Confirmation Hearings Committee

26 November 2008

Item 6: Appointment to the Office of Chairman of the London Pensions Fund Authority (LPFA)

Jenny Jones (Chair): Now we move to today's business. I am going to ask a warm-up opening question and then it will be thrown open to the other Members. We are not keeping to any particular pattern so the questions can come from absolutely any direction.

Anthony Mayer: As I have seen from previous Confirmation Hearings, yes.

Jenny Jones (Chair): Yes, yes. We are still practicing. We are going to get better. I would like to just open by asking what do you see as the challenges and opportunities of the role of Chairman of the London Pensions Fund Authority and how would you go about meeting those?

Anthony Mayer: Let us start off with challenges to the Chairman then if you want me to do challenges to the London Pensions Fund Authority I can cover that separately as and when.

So focusing just on the Chairman; I am seeing the following priorities for myself and Michael Deakin who will be appearing after me, and will be, if I am appointed, my Deputy Chairman. I am seeing first of all securing a board that is absolutely on top of its game. There has been a recent round of appointments. Looking at the meld of expertise and experience, I think it is an absolutely first class board. Congratulations to all those concerned.

I am seeing the pensions' world as very fast moving; maintaining and improving the board member training programme to make sure they are absolutely up to date with developments. We are living, as we all know, in a very uncertain world. I think one of my top priorities as Chairman is to establish the strategic direction for the Fund and for the board, and then to make sure that strategic direction is shared by the board and taken forward as one. I see now I have turned from poacher to gamekeeper, a very, very important role for the board in making sure they hold the executive to account. Having been a chief executive for over 25 years effectively, I think I know where the skeletons lie when executives start basically defending themselves against things that they might not wish to.

I think an important new feature is all the board members are going to have to have performance reviews. This will itself make sure that basically if a board member is not quite up to the mark attention is brought to them to basically improve their game.

I think the second thing is having secured the board what you then do with it. I am seeing the role of the board exactly the same as for all other boards of such organisations. That is basically securing transparency and probity of the organisation, keeping the executive up to the mark and critically setting the strategic direction of the authority.

So, if you like, my answer is two part; one is basically getting the board up to the mark and then two, taking it forward effectively making sure it is moving forward effectively in those three key roles: securing transparency and probity, keeping the executive up to the mark and setting strategic direction.

That is my answer to your question from the point of being Chairman. If and when you want me to go to the authority's challenges I am delighted to do so.

Valerie Shawcross (AM): Do you want to talk about the strategic direction of the whole authority then since you see this as something you have go to be setting?

Anthony Mayer: Absolutely. It is a problem that is affecting all funded pension funds, not only in London but in the United Kingdom (UK); indeed Europe and the rest of the world where there are two factors moving against pension funds making circumstances in terms of running pension funds very challenging. The first is clearly the fall in world equity values. When I briefed myself up I was thinking of a figure of a fall of 25%, but since I have briefed myself we had the largest ever increase in the stock market, 10% in one day early this week. Highly volatile but clearly down. How do you make sure that in the long run the pension fund's assets are basically giving the required yield?

The second challenge is of course increasing life expectancy, where staggeringly - a new fact, I did not realise until I started preparing for this session - every decade for the last three decades life expectancy has been increasing by two years. That is likely to go on with health improvements and medicine improvements. So I think the challenge, easily stated against those two factors of yields from equities down and increased life expectancy, is securing the long-term sustainability of the fund. I think I would put it just like that as the overriding challenge.

I think there are then sub-challenges which are more local to the London Pensions Fund Authority. What I thought as somebody who has taken a pension from the authority, is maintaining a very, very high standard of customer service. I think my predecessor and the board have got to be congratulated as far as I am concerned - I know it first hand. They go out of their way to inform people as to what is going on, and in terms of the exchanges I have had with them, are unreservedly helpful.

I think the second issue - and there are two or three agenda items I want to pursue as Chairman which I hope will freshen up things - is that I remain surprised how many different pension funds there are in London. We are, I think, the third largest local authority pension fund in the country. I am sure there must be scope for rationalising pension funds and basically getting our expertise applied to, for a start, managing the pension funds of other London boroughs. We do six at the moment. I think there must be scope for us to make administration of pensions across London, and our own efficiency by increasing our scale, as something that must be to the benefit of all.

So my three part answer would be the challenge is the big one, sustainability; within the two sub ones the quality of the customer service and more efficiency by expanding our management repertoire.

Valerie Shawcross (AM): Can I just go back a little bit to the governance of the board arrangements? You talked about getting the Board up to scratch and the training needs, etc, etc. Are there any issues about diversity and expertise on the board that you would want to deal with?

Anthony Mayer: No. I can let you have separately a schedule of all members so not to waste your time. There are, on a board of ten, two members of the black and ethnic minorities; three women; we have got three people who are experts in responsible investment. Just to give you an example, Michael Deakin is basically no less than a Chairman of the Sustainable Pensions Advisory Board. So we have got real expertise in the area of responsible investment. We have also got in Michael Cassidy a very, very eminent lawyer. We have got two or three accountants and a management consultant so in terms of the mix of the board, I think if anything it is an example to other boards.

With my other hat on as Chairman of the Tenant Services Authority we ended up without any black and ethnic minority member and it was my initiative to say, "I think we need to go out again to actually make that addition." I think we have only got on our board two women, so I think if I can do as well with the Tenant Services Authority as the board appointees of the London Pensions Fund Authority I will be happy. In terms of the range of expertise, I am frankly very, very impressed and it is a nice range. We have not got a lot of doppelgangers on the Board.

Jenny Jones (Chair): You talk about responsible investment. You talk about sustainability. I am presuming from these things you are aware of the responsibility towards ethical and environmental issues. I feel that possibly the board has not perhaps lived up to what it is saying. What is your attitude towards companies that might be a little bit - well, let me use my phrase - dodgy? Do you advocate engagement with those or disinvestment?

Anthony Mayer: Overwhelmingly if it was a choice, engagement, and I will tell you why. I have got a feeling, Chair that we might not be entirely at one on this; who knows. I saw your exchange with Mr Newton[current Chairman of the LPFA Board] a couple of years back. I think if you start cherry picking where do you stop the picking of the cherries? I think you get into all sorts of huge difficulties as to what is ethical and what is not ethical. Clearly you cannot do anything illegal but my preference, which coincidentally is the same as the preference of the board, is to do three things; one is to have on the board people who are committed to - I prefer the phrase - responsible investment. Morality can get in the way. We have got Peter Lang, who you all know is on the board; Michael Deakin is also a serious national expert in the area of responsible investment and we have got Niaz Alam, who is also a specialist in this area. So the first thing I think we have done right is three out of ten of the board have got expertise and commitment in this particular area.

The second thing is how do you then take forward the agenda of responsible investment? My line is not a preference for disinvesting. I think you get into real problems with judgements on where you draw the line but I think - and clearly I will be a bigger expert if and when I take the reins - that actually the more effective role is what I would call being an active investor. So the board are using either by proxy, or I understand sometimes directly, their voting rights in respect of companies who they think are not doing their best. I think that we are very serious in terms of disclosure rules, finding out what companies are up to.

Third is that the fund, I am delighted to say, is a leading member of a consortium of pension funds who act together in this area. I think that is the way that we are going and certainly talking to Michael Deakin, you can ask him in more detail. Just to give you one example, in the last ten years I think, and I hope you agree, that oil companies whose core business, as they say, is depleting the planet by getting oil out are all together more environmentally responsible in terms of the messages about what they are doing than they were ten years ago. I think in part that has been because of the activities of pension funds in being active investors. People like the oil companies have listened. I think that is the way I would prefer to go. I have got a feeling we will not necessarily at this session absolutely agree to agree or agree to disagree but if you want further particular evidence, delighted to get you over to meet the members of our board to say what we are up to and get your advice and angle.

Jenny Jones (Chair): I shall accept that invite. You are talking about oil companies; you have got 13% of your investments in oil companies. OK, perhaps you are putting pressure on them. What about your 3.5% in tobacco companies? How are you going to make them more responsible? Or the significant investment you have got in arms companies? Is that wise? You say it is difficult to draw the line but I would have thought that arms companies are possibly not the sort of companies that the majority of your people paying into their pensions would like to invest in.

Tony Arbour (AM): How do you know?

Jenny Jones (Chair): How do I know?

Tony Arbour (AM): Yes, how do you know what the --?

Jenny Jones (Chair): That is a very good question. How do you know what your investors want?

Tony Arbour (AM): I think we know what the members of the Fund want. They want Mr Mayer and his board to produce maximum returns and the highest possible pension in terms of equity, safety and responsibility.
Jenny Jones (Chair): Mr Mayer, could you possibly answer my question?

Anthony Mayer: By the terms of its existence, as Mr Arbour has eloquently said, --

Jenny Jones (Chair): Loudly rather than eloquently.

Anthony Mayer: -- the duty of the pension fund is to maximise the pension that is given to its members. That said, it has got properly to take into account the need for responsible investment.

Jenny Jones (Chair): I do not understand how you take that into account.

Anthony Mayer: In terms of arms companies clearly we would not wish to invest in arms companies that are making illegal products. In terms of then the debate: is an arms company something you should disinvest? Well, as everybody I hope would agree, one man or woman's offensive weapon is one man or woman's defensive weapon. I think there is an issue here that all one will do by having that debate - should you or shouldn't you - is get into a long term possibly aggravating debate that will not get us very far at the end of the day.

In terms of cigarette companies, I think that one of the contributions that I hope Pensions Fund have made in terms of this whole responsible investment agenda is basically to change the terms of trades in which tobacco products are being sold. So governments in Western Europe have basically tightened up the terms under which cigarettes are sold and to whom. To the extent that I understand it - you will have to forgive me, I have not started - I think the Fund have got investments in British American Tobacco (BAT). I would be more happy to be putting pressure on BAT to sell cigarettes in India on the same terms as they are sold in England. I think that is a more productive way than suddenly disinvesting and making a statement that goes all together further than governments have gone and could, if you are disinvesting in a number of companies, affect this overriding duty, as Mr Arbour said, of the need to maximise yields.

This is a debate that is not going to be finished here and I am delighted to carry it on outside but I can only tell you my point of view.

Jenny Jones (Chair): I would be grateful if one of the things you could do when you are in post is to look at the degree of engagement that the Pensions Fund actually does do. My understanding is that you actually hand over all your engagement to a company who then votes for you and I would question whether or not that that process is actually a very responsible way to handle it.

Anthony Mayer: No, fine. We are delighted to take on that assignment.

Len Duvall (AM): There is a wider issue here. What is going to be different under your watch in developing investment policies then? It might be a follow-on from the previous question but it goes wider in terms of the protection and other issues. What will be different under your watch? What is your thinking?

Anthony Mayer: Two part answer; the first part is important to make as context. We are long term investors and we have got two funds, as you probably know. The Pensions Fund for ex-Greater London Council (GLC) employees, which is basically invested as I understand it entirely in bonds. You have then got the active fund, which is an immature fund in the sense that the payments into it are very much bigger than the payments out of it. Over time that ratio is going to change as people get older. I think you have got to say at the start in terms of investment strategy we are in for the long term game and that is the reason for the second part of the answer, which answers your question, which is my own personal view would be steady as she goes.

What we have got to do and is being done, Michael Deakin and I have divided up the post. There is an audit committee and a remuneration committee because there has got to be in all organisations. There are two main committees; the investment committee and the performance and administration committee. I will be chairing the performance and administration committee. Michael Deakin, who was the chief investment strategist for Halifax Bank of Scotland (HBOS) is going to be chairman of the investment committee.

Discussing the matter with him - and Michael, sorry to steal your thunder - what I would see - and I think that is where you are going - is not to make panic changes to deal with this current savage short term crisis given you are in a long term basis. I think basically in an era of unprecedented volatility you try to minimise your long-term risk by making sure you have got diversification of your assets.

So quite interestingly I was involved in the Rothschild Pension Fund 20 years ago. Nearly all their assets in the late 1980s were actually in equities and most of those were in United Kingdom equities. Now the ratio in the active fund is only 55% equities spread across the world, 45% other instruments. So I think basically I would be expecting Michael to work with the rest of the board not to make panic changes but to keep your investment strategy under review to make sure that the direction of travel is the correct direction of travel in an era of unprecedented volatility in asset values.

Len Duvall (AM): OK.

Anthony Mayer: So I am saying I am not giving you a very adventurous reply, but I hope for a very good reason.

Roger Evans (AM): I just wanted to return to the matter of 'dodgy companies' as I think you have referred to them. You talked about the investments in tobacco, for instance. Is there potentially a danger to those type of investments if you look at the way that companies like that are targeted by people who want to change the world, if you like. People always want to try to sue tobacco companies to make them go bust and stop them operating. Then you get legislative changes which are focused on organisations like that particularly. Is that something that you take into account when you make investments? I suppose we could say the same thing about the banks recently.

Anthony Mayer: Well you sort of half anticipated the answer I was just about to give you.

Roger Evans (AM): We have known each other for too long.

Anthony Mayer: I am not being deferential here. That risk unfortunately is not confined just to tobacco companies; it is right across the world so even mega multi-nationals like British Petroleum (BP) can get into serious unanticipated risk if they fall out with their Russian partners in Siberia. What I think you do is two things. You are paying investment advisers to do this - first of all you review their share prices. Where have they been? Where are they going? My experience from my Rothschild days is nearly always if the company is getting into a situation like you were just describing, the market starts anticipating the problem. The share prices start moving downwards. There is a generic fall at the moment. You then readjust your investment strategy. Now clearly if it is a short-term risk, and you are a long-term investor, you stay. If there is a long-term risk then, to answer your question, you clearly reassess or your advisers reassess the value of being in that stock. Historically you have to choose - I do not want to be inflammatory - but you have chosen the world of tobacco, the investment in BAT over the last 20 years actually; the share returns have been very good. So it would have been from the point of view of pension value a mistake to withdraw from it on the account of regulatory action in the United States (US), for instance.

Tony Arbour (AM): You should have had more in.

Roger Evans (AM): I would like to approach something that you said earlier about expanding the role of the Fund to cover more of the funds which are operating in London. You say you manage six boroughs at the moment?

Anthony Mayer: Yes.

Roger Evans (AM): Which ones are those?

Tony Arbour (AM): It is on the list

Roger Evans (AM): It is on the list? Right, well I will read the list later. Which ones are you looking at taking under your wing, which ones do you think would be suitable?

Anthony Mayer: I personally think what I am going to do is when I next meet the London Councils (LC) is raise the matter as an issue and see whether or not they are interested. The interesting thing, which I did not realise until I started getting briefings, is we do manage the Westminster Fund. Now if we are good enough for Westminster I think there is a nice scope for a number of other authorities. We can only do it on the basis of providing them a better service more efficiently. So I would personally explore any and all of them in a positive manner. Not saying, "We're going to run over you," but just saying, "Look, here's a product. Here's a price. What do you think?" I think you must be rational with the upcoming pressures on local authorities now inevitable, in terms of fiscal pressures, if there is a way that a responsible local authority can find of maintaining the service it is giving to its pensioners and saving money, outsourcing if you like, that I hope will be interesting to them.

I think the other one that is quite to my mind - and I will be discussing this matter with Mr Hendy [Peter Hendy, Commissioner of Transport for London (TfL)] - is as I knew from my distinguished eight months as Transport Commissioner in 2000, until I was beaten by Mr Kiley [Bob Kiley, former Commissioner of Transport for London], Transport for London has got two or three different pension funds, one of which is a local authority pension fund. The Assembly Members will now know more than I, as the present administration is taking forward the integration agenda. Is there any scope, for instance, if it is advantageous for Transport for London, for the London Pensions Fund to administer the bit of the Transport for London pension fund, to start off with, which is a local authority based pension fund? So I think yes there is scope for using our critical mass, our expertise, our value for money to get into this.

The third area - and it is quite interesting, I have not got the list to hand and maybe Mr Deakin can give examples - we manage and run the pension funds for a huge number of other relatively small pension funds, sort of ex-educational institutions in particular. There must be other relatively small organisations in the public sector whose value in directly managing pensions seems to be questionable. Pension management must be a thing where there are economies of scale and requirements for expertise. So if I am able, to Valerie Shawcross, to say the range of expertise available to us, it is unlikely you would get that very same extent of expertise and depth of expertise in the board members and trustees of a very, very small pension fund. So I think this is an area where economies of scale could be useful and in a very, very positive way I think the fund would, under my chairmanship, be here to help.

Roger Evans (AM): How does a London borough retain a say in what happens? Do they get a member on the board in return for taking on or do you take responsibility of --

Anthony Mayer: Not through board membership, but through regular meetings and exchanges with them. So it is all to play for but if you have got a management role then clearly there will be a contract with a service agreement for which you are accountable. These contracts also - I have always been a fan of this - are not lifetime contracts. They are up for renewal at periodic periods, so if you are not up to the game in providing the service the borough can go elsewhere. It seems to work quite well, so I hear.

Roger Evans (AM): Thank you.

Valerie Shawcross (AM): I have got two questions that occur from that, if I may, Anthony. One is what is the legal governing instrument that would give you a mandate to do that? Where does the legal and moral mandate come from within - it was a factual question - to broaden the scope of the activities of the existing fund or board?

Secondly, is there not some danger of spreading the management capacity of LPFA and therefore posing a risk to existing pension holders and activities because of taking on of a broader basket of organisations with more diverse histories, risks and issues? Are you not posing a long-term risk to the London Pensions Fund Authority if you are spreading the wings of the organisation very much more broadly? I accept that it is an altruistic mission.

Anthony Mayer: Yes, sure. In the precise terms can I come back to you in writing to give you the precise answer to the first one, where is the statutory base? My 95% certain answer will be the vesting documents when the fund was set up in 1986. So there are basically two governing documents; one is the 1972 Local Government (superannuation) Act which sets up the rules of engagement of public sector funds. I will confirm that it is the vesting document in the setting up of the fund in 1986.

In terms of your second part, I take it as given that if you expand your activity you can secure efficiency savings, but beyond limited efficiency savings - and I believe I covered this topic at some length when I last gave evidence to you in the summer - I have always been one for any organisation at any point in time is capable of cutting its costs by 10% to make efficiency savings. If you do that, if you are going to maintain the level of service you are going to have to increase the resources. Therefore, it is on the basis that if we started managing the funds of a London borough you would have to expand the resources available in the fund authority to basically maintain that level of service but you almost certainly would be able to do it with fewer people because your, let us say, specialist unit will already exist in terms of the expert legal advice on the horrendously complicated new 2008 pension fund amendment rules. We will have already a legal expert. You will not need two legal experts because you have taken on one local authority.

So I think the line is very much in the manner of your question. Yes, fully accepted, you have got to maintain your level of service. If you take on extra work you are going to need extra resources. I think those resources to my mind and my basis of experience will be less than required by a single borough or organisation running its own pension fund.

Tony Arbour (AM): Can I ask on that specific point please? I did investigate transferring a pension fund to the LPFA in a previous existence and we discovered it would be more expensive. So perhaps you should be sharpening up your act.

Anthony Mayer: Thank you for that. I have not got to comment on that.

Murad Qureshi (AM): I just wanted to come back more generally to investment policies. I tend to agree with you, Anthony, on the approach of BAT given actually that their biggest market is in Asia now and I do not think there is any sign of Asian governments raising their regulatory bit. You may be better off trying to persuade them. I think the real thing there in investment policy is how much you keep in equities and how much you keep in bonds in light of present circumstances and I just wanted to know where your views are and which government bonds are that?

Anthony Mayer: As I said I was quite new to the area after a 20-year lay-off. I did quite a bit in Rothschild's; I took quite a big interest in all this. I was quite surprised actually that the ratio is as low in equities as 55%/45%. So if it is 55% equities, 45% other non-equities. I think the first answer to your question is if I was taking the role of an investment adviser to the board - you know we have got expert investment advisers who do this for a living - if I was advising the board my line would be do not panic and do not take any early hasty decisions. The world is far too uncertain. What the world is going to be like in a year's time is going to be nothing like it is now and I think there will be opportunities and there will be risks that are going to be front-defying over the next 12 months. I think what you do is judiciously keep that ratio 55%/45% under constant review.

I think if you follow this in the paper on the train is it might be something you want to come back to this idea of the London Pensions Fund Authority working with the London Development Agency (LDA) to create a housing and regeneration fund. Already I am seeing, with my other hat on, some potentially outstanding bargains in terms of buying up land in specifically East London. Clearly at a point you are going to find long-term businesses that are going to be here forever - let us say Tesco - the Tesco's price earning ratio is going to get to a point where actually buying a Tesco share becomes an outstanding bargain. The issue is when. So the line of panicking and saying, "We're going to sell a further 20% of our equities tomorrow," I personally think would be unwise. What you have got to do and the trick, - and it is anticipating a question, I think, from Mr Evans - is to keep the strategy under review and anticipate what the trends are. If you do those successfully there is no great iron rule as to getting out of equities or getting in. My personal view if I was an adviser would be within the next year we will have bottomed out and then doing things becomes very interesting.

Murad Qureshi (AM): Anthony, you have anticipated where I was going on this one and I think there is going to be a lot of government debt on offer; it is just a case of which ones. Actually in some ways that is going to be as much of an ethical choice and if things like buying up land banks were on offer I think is actually quite a pertinent way to invest but it is just finding the right vehicle.

Anthony Mayer: No, absolutely. It is a short Confirmation Hearing here and not directly related to the Fund. To get that amount of money out to the world markets where we are in the sterling area, not the euro area so we are more exposed to the buffets, the pricing of those bonds is going to have to be very interesting and is going to have to be high enough to actually sell. Depending on the pricing, if they are going to get it out it is going to have to be interesting. Investing in those bonds could be very interesting indeed, all to play for.

Murad Qureshi (AM): Just a final thing; in some ways it is really the whole issue about tracking. Most pension funds track each other but is that necessarily the best strategy? When I was in the Westminster pension fund, yes, it was always useful to know how well we were doing against other pension funds in local government. In your mind are you going to keep to that or do you think we have got to go beyond that?

Jenny Jones (Chair): I think we are getting into a lot of detail here.

Tony Arbour (AM): A bit micro.

Murad Qureshi (AM): OK.

Anthony Mayer: I quite like all that.

Murad Qureshi (AM): Yes, I know.

Jenny Jones (Chair): Yes, but we have to stop for lunch at some point.

Valerie Shawcross (AM): This is a Confirmation Hearing.

Anthony Mayer: It is interesting stuff though.

Len Duvall (AM): In answer to my earlier question you gave me a rather steady as you go, conservative with a small c. In the last answer to the last question you opened up a potential Pandora's box of investing in London issues, land banking and all the rest of it. I see a spark of glimmer - I probably might share that - but that sort of goes to the heart of the question that I asked about how do you develop these investment policies and then considering your appointment is made by the Mayor and the LDA as a direct mandate can be directed by the Mayor on how it does its investments, how do you manage the relationship of protecting the pension fund's interest on investments of that nature? It does not mean they are right or wrong. That is not what I am getting to. I am not saying you do not do that but there has to be some underpinning of doing business in that way that says what. So the Mayor's appointed you. You are going to do business with one of his agencies and the imperatives of that other agency is not the same as yours. Discuss.

Anthony Mayer: Two separate points. It is steady as you go and there is no contradiction in my then saying in doing steady as you go, what about this idea of a property and regeneration fund? The oddity is wearing my Chief Executive of the GLA hat it was Neil Newton, a board member who I know well, who approached me and said, "Look, we've got this idea, can you facilitate a meeting with the LDA?" So I did facilitate a meeting and the notion would be - and this was a meeting two years ago, so before any of this, it is a steady as you go strategy - the idea of the London Pensions Fund basically sticking a certain amount of money into a fund, joined by other London boroughs, then joined by the LDA, taking an equity in buying up land, developing it over time and then realising the equity of the created value.

Now I think that myself is actually a really, really interesting idea. The initiative interestingly enough - as I will re-involve myself because it did not come to anything because I think of maybe distractions in the LDA; who knows? - I think is worth doing regardless of the point about the volatility in the stock market. If you are going to do it, I was very comfortable as Chief Executive of the GLA that the initiative was coming from the Fund, not the LDA, let alone the Mayor.

I think it is axiomatic that the Fund must be responsible for its investments and have no interference from third parties. If you allow that then you are basically to hell in a handcart and those of you who are historians will remember the trouble that happened with the GLC fund in the early 1980s when there was an investment in a new national newspaper that did not work out. I think people had their hands - Mr Arbour - singed. So I think I am absolutely clear it is the board who are responsible for that Fund and have got the duty of care to their pensioners to maximise their pensions.

Len Duvall (AM): So in theory it is not a question of just doing business with the LDA with this London pot of investment, if we can call it that? You could in fact go, if it was appropriate, where there was a major land owning in a local authority and do business and invest there if you chose to do it?

Anthony Mayer: Yes. So it --

Len Duvall (AM): The capacity then for the Pensions Authority to do that, would you have to invest in new staff to undertake that business in that sense? Because it is a slightly different investment portfolio and investments with no more risk - because it is all risk in that sense; so to manage the risk, would you have to employ a different capacity or an element of the capacity in the Pensions Authority to realise this ambition?

Anthony Mayer: When Neil Newton and I were discussing it with the American guy, the director of development - whose name I have forgotten, forgive me, he has now left - the idea knocking around which I had some sympathy with was to set up a special purpose vehicle and then staff that vehicle with specialist staff and then make a contribution. For something like a pension fund that is keeping our mainstream business that we are making the investment and working with other pension fund authorities to basically get the investment in. I think something like that frankly if we would start doing that in-house we are away from our expertise. Now whether that model is still acceptable to the Fund is a debate to be had.

Secondly, we need to, in the nicest sense, reinvigorate the LDA to see whether or not they are still interested in the idea. I think it has been a hobby horse of mine for years now, compared to most other European countries we are way off the pace in these special investment vehicles. We have joint public sector private sector partnerships buy up land, develop it, create value and then realise your investment from the sale of that created value. We have got to do more of it and if the fund can work with other bits on a proactive basis of the GLA group, I would personally be delighted, with the caveat we have got to be doing it as a fund on our own terms and nobody else's.

Len Duvall (AM): It is a business proposition.

Anthony Mayer: Yes.

Victoria Borwick (AM): Thank you for that in depth update on how you see the future on the investment side. Perhaps we could come back to some of the issues concerning your own role and your time commitment obviously now you have left us as a Chief Executive here.

You talked briefly about some of the other roles that you were taking on. Perhaps you could tell us a bit more about what that time commitment is going to be; any conflict of interest that you saw and what those things would bring or not to the role that you are proposing today?

Anthony Mayer: In terms of time commitment - and I am not being frivolous here - after a very, very short discussion with my wife she deemed that I work on a five-day a week basis for the foreseeable future. I tended to agree with that. My intention is basically to arrive at work every morning of my life at 9.00 am. This morning my first meeting was 8.00 am. I have got a two-day a week commitment with the TSA and already after three months I am seeing it basically - and there is a lesson for other Chairs, chairmen and chairwomen - that basically if you are going to be a Chairman of an organisation anything more than two days a week you start treading on your executives. Anything less you find it difficult.

In terms of my other two interests, I am only going to do two other interests. One will be Indra - more in a minute - where it might be 1.5 to 2 days a week and the London Pensions Fund Authority. I have spoken with Neil Newton; over his eight -year period he was doing 1/1.5 days a week. Bottom line, as long as I only do those three things and that is my intention, my cup is full, I am finding time commitment not a problem.

Victoria Borwick (AM): You are obviously very poor at maths because I made that nearer six but you have managed to fit that into five.

Anthony Mayer: Well 1/1.5; 1.5/1. Five to six.

Victoria Borwick (AM): I am just a little concerned obviously particularly in view of the comments made by my colleagues here about the need of really focusing on this role.

Anthony Mayer: Yes.

Victoria Borwick (AM): The volatility that has been talking about in the morning and also even more excitingly the potential for new funds and new ways of looking at this. I think this is a very exciting role that we are asking you to take on and obviously there are concerns that we make sure that we get the time commitment from you and without any conflict of interest. Is there anything else in any of your other roles or any other involvement that you may have that you think might be a conflict in any way?

Anthony Mayer: Yes and ultimately I am dealing with it. Pension fund/Tenant Services Authority; no conflict of interest whatsoever either between them or anything I have been doing. With Indra I signed at the beginning of November a six-month contract with the remit of helping them as a technical adviser to assess whether or not it was worth setting up a London office and if so how best to do it.

Victoria Borwick (AM): Just to clarify, this is electronic counting?

Anthony Mayer: Indra are a huge Spanish multi-national who did our electronic counting in the London elections. I was the Greater London Returning Officer (GLRO).

Victoria Borwick (AM): Yes.

Anthony Mayer: I appointed them in summer 2006 on the advice of an independent evaluation panel. So I did not override anybody and it was two and a half years ago. I informed Jeff Jacobs that I had signed this contract for six months to set up an office on the strict understanding that I had had nothing whatsoever to do with any Indra activities in relationship to elections in London. Mr Jacobs helpfully replied saying, "Thank you for letting me know that. You are aware that there is a six-month cooling off period." I intend to accept that six-month cooling off period with a couple of clarifications but on the strict understanding that I do not exercise any role in terms of elections in London and that I abide by my appointment contract. With those two caveats I do not think I have a conflict of interest.

Victoria Borwick (AM): Sorry, so that you left here on 1 September. You then have to have your six months off for your conflict and then you can do your six months with Indra, have I --?

Anthony Mayer: No. I signed the contract 1 November and the cooling off period does not relate to me being employed by Indra - having a relationship with Indra - it relates to the fact that I cannot solicit for business, so ie join a bidding panel. Right? I am not doing that. I do something completely different which is way, way, way away from the GLA and that is advising on a business plan, a budget, office accommodation and Public Relations (PR). What I will not do is suddenly turn up here vouching for Indra in any sort of contract that in any way bears on the core GLA in general for six months and then forever, I will never have anything to do with GLRO elections.

Victoria Borwick (AM): That seems very sensible. Thank you.

Anthony Mayer: Is that clear? Sorry, that was on the point of getting convoluted.

Victoria Borwick (AM): Yes, absolutely. So at the end of those six months are you hoping that you can reduce that Indra time to perhaps one day a week? I am just very much concerned about the amount of time that you are going to give to the exciting challenges that my colleagues have talked about with a view of taking the --

Anthony Mayer: Well at the end of the six-month period I might choose not to work for Indra at all; number one.

Victoria Borwick (AM): That is a possibility

Anthony Mayer: Number two - and I hope you will agree - Victoria Borwick, we did not have the opportunity of working together but all your other colleagues I think would agree that --

Victoria Borwick (AM): That is why I have got these questions.

Anthony Mayer: -- whatever I do I put huge amounts of effort into whatever assignment I am given and my intention is as far as LPFA goes is to give all the necessary time and lead the LPFA to continue to be a very, very, very prestigious institution.

Victoria Borwick (AM): That is what we want the reassurance of. Thank you very much indeed.

Anthony Mayer: Yes, absolutely.

Jenny Jones (Chair): If there are no more questions we will say thank you very much indeed, Anthony for coming. We are now going to discuss what our reaction is going to be to your appointment.

Anthony Mayer: Yes.

Jenny Jones (Chair): Thank you Anthony and good luck. We will be seeing you again.