

PERSONAL STATEMENT FROM JOHN PRESTON

Many tens of thousands of people are looking to the LPFA to ensure they receive the pensions to which they are entitled and which they deserve. This is therefore the key responsibility of the LPFA Board and the Board Chair has to take the lead in meeting that responsibility. I believe I have the experience, the right skill set and the time to do this.

The creation of the LPP was an exciting development but it inevitable that after more than two years there is a continuing desire to consider progress to date and to reflect on the next steps as to future growth. My experience- as Chair and as a Director- of the wide variety of issues that large pension schemes face will enable me to provide guidance and assistance to the Board and other key stakeholders, such as our partners in Lancashire, during this process. These challenges include the need for efficient administration and service to our members as well as continuing the work of reflecting the significant impact of ESG factors, including of course climate change, on investment policies.

Further consolidation and closer cooperation within the LGPS sector remain a significant opportunity to improve efficiency and reduce costs through economies of scale. This in turn should help to minimise the possibility of increased costs to employers and ultimately, the taxpayer. I have spent many years working on both joint venture and merger transactions and have a good insight on how to produce options which are advantageous to all parties.

I believe strongly in the power of effective, diverse teams and my leadership style is collegiate, reflecting a belief in the importance of bringing stakeholders with me. My feedback over many years indicates I have good interpersonal skills and I take the time to engage personally with key stakeholders as much as possible to build trust and encourage close working.

The LPFA, precisely because it is the LPFA, has a significant role to play in the LGPS sector both within the UK and internationally, and I am very aware of the responsibility that places on the Board- and the Chair in particular- to ensure that opportunity is used wisely and appropriately.

The LPFA's obligations to its members require it always to invest funds prudently, but the long term nature of its investment strategy allows the LPFA to continue the work of investing in economically strong infrastructure projects which are of benefit to both its members and the people of London.

Since I left PwC in 2014 after 23 years as a partner, I have sought roles which are both challenging and in which I felt I could make a difference. Taking on the Chair role at LPFA fulfils both those criteria and is therefore something I would be both proud and keen to undertake.

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John Preston FCA CTA (Fellow)

Key Attributes:

- Highly experienced Chairman in a wide variety of different forums, with a particular focus on large defined benefit pension schemes.
- Independent professional pension scheme trustee with particularly strong valuation and investment experience.
- Past President of a major professional body with over 17 years on the Board
- Treasurer and Council member of a major university. Chair of finance committee and member of remuneration committee. Past member of Audit Committee.
- 23 years as a partner at PwC. Lead relationship partner on some of the firm's largest global clients. Extensive international business experience.
- Substantial global and UK management and financial experience including 4 years as COO of PwC's Tax, Legal & HR practice, a £650m business. Excellent strategic thinker with a focus on implementation, managing change and the need for effective communication with stakeholders.
- Significant risk and governance experience including 10 years as head of risk and quality
- Enthusiastic team player with consensual leadership style and strong influencing skills. Very experienced in providing both support and robust challenge to executives in a non-executive capacity.
- Strong proponent of inclusion and diversity.

Current non-executive roles:

Independent Chair of Sainsbury's Pension Scheme

Appointed May 2018. Led complex valuation negotiations including innovative arrangements for longer term funding. Member of Investment Committee. The Scheme has approximately 85,000 members, over £10Bn of assets and is a sectionalised scheme following the merger with the Scheme of Home Retail Group.

Independent Chair of Medical Research Council Pension Scheme

Appointed with effect from 1 October 2019 as Chair of Board and Chair of Investment Committee. The scheme remains open, has over 10,000 members and has assets in excess of £1.5 Bn. The Scheme has two sections.

Past President of the Chartered Institute of Taxation (CIOT). Member of Board (Council) (for over 17 years)

Elected President (non-executive Chair) from May 2017- May 2018. The CIOT is an educational charity and, with approximately 19,000 members, is the UK's leading professional body specialising in Taxation. Served the maximum permitted 12 years on Board but (exceptionally) was invited to re-join after a 5-year gap. Past Chair of Exam Committee, Membership Committee, Education Committee and various Working Parties.

Treasurer and Member of Council of the University of Bath. Member of Finance and Remuneration Committees.

Appointed to Council with effect from 1 August 2016 and Treasurer (a pro bono role) from 1 January 2018. Chair of Finance Committee and Investment Group and member of Remuneration Committee. Former member of Audit Committee.

Previous Non-Executive Roles:

Chair of Merchant Navy Ratings Pension Fund Board and Chair of Governance Committee

1 January 2017- December 2018. The MNRPF is a multi-employer scheme with significantly over 100 participating employers and assets of approximately £1.5Bn. The MNRPF is a complex Fund with an unusual governance structure and a number of historic challenges. Made significant progress on a wide variety of issues during Chairmanship including integrated risk management, addressing a material potential past error of interpretation, a complex valuation and determining a direction of travel for the scheme.

Trustee of PwC Pension Schemes. Chair of Administration, Benefits and Communications Committee and Member of Investment Committee

Resigned with effect from 10 October 2019. Spent over 6 years as employer nominated Trustee of both PwC and Deloitte Pension Funds normally run on a joint basis Assets of approximately £2.7Bn. Chair of Administration, Benefits and Communications Committee. Member of Investment Committee. Heavily involved in complex and risk-based investment strategy and complex covenant issues.

Special Adviser on Sovereign Wealth and Investment Funds (SWIFs) to the PwC Global Network

Used substantial experience of SWIFs and the Asset Management/FS Sector to act as a consultant to PwC teams working on some of the world's largest Sovereign Funds and the Funds themselves. Later work mainly in Asia and Middle East. Work involved projects on Front, Middle and Back Office challenges, especially in areas of governance. Served from July 2014 to June 2017.

Trustee of Executive Shift

Trustee of Executive Shift. Executive Shift was a small charity aimed at promoting flexible working and encouraging diversity. It was wound up in the summer of 2019.

Career History:

- 2014-date: Non-Executive Roles
- 1991-2014 Partner/Senior Partner, PricewaterhouseCoopers LLP
- 1982-1991 Price Waterhouse LLP
- 1979-1982 Longcrofts

Management Roles within PwC

2010 to 2014

Global Head of External Relations, Regulation and Policy for PwC's tax, legal and HR businesses. Member of the 9 person Global Leadership Team collectively responsible for an US\$8Bn turnover business.

2007 to 2011

UK Head of Risk & Quality, External Relations and Regulation for tax, legal and HR businesses. Member of UK Tax Leadership Team and of the UK Firm's Risk & Quality Leadership Team.

2003 to 2007

Chief Operating Officer and Chief Risk Officer for the tax, legal and HR practice with 250 partners, 3,500 staff and over £600M in revenues.

2003 to 2009

Diversity champion for tax, legal and HR Businesses

2002 to 2003

UK Financial Services Market Leader for Tax and Financial Services Tax Business Team Leader

Summary of previous management responsibilities

Office staff partner, office business development partner

Client Responsibilities at PwC

2003-June 2014

Lead/Senior partner responsible for part or all of PwC's global relationship with some of PwC's largest international financial services clients including, Citi, HSBC, Barclays, Santander, and two of the world's largest Sovereign Wealth Funds.

1991-2003

Lead tax partner in a wide variety of industry sectors. A particular focus on M&A and insurance.

1982-1991

Tax specialist working on a wide range of clients including secondment to New York (approx. seven months 1990)

Education and Qualifications

1971-76 Highgate School

1976-79 University of Kent at Canterbury (BSc in Mathematics)

1982 ACA (FCA 1992)

1984 CTA (Chartered Institute of Taxation). Fellow (1997)

Personal

Married with two adult children; Interests: keeping fit, reading

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Key Issues and Priorities for the LPFA

1. The LPFA's key responsibility is to ensure that it will pay the pensions of its members when due. This involves not only the efficient administration of the payment of pensions but ensuring that sufficient funds are available to do this over the long-term. LPFA needs to at least maintain its existing high level of performance on this core issue.
2. LPFA remains responsible for achieving this goal but utilises the Local Pensions Partnership (LPP) jointly owned with Lancashire County Pension Fund to ensure it is delivered. LPFA's role is to directly oversee the activities of LPP, with Lancashire, and ensure LPP is effectively managed, provides value for money and meets all regulatory requirements. LPFA's internal resources are being boosted to assist in holding LPP to account and to manage the relationships with stakeholders. LPFA needs to ensure that it holds LPP fully and effectively to account for how it delivers LPFA's responsibilities.
3. LPFA will be seeking to refine their investment and liability management activities to ensure that the long-term funding needs of its members can be met. This will include updating their Funding Strategy and further developing their approach to Environmental, Social and Governance (ESG) issues, including its climate change policy. LPFA needs to finalise its new Responsible Investment policy and go to the next level on the implementation of steps to address climate change.
4. LPFA has been developing its aim of investing in London's social infrastructure and there has been some initial investment in social housing. Working with stakeholders across London, the LPFA needs to further develop and explore opportunities to invest in London (in a way consistent with fiduciary duties) building on the investment made at Pontoon Dock.
5. LPFA, through the LPP, has been exemplary in developing 'pooling' in the Local Government Pension Scheme (LGPS). LPFA needs to build further connections and joint-working with other LGPS 'pools' to achieve further efficiencies. Over the next four years, LPFA should have developed significant additional cross-working with other 'pools' to have generated additional material benefits.

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Roles and Responsibilities of the Chair of the LPFA

July 2019

THE ROLE

PURPOSE

- Build a solid and sustainable relationship with all key stakeholders to ensure LPFA's obligations are met.
- Ensure LPFA's assets are invested in accordance with its agreed policies to meet its long-term responsibilities to members and employers to pay pensions as efficiently and cost effectively as possible.
- Oversee LPFA's responsibilities as 50% shareholder of the Local Pensions Partnership (LPP), to which are delegated the majority of services, particularly in asset and liability management and pension administration.
- Seek further opportunities to promote collaboration across the public sector, developing synergies and strategies to improve overall fund and service performance.

KEY ACCOUNTABILITIES

THE CHAIR WILL:

- Lead the Board and guide LPFA's Managing Director and LPP to pursue a strategy that protects LPFA's fund while investing responsibly, acting as a beacon for sustainable.
- Investment and implementing the LPFA's climate change policy.
- Ensure LPFA maintains strong and productive relationships with:
 - the Mayor of London, the GLA and their staff;
 - the board and executive management of LPP, acting as an active 50% shareholder and being involved in key decisions as required under its Shareholder Agreement reserved matters;
 - Lancashire County Pension Fund/Lancashire County Council in its capacity as both a 50% shareholder in LPP and a major customer of LPP.

- Represent LPFA within the London local government community, nationally and internationally, paying attention to key themes such as climate change policy and infrastructure investment.
- Represent LPFA at the highest levels of London, regional and national government, operating in a high-profile public environment.
- Build bridges to other investors such as the London Collective Investment Vehicle (CIV) to promote the sharing of best practice.
- Manage all the relationships and competing priorities, in the context of the high profile of LPFA and political sensitivities associated with it.
- Act as the pivot between the LPFA and the Mayor's office, maintaining LPFA independence whilst recognising that LPFA is part of the wider GLA 'family'
- Ensure that LPFA's interests in pensions administration are actively managed by LPP.
- Guide the board and executive team in the LPFA's active stewardship of the shareholding in LPP, with the LPFA shareholder Non-Executive Director of LPP and LPP Remuneration and Nomination Committee member.
- Develop a clear appreciation of the opportunities, challenges and wider context that LPFA operates within.
- Deliver within the context of regional and national politics as well as the moral responsibility towards scheme members for a comfortable and enjoyable retirement after working lives spent in public service.
- Balance the differing facets of the scheme, its partners and stakeholders, uniting diverse groups of stakeholders often with different agendas under a common purpose.
- Provide strategic direction to LPFA and advise executive management, being available to them throughout the week.
- Manage the board, balancing challenge and support for members from diverse professional backgrounds.
- Ensure that Board members receive accurate, timely and clear information to enable the Board to take sound decisions.
- Manage and monitor individual and collective performance effectively, setting clear objectives for review.
- Plan, prioritise and direct LPFA's activities to achieve, and seek to exceed, targets and standards for investment and pensions processing, agency contracts, performance, quality, culture and legislative adherence.
- Foster an open, inclusive and constructive culture, within the board and the wider organisation, underpinned by strong governance and good practice within the board.

PERSON SPECIFICATION

The Chair will have:

ESSENTIAL

- Experience of chairing in a public sector, corporate or private equity-backed organisation.
- Stature, gravitas and authority with excellent communication skills.
- Strong interpersonal, relationship-building and negotiation skills.
- Ability to operate in a political environment, with an understanding of local government and awareness of mayoral priorities.
- Considerable commercial business awareness, financial acumen and strong analytical skills.
- Emotional intelligence to navigate a hugely complex and varied range of issues, balancing political and business objectives with a fundamental requirement to protect the interests of pensioners.
- A creative/pragmatic approach to problem solving with a sense for “the art of the possible”.
- Experience of leading, influencing and motivating senior professional staff and achieving results, either directly or via client/provider relationships.
- A broad understanding of the social and economic environment in which LPFA operates; some knowledge of the pensions industry would be a bonus.
- A strong commitment to the Nolan principles and to high personal and professional standards including equality and diversity in employment and service delivery, personally demonstrating leadership in valuing diversity in all areas.

IDEAL

- Experience of pensions and investment management with an understanding of the dynamics of managing pension liabilities, or else a strong interest in pensions with an ability to learn quickly.
- Good understanding of the GLA and the London local government community alongside wider local government environments.
- Experience of a joint venture or other collaboration relevant to the relationship with LPFA’s partner LCC/LCPF and for oversight of LPP.

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