

Good morning and welcome to this year's Fund Member Forum.

It is my pleasure to warmly welcome you once again to the Queen Elizabeth Hall. Thank you very much for joining us today.

I am delighted to Chair this year's event and am pleased to see so many of our active and pensioner members in attendance. I believe we have in excess of 500 delegates with us today.

We have a very interesting morning lined up for you. Can I please ask that you refrain from asking questions until the very end where we will have a 30-minute session for that very purpose?

After that we will break for lunch where LPFA staff will be in attendance to answer any further queries you may have.

Before we start, I have a few brief housekeeping matters to cover:

- To the left of the stage we have Susie Lithman-Romeo from Action on Hearing Loss, who is our speech-to-text interpreter for today. We have a screen for those wishing to follow the speakers with subtitles.

- Hopefully those of you that require induction loops will have picked these up on your way in to the auditorium, however if not, these are available at the cloakroom in the foyer.
- Fire exits are on the left and right hand sides of the auditorium, as signposted.
- Bathrooms are located out in the foyer.
- And lastly, we would be very grateful if you could please refrain from using your mobile phones during the speeches, unless of course you would like to tweet your commentary and thoughts. In which case please do ensure your ring-tone is switched to silent and use our event hashtag **#LPFAForum**

I'd like to start by saying how pleased I am to be here today as your (new Chairman). As some of you may have read in the press, Edi Truell stepped down as LPFA Chair in August to focus on setting up an investment Board which will provide advice to our new partnership with Lancashire.

Both Edi and the LPFA Board felt that his knowledge of financial markets and experience as an investor would help the new partnership as it looks for investment opportunities.

Many of you will have received a note about our strategic shift with your ABS statements and some of you asked for further details. Please allow me to give you some more background about it.

Over the past 18 months the Government has been asking for more and more LPGS Funds to find ways of working together to provide efficiency savings and reduce costs where possible.

In this year's Emergency Budget, the Chancellor went one step further and told Funds that if they did not look to improve their investment returns and reduce deficits through collaboration it would step in and impose a solution.

That solution could range from one large pooled Fund or to forcing others to invest in passive assets that, in our opinion, would not produce the levels of returns we need to reduce our deficits.

Fortunately we were one step ahead and are already well underway with what we see as the solution.

Our £10bn Asset and Liability Management Partnership with Lancashire County Pension Fund, which we are calling for now the Lancashire and London Pensions Partnership - or LLPP - will cover all aspects of pension fund management and be a fully-fledged pension service organisation.

The formation of the LLPP will also result in fee reductions, access to different types and a greater amount of direct investments, cost reductions in administration and more effective liability management.

It is our joint aim to significantly reduce the Funds' combined costs – we estimate by over £32m within five years – and with the benefit of economies of scale, further reduce our respective deficits.

Any surpluses that may be generated by the Partnership will be used to meet the administrative costs of the Fund. This could mean that employer contributions that are currently used to meet these costs will be used to reduce overall fund liabilities, benefiting everyone in the Fund.

This will not affect your benefits in anyway. The very nature of the LGPS as a public sector scheme ensures that all benefits are guaranteed. The new arrangements will give more certainty to everyone in the Fund and provide a more efficient and cheaper way of investing the funds held.

Despite being at opposite ends of the country, both the LPFA and Lancashire felt we were the perfect fit for each other in terms of size, culture and philosophy. Both our Funds have a similar approach to dealing with the pension fund issues we are both encountering and we both work in similar ways.

This partnership will provide an opportunity to build on existing expertise across both sites and increase co-operation and collaboration across all aspects of the organisation.

Once we launch the LLPP in April next year, it will serve over 500,000 members and 1,000 employers. This is about 10% of the LGPS. In fact, it will be the single largest administrator of firefighters' pensions in England and Wales.

We have already commenced the process to appoint an Independent Chair and Non-Executive Directors to the Board of the LLPP. The Chair and NEDs will oversee the implementation of strategy, shape the direction of the organisation and ensure it operates efficiently.

We have also nominated LPFA Board Director Skip McKullen to represent LPFA's interest in the LLPP. Lancashire has done the same by nominating the Council's Deputy Leader Cllr David Borrow.

Our aspiration is that this will provide a platform to encourage participation from other LGPS funds, which will provide an even wider set of investment and liability management opportunities. It is also our plan to grow this platform from £10bn to £40bn as other Funds to join in the future.

You would have also heard that earlier this year we unveiled a new infrastructure investment partnership with the Greater Manchester Pension Fund, worth £500 million.

We have committed £250m each into a special purpose vehicle in order to make a variety of different infrastructure investments over a three-to four-year investment period, predominantly focusing on UK infrastructure assets.

We will seek to use our local presence in Greater Manchester and London to best advantage when seeking investments, but have a high degree of flexibility for suitable opportunities. Examples of where the partnership is looking range from utility companies to airports to renewable energy assets.

Both teams are working hard on the first investment, which is very close.

Without further ado, I'd like to open up the day.

Shortly our Chief Executive, Susan Martin will provide a review of the year and will talk in more detail about the innovative approaches we are taking to meet the challenges we face and the recent work streams at LPFA.

Following her William Bourne, our recently appointed Joint Independent Local Pension Board Chair, will talk about good governance and transparency and the role of the newly created Local Pensions Board.

And finally, we are extremely pleased to have Jan Meek with us today. Jan is the only woman on the planet to have rowed an ocean and walked to a pole. We are privileged to have her as our guest speaker and I am very much looking forward to hearing more about her adventures.

I will now hand over to Susan to get us started.