HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel
Date:	28 February 2014
Title:	Pension Fund Panel Training in 2014/15
Reference:	5639
Report From:	Director of Corporate Resources – Corporate Services

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1. Executive Summary

1.1. This report sets out proposals for the training arrangements for members of the Pension Fund Panel in 2014/15.

1.2. The report takes into account the Training Needs Analyses completed by Panel members in November and December 2013. The report also includes proposals for the Panel's training half days in 2014/15 and 2015/16.

1.3. The Training Plan for 2014/15 will be prepared following this meeting and will be considered at the Panel's meeting on 13 June 2014.

1.4. The report also includes a summary of the Panel's programme of meetings in 2014/15.

2. Background

2.1. Members of the Pension Fund Panel were asked to complete a Training Needs Analysis covering the topics included in CIPFA's Knowledge and Skills Framework. This Framework sets out suggested areas of training for elected representatives in the public sector who are responsible for pension funds such as the Local Government Pension Scheme.

2.2. The aim of completing the Training Needs Analysis was to identify members' individual training needs and enable the Training Plan for 2014/15 to be prepared, setting out how these training needs would be met and to give priority to any needs that are shared by a number of the Panel Members.

3. Training Needs Analysis

3.1. The following summary is based on the completed Training Needs Analyses. The training areas for which the largest numbers of requests were identified are listed in Table 1 below. The full results of the Training Needs Analysis are included at Appendix 1.

3.2. Some Panel members have identified more than one training need in a particular category. This is shown in Table 1 in the column for the number of requests.

Table 1 – Categories of training identified by the Training Need Analyses

	Total number of requests	**Number of Panel members**
Investment performance and risk management	12	8
Procurement	15	7
Constitution and Pensions Regulator	9	7
Management and investment regulations	9	6
Actuarial methods, standards and practices	10	5
Audit	8	5
Investment strategy	7	5
Outsourcing and bulk transfers	5	5

4. Proposals

4.1. The following paragraphs include suggestions for ways in which training can be provided to meet the needs identified in Table 1.

Investment performance and risk management

4.2. Investment performance and risk management covers a wide area of core skills and knowledge including total fund performance, performance of advisors, and performance of support services.

4.3. The results of the Training Needs Analysis showed that members felt that they required further knowledge about assessing the performance of managers and advisors.

4.4. Total fund performance and performance of advisors are regularly reviewed through reports to Panel meetings, as well as attendance of fund managers. Members who wish to improve their knowledge in this area could use the Pension Regulator Trustee Toolkit website. This provides information on the principles of fund management and how the performance of fund managers can be measured in Unit 9 on Fund Management. The Trustee Toolkit website can be found at:

https://trusteetoolkit.thepensionsregulator.gov.uk/arena/index.cfm

4.5. One of the Pension Fund's fund managers, such as Aberdeen, Newton or Schroders, could be invited to provide a training session here on investment performance and risk management.

Procurement

4.6. The contracts that are currently in place with investment fund managers will need to be re-tendered in the next two to three years prior to their expiry on 31 December 2016. In order to prepare the Panel, it would be appropriate to include some training on procurement in the Training Plan for 2014/15. This would update members on any new procedures and regulations, and will give newer members an opportunity to learn about the process. If the Panel agrees with this suggestion, the officers could provide a training session at one of the in-house training half-days for Panel members later in 2014.

4.7. It is proposed that this session would include the background to current public procurement policy and procedures, the values and scope of public procurement, and the roles of key decision makers and organisations (specifically Hampshire County Council). The session would also include information on the main public procurement requirements of UK and EU legislation.

Constitution and Pensions Regulator

4.8. The Public Services Pensions Act 2013 includes a greater role for the Pensions Regulator in the governance of public sector pension schemes. Further information on the extent of the Pensions Regulator's involvement in Local Government Pension Funds is expected to be issued by the Government. In addition, the Government will also confirm the role that the Pensions Board will take in governance of the Hampshire Pension Fund. Full reports will be brought to the Panel and this should help Panel members to gain further understanding of this topic.

4.9. It may also be helpful for the Panel if a training session is provided on the constitutional roles of the County Council as administering authority, the Pension Fund, the Chairman and the officers. This would cover the roles and responsibilities of Panel members including the fiduciary duty of the Panel in determining the investment strategy. This session could form a part of an internal training half-day in 2014/15.

Management and investment regulations

4.10. The Director of Corporate Resources staff can provide a summary of the requirements of these regulations either as a short report to the Panel or as one of the sessions as part of an internal training half-day in 2014/15.

Actuarial methods, standards and practices

4.11. Actuarial methods, standards and practices were covered in the presentation by Tim Lunn from Aon Hewitt on the Actuarial Valuation at the Annual Employers Meeting in October 2013. Most Panel members attended the Meeting but the presentation slides from the event are available if members wish to refresh themselves on the area.

Audit

4.12. The role of audit in relation to the Pension Fund Panel is an area for which many newer members of the Panel asked for further training. Neil Pitman, Chief Internal Auditor, will be attending this meeting and will be including a short explanation of the role of internal and external audit for the Pension Fund as part of the presentation of his progress report on the audit.

Investment strategy

4.13. A review of the Pension Fund's investment strategy is in progress with the help of Aon Hewitt's investment consultancy team. Aon Hewitt could be asked to include in their report to the Panel a summary of the principles for pension funds' investment strategies, linking this to their suggestions for Hampshire's future strategy. This could include information on the risk and return characteristics of the main asset classes, and the role the asset classes have in long-term pension fund investing. Aon Hewitt would be able to explain the investment strategy in the context of an understanding of actuarial decisions.

Outsourcing and bulk transfers

4.14. It is proposed that the Head of Pensions Services, Nick Weaver, could provide a training session during one of the internal training half-days to explain outsourcings and bulk transfers, including the Hampshire Pension Fund's policy on Outsourcing and Pass-Through Arrangements for small admission bodies. Nick Weaver could also include within this training session details of other areas within his responsibilities for Pensions Services.

Other training needs identified in the Training Needs Analysis

4.15. The previous paragraphs cover the most frequently identified training needs in Panel members' Training Needs Analyses. The Director of Corporate Resources' staff will also contact each member of the Panel to provide specific suggestions and advice on how each of the training needs identified by Panel members could be met, in addition to the Panel-wide training proposals outlined above.

5. Training half-days in 2014/15 and 2015/16

5.1. In the last two years the Panel has held two training half-days each year. it is proposed that there should be two training half-days in July and November 2014, and a similar pattern in 2015. Dates for 2014 will be finalised after this meeting.

5.2. Ideally two sessions should make up each half-day as that allows full attention to be paid to each topic, as well as providing time for questions.

5.3. The proposals in Table 2 below set out a programme for 2014 and 2015 for the Panel's comments. It includes the topics identified in the preceding paragraphs, formulated into a set of training half-days.

Table 2 – Proposals for the Panel's training half-days in 2014/15 and 2015/16

	Session 1	**Session 2**
July 2014	Procurement (HCC Legal staff)	Investment performance and risk management (Fund Manager e.g. Aberdeen, Schroders or Newton)
November 2014	Constitutional roles and responsibilities (HCC Legal staff)	The energy economy (Newton)
July 2015	Outsourcing and bulk transfers (Head of Pensions Services)	UK Property investment (Aberdeen)
November 2015	Management and investment regulations (Director of Corporate Resources staff)	Question and answer with City professional

5.4. The proposed session by Newton would enable them to give their presentation on the energy economy which formed part of their annual conference in November 2013. Panel members who attended Newton's conference found this session on energy to be particularly interesting and have suggested that all Panel members would find it helpful. This presentation covers how energy supply has evolved, and Newton's predictions as to where the market is heading.

5.5. In November 2013 Sir Simon Robertson gave a session at the training half-day, which all members, as well as other County Councillors found interesting. Bearing this is mind, the attendance of other City professionals would be beneficial to the Panel and proposals will be developed in conjunction with the Chairman over the weeks ahead.

5.6. Dates for the training half-days in 2014 will agreed after this meeting and circulated to Panel members as soon as possible.

Online training tools

5.7. There are a number of online training tools that are available to help improve members' knowledge and skills, including:

http://www.pensionsadvisoryservice.org.uk/ - the Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of company, personal and stakeholder schemes.

https://trusteetoolkit.thepensionsregulator.gov.uk/arena/index.cfm - the Trustee Toolkit is provided by the Pensions Regulator, and provides a full training programme. The programme is split into separate modules designed to enable members to dip in and out of the content, and learn at their own pace.

External training courses

5.8. If members would like to attend an external training course or conference, please complete the first half of the training request and evaluation form available at Appendix 3, and return to Gemma Deadman (gemma.deadman@hants.gov.uk).

Training logs for 2013/14 and Training Plan for 2014/15

5.9. Training logs for 2013/14 are being updated and will be sent to members for confirmation in early April 2014. The presentations by investment fund managers at Pension Fund Panel meetings often include aspects that provide training benefits and this is now included in Panel members' training logs.

5.10. The Training Plan will be updated to reflect the recommendations within this report that are agreed by the Panel. The draft Plan will be brought to the Panel meeting on 13 June 2014 for the Panel's consideration.

6. Panel meetings in 2014/15

6.1. This section of the report sets out the planned programme of Panel meetings in 2014/15, for the Panel's information and comments as appropriate.

6.2. The following table shows which managers are due to attend each meeting to report on their portfolios, and whether other or 'business' items will be included on the Agendas. All Panel meetings are planned to start at 10:00 am.

Table 3 – Meetings in 2014/15

Date	Managers attending	Business items
28 February 2014	Aberdeen – alternative investments	Yes, if any
13 June 2014	CBRE Global Investors – UK property	Yes
11 July 2014	Aberdeen – global equities Newton – global equities Aon Hewitt – tactical asset allocation	-
26 September 2014	Aberdeen – alternative investments	Yes, if any

Table 3 – Meetings in 2014/15

Date	Managers attending	Business items
7 November 2014	No managers attending	Yes
19 December 2014	Schroders – UK equities Western – global bonds Aon Hewitt – tactical asset allocation	-
6 March 2015	Aberdeen – alternative investments	Yes, if any

6.3. The programme continues the previous pattern of annual meetings with Aberdeen (global equities), Newton, Schroders, Western and CBRE Global Investors. Aberdeen will report on their alternative investments portfolios at six monthly intervals. Aon Hewitt will also attend every six months in connection with the tactical asset allocation portfolio.

6.4. The Panel has the option of asking managers to attend Panel meetings more frequently if their investment performance is causing concern.

7. Annual Employers Meeting 2014

7.1. The Annual Employers Meeting will be held in Ashburton Hall in Winchester on 23 October 2014 starting at 10:00 am.

7.2. It was not possible to avoid a clash of dates with a meeting of the County Council's Policy and Resources Select Committee. This is unfortunate but the Annual Employers Meeting is primarily arranged for the Pension Fund's employers. Panel members are welcome to attend the Annual Employers Meeting if they are available.

8. Recommendations

8.1. That the proposals for the sessions for the Panel Training half-days in 2014 and 2015 set out in Table 2 be agreed.

8.2. That the remainder of the report be noted.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

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

Other Significant Links

Links to previous Member decisions:		
Title	Reference	Date
Direct links to specific legislation or Government Directives		
Title		Date

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.)

Document	Location
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.

Full list of training requests from the Training Needs Analysis

Training category	Total number of requests	Number of councillors
Investment performance and risk management	12	8
Procurement	15	7
Constitution and Pensions Regulator	9	7
Management and investment regulations	9	6
Actuarial methods, standards and practices	10	5
Audit	8	5
Investment strategy	7	5
Outsourcing and bulk transfers	5	5
Investment markets	4	4
Myners principles	3	3
LGPS discretionary policies	3	3
LGPS 2014 - new scheme	3	3
General pensions framework	3	3
LGPS Administrations Regulations	2	2
LGPS stakeholders	2	2
Role of treasurer and monitoring officer	2	2
Governance statements	1	1
Communications	1	1
Panel responsibilities	1	1

Training Request and Evaluation Form

Part 1 – To be completed before the Training Activity

Please return this form prior to the Training activity to Gemma Deadman, Corporate Finance, Corporate Services (gemma.deadman@hants.gov.uk, telephone 01962 847054)

Panel member's name	
Training event / activity (including provider)	
Date	
Location	
Summary of topics	
Training needs which this event is expected to meet (where relevant, refer to needs identified in your Training Needs Analysis)	
Other comments	

Part 2 – Evaluation – to be completed after the Training Activity

Where the training needs identified in Part 1 of the form met?	
Aspects of the training needs that were not met	

Is further training required to meet the training needs identified in Part 1?	
Comments	
Would you recommend attendance next time/year? Why?	

Please return the completed form, after the Training activity, to Gemma Deadman, Corporate Finance, Corporate Services (gemma.deadman@hants.gov.uk, telephone 01962 847054)