

# WIRRAL COUNCIL

## PENSIONS COMMITTEE

14 SEPTEMBER 2015

<b>SUBJECT:</b>	<b>ELECTED MEMBER EDUCATIONAL EVENT</b>
<b>WARD/S AFFECTED:</b>	<b>NONE</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR TRANSFORMATION &amp; RESOURCES</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

1.1 This report recommends that the Committee considers attendance by Members at the forth 330 Consulting Elected Member Educational Event (EMEE) at the Tower of London in London on Wednesday 7 October 2015.

### 2.0 BACKGROUND AND KEY ISSUES

2.1 The event is designed for those members of Pensions Committees who are relatively new to their roles, but it is also open to other, more experienced, Committee members who would like a refresher on some key investment concepts and issues.

The intention is that attendees can benefit from presentations on investment topics that do not assume a detailed understanding of the investment world, and yet which provide a good grounding on each topic to help attendees in their duties back in the real world.

2.2 To help keep the day interesting, and not make it too focussed in investment topics, the EMEE will again be a mixture of educational investment sessions and politically-themed presentations. The agenda is set out at appendix 1.

### 3.0 RELEVANT RISKS

3.1 There are none arising from this report.

### 4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered.

### 5.0 CONSULTATION

5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

### 6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 N/A.

### 7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report

**8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 Attendance is free. There will be travel costs to London and overnight accommodation may be required for the night of 6 October.

**9.0 LEGAL IMPLICATIONS**

9.1 There are none arising from this report.

**10.0 EQUALITIES IMPLICATIONS**

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

**11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

11.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

**12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are none arising from this report.

**13.0 RECOMMENDATION/S**

13.1 That Committee considers if it wishes to send a delegation to attend this event and, if so, to determine the number and allocation of places.

**14.0 REASON/S FOR RECOMMENDATION/S**

14.1 Attendance at this conference will assist Members in fulfilling the Committee’s Knowledge and Skills objectives as set out by CIPFA.

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**APPENDICES**

Appendix 1

**BACKGROUND PAPERS/REFERENCE MATERIAL**

**BRIEFING NOTES HISTORY**

Briefing Note	Date

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date

### Appendix 1

## Elected Member Educational Event (EMEE)

### New Armouries Building Tower of London London • EC3N 4AB

Wednesday 7th October 2015

### Agenda

08:45 - 09:30 **Registration and Coffee** - Events Suite

09:30 - 09:40 **Welcome**

*David Crum, 330 Consulting*

David will take a few moments to welcome everyone to the event, set out the plan for the day, and deal with any pertinent housekeeping issues.

09:40 - 10:15 **The Essential Guide to Managing an LGPS Fund**

*John Harrison, Independent Advisor to an LGPS Fund*

Newly appointed members to both Pensions Committees and Local Pensions Boards might initially feel somewhat daunted by the task that lies ahead - helping oversee the running of hundreds of millions, sometimes billions, of pounds of investments on behalf of scheme members. Which aspects of their roles are most important?

Help is at hand in this first session, as John, himself an independent advisor to an LGPS Fund, gives his views on the things he believes Committees and Boards should prioritise when it comes to managing LGPS pension fund arrangements, and where they can turn for help.

10:15 - 10:50 **Pension Fund Investment Themes and Outlook**

*Atul Shinh, Investment Specialist, Multi-Asset team, Investec Asset Management*

Investors have had a turbulent time in 2015 - with a

'Grexit' narrowly avoided (for the moment), a significant market rise and subsequent fall in China, oil prices dropping to their lowest level for several years, and with impending interest rate rises in the 'developed' economies it's been an eventful year so far. But what does all of this mean for long term institutional investors such as LGPS Funds?

In this session, Atul will look at these, and other, financial market developments, explaining to event attendees what they really mean for long term pension fund strategies. He'll also look in to his crystal ball to share his thoughts on what might happen with markets over the rest of the year, and into next year.

10:50 - 11:25

### **'Mega' Trends in UK Real Estate**

*James Lass, Fund Manager, UK Real Estate Fund, Schroders Investment Management*

Property tends to be the cornerstone of most LGPS Funds' investment strategies - historically, allocations have not tended to fluctuate as much as exposures to the other asset classes, which suggests that many investors see real estate as a 'buy and hold' investment. But, as with other investments, the market has undergone significant changes over the last few decades.

In this session, James will provide a history of real estate investing, discussing how factors such as urbanisation, technology and demographics have - and will - affect investment opportunities and returns. He will give some live examples of how this has translated into investment strategy for Schroders, and will also share his current thinking on market opportunities.

11:25 - 11:50

**Coffee Break** - Events Suite

11:50 - 12:25

### **Parental Power - Why Mumsnet Matters to Politicians**

*Rowan Davies, Head of Policy & Campaigns, [Mumsnet](#)*

Rowan is Head of Policy and Campaigns at Mumsnet, the UK's largest network for parents, with 70 million page views and over 10 million visits per month. At Mumsnet, Rowan works on policy issues that affect their users, and on building relationships with external organisations, stakeholders and policy makers. She also manages Mumsnet's campaigns, such as better miscarriage care and libel reform.

12:25 - 13:00

### **Finding the 'Crown Jewels' in Private Equity**

*Carolyn Skuce, Director - Business Development, and Mark Drugan, Managing Director - Head of Investment Management Europe, Capital Dynamics*

Many LGPS Funds have had exposure to Private Equity for many years. It has been an important asset class, with returns consistently outperforming quoted equity markets over the long term. As a result, Private Equity has been an important investment solution to help bridge LGPS funding gaps.

In this session Carolyn and Mark will give an

introduction to private equity, move on to provide an insight in to the investment decision making process at both the manager and company level, before concluding with a current private equity market overview.

13:00 - 13:50

**Lunch** - Events Suite

13:50 - 14:25

**Government Finances - Behind The Headlines**

*Paul Johnson, Director, [Institute for Fiscal Studies](#)*

Paul has published and broadcast extensively on numerous issues in the economics of public policy including tax, welfare, inequality and poverty, pensions, education, climate change and public finances. He is author of major books on pensions, tax and inequality. In the last year Paul has been a regular contributor to the Today programme, and television news and current affairs programmes, as well as author of numerous articles in the press.

Paul has been director of the Institute for Fiscal Studies since January 2011. As well as a previous spell at the IFS in the 1990s (including a period as deputy director) Paul has been chief economist at the Department for Education and director of public spending in HM Treasury. At Treasury his responsibilities included public sector pay and pensions and climate change policy. Other positions include a period as head of economics at the FSA and as a senior associate with Frontier Economics.

Between 2004 and 2007 Paul was deputy head of the Government Economic Service. He served on the council of the Economic and Social Research Council and was elected to the council of the Royal Economic Society in 2011. He was a founder council member of the Pensions Policy Institute and in 2010 he led a review of the policy of auto-enrolment into pensions for the new government.

He is currently on the council of the Family and Parenting Institute. Paul has been a member of a number of advisory boards and commissions including the Pension Provision Group, the Commission on taxation and citizenship, and the Commission on Living Standards. He is an editor of the Mirrlees Review of tax economics and policy.

14:25 - 15:00

**Credit Yields: What Goes Down Must Come Up?**

*Esty Dwek, Global Strategist, Loomis Sayles*

Fixed interest assets remain a popular component of almost every LGPS Fund's investment strategy, with many Funds also having a meaningful exposure to 'Credit' - that is, company and foreign government / body loans. However, this asset class remains one that many new LGPS 'trustees' find challenging to understand, let alone monitor.

In this session, Esty will cover the history of 'credit', explain some of the key terms used by investment managers when managing and discussing the asset class, and will state why credit is important to LGPS Funds. Esty will then go on to explore what might happen to credit as interest rates rise across the globe, and will set out which factors and concepts investors

should be most concerned with regarding this eventuality.

15:00 - 15:25

**Coffee** - Events Suite

15:25 - 16:00

**Passive Investing - A Better Approach?**

*Stuart Morris, Executive Director, Institutional Clients (UK & Ireland) - BNP Paribas*

Almost every pension fund has some exposure to 'passive' investments - that is, investments that track the structure and composition of specific market indices, and where no 'active' investment management techniques are employed. Passive investing, clearly, is important to LGPS Funds' future success, and the recent consultation exercise by the Department for Communities and Local Government has shown that Government also believes passive investment should play a major role going forward.

In this session, Stuart will provide an overview of passive investing - how it operates, highlighting some of the common indices used, and stating the pros and cons of the predominantly used 'market capitalisation' approach. He will then go on to explore whether there is a better approach to structuring 'passive' investments that can result in better long term returns for investors, and will explain how such an approach would work in practice.

16:00 - 16:45

**Politicians and the Military**

*General Sir Mike Jackson*

General Sir Mike Jackson served as Chief of the General Staff and Head of the Army until 2006. He commanded the British in Iraq, UN forces in Kosovo and peacekeeping missions in Bosnia.

Sir Mike was originally commissioned into the Intelligence Corps, specialising in the threat from the Soviet Union. He transferred to the Parachute Regiment and was on duty in Northern Ireland on what became known as Bloody Sunday.

In the 90s, he served as deputy to NATO Supreme Allied Commander Europe, General Wesley Clark. He famously refused Clark's order to block the runway at Pristina airport, telling him "I won't start World War III for you." Had he complied, British and Russian troops might well have come into armed conflict.

In the wake of the Iraq invasion it was Sir Mike who ordered an inquiry into images released by the Daily Mirror depicting alleged torture of Iraqi prisoners by British soldiers. The Mirror's editor Piers Morgan was later fired, after the pictures were shown to be a hoax.

Sir Mike remains extremely proud of his soldiers' record, whilst critical of Donald Rumsfeld's original post-conflict strategy. He has also questioned the Ministry of Defence's understanding of the ethos of the armed forces, and the debt they are owed by Government.

16:45

**Close**

*David Crum*

16:45 - 18:30

***Drinks reception*** - Events Suite