet the requirements of trustee knowledge and understanding required under the Pensions Act 2004.
- 8.3. An e-learning product which is specific to the Local Government Pension Scheme, unlike the Pension Regulator's toolkit, is Aon Hewitt's Local Government Pension Scheme (LGPS) Pension Committee Effectiveness Toolkit. This contains three modules: LGPS pension fund management, LGPS administration, and LGPS investments. One subscription can be bought which grants access to 20 users. The cost of subscribing for access for three years to the training is £950 for one module, or £2,850 for all three modules. This appears to be a very expensive option.
- 8.4. Newton offer a comprehensive set of online learning modules, available for free on their 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. All 23 modules are related to investing, and are very in-depth. Each module takes 60 to 90 minutes to complete. This option may be more appropriate for Panel members to dip into if there is a particular area which they wish to learn more about.
- 8.5. Aviva Investors offer an Investment Tutor website containing a range of training guides, covering areas such as asset classes and economics, with other topics also available on training videos, at the following website: <http://www.investmenttutor.com/index.htm>. There are also articles available and an investment glossary. Access to this online resource is free.

9. Training for new Panel members

- 9.1. New members will be joining the Panel from 1 October 2011 with the increase in the representation of the Hampshire district councils and Portsmouth and Southampton City Councils. In addition, Councillor Allgood may be replaced and Councillor Knights has also recently joined the Panel.

- 9.2. Options to provide training for these new members could include:
- Providing members with the hard copies of presentation booklets from the previous in-house training sessions which the Panel attended in November 2010 and 2011. These could provide a useful background, but may not give a full picture without the speaker present to explain the content.
 - Informing members of the e-learning options detailed in section 8, which they could complete as required and in their own time.
 - Giving the new members an opportunity to attend the “Fundamentals” course held by the Local Government Employers, which specifically covers the basics for the Local Government Pension Scheme (LGPS). Course dates and prices have not yet been announced for 2011, but in previous years the three-day course has been held in locations across the country, including London, in October, November and December. The cost in 2010 was £210 for one delegate to attend each day, making the total cost of the course £630. The course covers the following topics: the background to the LGPS, asset classes including alternative investments, actuarial valuations, funding strategy statements, corporate governance, communication policies/strategies, duties and responsibilities of committee members, and the future of the LGPS.
 - Providing new members with a copy of the CIPFA Knowledge and Skills Framework, to help them identify if they have any additional training requirements.
 - New members will be invited to join the training session held in November 2011, and will also be informed of any external conferences and training opportunities in the future along with the rest of the Panel.
- 9.3. Proposals for training for new members are included in the Training Plan in Appendix 1, section 6.

10. CIPFA knowledge and skills framework code of practice consultation

- 10.1. It was reported to the Panel on 15 December 2010, that earlier in 2010 CIPFA had published a Knowledge and Skills Framework, which provides technical guidance for elected representatives and non-executives in the public sector. This publication is intended to be used as a tool for organisations to determine whether they are equipped with the right skills, and as an assessment tool for individuals to monitor their progress and development.
- 10.2. CIPFA intend to formalise this document as a code of practice, and this is currently under consultation, ending on 10 June 2011. The Pension Fund is supportive of the process of providing practitioners and members with the training and skills required to carry out their roles, and consequently has not submitted comments as part of the consultation process.
- 10.3. There is currently no statutory requirement to adopt the draft code of practice, and the matter will be reported to the Panel again with a proposed

course of action once the consultation process is completed and a final document is available.

11. Recommendations

- 11.1. That the Panel approve the training plan for 2011/12.
- 11.2. That the Panel considers whether to include additional background information about each Panel member in the 2010/11 Annual Report.
- 11.3. That the Panel considers whether there are any further issues on which training sessions or reports are required.
- 11.4. That the Panel approves the proposals for providing training for new Panel members.
- 11.5. That the remainder of the report be noted.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

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.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<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 2011/12

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 2011/12. 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.

Table 1	Membership of the Pension Fund Panel
County councillors:	
M.N. Kemp-Gee (Chairman)	6 years
T.K. Thornber (Vice Ch'man)	14 years
F.G. Allgood	6 years (to May 2011)
C. Carter	2 years
B.D. Dash	14 years
A.G. Dowden	6 years
D.A. Kirk	5 years (to August 2010)
T. Knight	6 months (appointed 2011)
B. Tennent	2 years
T. Thacker	2 years
City councils' representative:	
J. Moulton	3 years
District councils' representative:	
P. Giddings	4 years

Table 1	Membership of the Pension Fund Panel
Pensioners' representative E.W. Hughes	17 years
Employees' representative P. Reynolds	4 years

- 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. 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.
- 5.2. During 2010/11 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 2011/12

- 6.1. This training plan for 2011/12 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. One bespoke training session for the Panel is scheduled to be held in Winchester in November 2011 using external and internal speakers. Possible content for this session is as follows:
 - topics mentioned in the CIPFA Knowledge and Skills Framework
 - choosing an investment manager
 - the County Council Code of Conduct, and how this affects the Panel members, and
 - a briefing on the distinction between the Panel members' roles as councillors and as trustees of the Pension Fund.
- 6.3. This bespoke training session 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. Training for new members joining the Panel during 2011/12 is proposed as follows:
 - Providing members with the hard copies of presentation booklets from the previous in-house training sessions from November 2010 and 2011.
 - Informing members of options for e-learning.
 - Attending the "Fundamentals" course held by the Local Government Employers, which specifically covers the basics for the LGPS.
 - Attendance at the training session to be held in November 2011.
 - Providing new members with a copy of the CIPFA Knowledge and Skills Framework, to help identify any additional training requirements.
 - Informing new members of any external conferences and training opportunities in the future along with the rest of the Panel.
- 6.5. 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.

- 6.6. 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.
- 6.7. 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 are completed following the end of each year to provide evidence of the Panel's commitment to training.
- 7.3. The training logs for each Panel member for 2010/11 have been completed and are available on request.

8. Evaluation

- 8.1. The actual training undertaken by Panel members in 2011/12 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.