



AGENDA

ACCESS JOINT COMMITTEE

Monday, 9th December, 2019, at 11.00 am

Ask for: **Joel Cook**

Committee Room 1 - Islington Town Hall

Telephone **03000 416892**

Tea/Coffee will be available 15 minutes before the start of the meeting in the meeting room

Membership

Vice-Chairman: Cllr Mark Kemp-Gee (Hampshire CC), **Cllr Adrian Axford** (Isle of Wight), **Cllr Susan Barker** (Essex CC), **Cllr Jonathan Ekins** (Northamptonshire CC), **Cllr Gerard Fox** (East Sussex CC), **Cllr Jeremy Hunt** (West Sussex CC), **Cllr Judy Oliver** (Norfolk CC), **Cllr Terry Rogers** (Cambridgeshire CC), **Cllr Ralph Sangster** (Hertfordshire), **Cllr Charlie Simkins** (Kent CC), **Cllr Karen Soons** (Suffolk CC)

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Apologies/Substitutes
2. Election of Chair
3. Declaration of interests in items on the agenda
4. Minutes of the meeting held on 9 September 2019 (Pages 3 - 8)
5. ASU Update (Pages 9 - 12)
6. Governance Update (Pages 13 - 16)
7. Business plan, Budget and Risk Summary (Pages 17 - 36)
8. Motion to Exclude the Press and Public

PROPOSED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

During these items the meeting is likely to NOT be open to the public

- | | | |
|------------|--|-----------------|
| 9. | Risk Register | (Pages 37 - 42) |
| 10. | Sub-funds / Transitions / Alternatives | (Pages 43 - 48) |
| 11. | Contact Management Update | (Pages 49 - 88) |
| 12. | LiNK Presentation | |
| 13. | MHCLG Return | (Pages 89 - 96) |
| 14. | Items for information / advice | |

Date of next meeting

9 December 2019 – Islington Town Hall

Joel Cook
Clerk to the Joint Committee
03000 416892

Friday, 29 November 2019



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Committee Room 1 - Islington Town Hall, Upper Street, London N1 2UD on Monday, 9th September, 2019.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Paul Brading – substitute (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerard Fox (East Sussex CC), Cllr Jeremy Hunt (West Sussex CC), Cllr Terry Rogers (Cambridgeshire CC), Cllr Judy Oliver (Norfolk), Cllr Mark Platt – substitute (Essex CC), Cllr Tom Thacker - substitute (Hampshire CC), Cllr Adam Mitchell - substitute (Hertfordshire CC) and Mr Charlie Simpkins – (Kent CC).

ALSO PRESENT: Nicole Wood, Executive Director for Finance and Technology (Essex County Council), representing Section 151 Officers, Clifford Sims (Squire Patton Boggs) and Cllr Ian Gardener (Cambridgeshire CC).

OFFICERS: Nicola Mark (Norfolk), Kevin McDonald (ASU), Jody Evans (Essex) Alison Mings (Kent), Ola Owolabi (East Sussex), Andrew Lowe (Hampshire), Paul Finbow (Suffolk), Mark Paget (ASU) Jo Thistlewood (Isle of Wight), Paul Tysoe (LGSS Pensions), Patrick Towey (Hertfordshire) and Denise Fitch (Kent - Clerk).

UNRESTRICTED ITEMS

147. Apologies/Substitutes.
(Item. 1)

Apologies and substitutes were noted as follows:

Cllr Barker (Essex) – Cllr Platt substitute
 Cllr Kemp-Gee (Hampshire) – Cllr Thacker substitute
 Cllr Axford (Isle of Wight) – Cllr Brading substitute
 Cllr Sangster (Hertfordshire) – Cllr Mitchell substitute

148. Declaration of interests in items on the agenda.
(Item. 2)

No declarations were made.

149. Election of Chairman.
(Item. 3)

(1) Cllr Simpkins nominated Cllr Reid, seconded by Cllr Hunt. There were no further nominations.

(2) RESOLVED that Cllr Reid be elected Chairman of the Joint Committee.

150. Minutes of the meeting held on 11 June 2019.

(Item. 4)

(1) Cllr Rogers stated that he had not attended the previous meeting but had been listed as present in the minutes.

(2) RESOLVED that, subject to removing Cllr Rogers name from the list of Members present, the minutes from the meeting held on 11 June 2019 be signed as a true and accurate record.

151. ACCESS Support Unit update.

(Item. 5)

(1) Jo Thistlewood (Isle of Wight) introduced a report which provided an update on developments regarding recruitment to the ACCESS Support Unit (ASU).

(2) Kevin McDonald (ASU) undertook to look at how the reporting structure chart (para 4.1 of the report) could be clarified in line with the points raised by Members.

(3) RESOLVED that the appointment of Kevin McDonald as the interim Director of the ACCESS Support Unit be noted.

152. Scheme Member representation.

(Item. 6)

(1) Kevin McDonald introduced a report on Scheme Member representation which set out the relevant background, UNISON's correspondence, the current local governance and transparency arrangements for each ACCESS fund Section 101 Committee/Local Pension Board and various draft guidance. He commended the work carried out by Mark Whitby (LGSS) on this matter.

(2) The report contained the outcome of consideration by ACCESS Section 151 Officers of a report on Scheme Membership. It was confirmed that the Section 151 Officers were of the view that existing Authority representation on the Joint Committee (via Elected Members) was appropriate and that scheme member and employer involvement in Authorities' discharging their fiduciary duty (including asset pooling) was a matter for each Authority to determine locally. The Section 151 Officers recommended no change be made to the current Joint Committee Scheme arrangements.

(3) The Committee considered the advice from the Section 151 Officers and discussed whether it would be appropriate to make any changes to Scheme Membership in advance of any statutory guidance on this matter.

(4) RESOLVED that the report be noted and no change be made to the current Joint Committee Membership arrangements.

153. Governance update.

(Item. 7)

(1) In introducing the report Nicola Mark (Norfolk) highlighted the extension to the timetable and referred to the recent webinar between ACCESS Monitoring Officers. She stated that there were no significant amendments proposed.

(2) Clifford Sims (Squire Patton Boggs) emphasised the need for all 11 authority Monitoring Officers to be satisfied with the updated IAA prior to it being approved by each authority. The original Inter-Authority Agreement (IAA) did not deal with future procurement of other services, such as procured assets and illiquid assets, therefore the new IAA needed to address these issues. He expressed the view that the current timetable was achievable and it was hoped that the governance sub-group would be able to sign off the draft IAA in mid September, dependant upon the Kent and Essex Monitoring officers being satisfied with the draft.

(3) Nicola explained that the governance working group intended to hold a governance training session for the Joint Committee on 9 December 2019 following the Committee meeting. This training could then form the basis of training information for section 101 Committees and Pension Boards.

(4) RESOLVED that-

a) the updated IAA be shared with Joint Committee Members after it has been reviewed by all Monitoring Officers,

b) if Members have any issues with the shared IAA, they should raise these with their Local Authority's Monitoring Officer and make the Chairman aware.

c) If the Chairman considers any issues raised by Members to be substantial he will require the updated IAA to be submitted to the Joint Committee for approval prior to formal adoption by the constituent authorities

d) if there are no unresolved substantial issues raised by Members, the updated IAA be formally adopted by each of the constituent authorities and reported to the Joint Committee for information.

154. 2019/2020 Business Plan and Budget update.

(Item. 8)

(1) Kevin McDonald introduced a report which updated the Committee on progress with the 2019/20 Business Plan along with the workstreams being undertaken by the ASU. He explained that the forecast spend was currently lower than the original budget which reflected the migration of third party work into the ASU.

(2) RESOLVED that the updated business plan, the ASU workstream progress report and the revised outturn 2019/20 be noted.

155. Motion to Exclude the Press and Public.

(Item. 9)

RESOLVED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

156. Risk Register.

(Item. 10)

(1) Kevin McDonald referred the Committee to the Risk Register and highlighted proposed changes to the risks set out in the report. Officers answered questions and gave an explanation of regulatory and contractual insurance requirements.

RESOLVED that the report be noted and the revisions to the Risk Register as set out in the report be approved.

157. MHCLG meeting update.

(Item. 11)

(1) Kevin McDonald introduced a report which highlighted the positive meeting between ACCESS and civil servants from the Ministry of Housing, Communities and Local Government (MHCLG) which had taken place on 4 July 2019. The report included feedback on ACCESS progress to date and the status of the pending government consultation on revised investment pooling guidance.

(2) RESOLVED that the report and the ongoing dialogue on the Ministry of Housing, Communities and Local Government's reporting template be noted.

158. ACS Implementation update.

(Item. 12)

(1) The Committee received an update report on the progress with launching the Authorised Contractual Scheme (ACS), the sub-funds that would be created within it and the options for pooling illiquid investments.

(2) RESOLVED that;

a) the progress in launching the ACS investment sub-funds and progress in identifying options for pooling illiquid investments be noted;

b) the appointment of investment managers be noted and the resultant additional sub-fund for global equities value strategies be approved.

159. Contract Management update.

(Item. 13)

(1) The Committee considered a report on the Operator contract which included details of current issues upon which the ASU and the Officer Working Group were

engaging with Link. The report also included details of contract and supplier relationship management arrangements and activity.

(2) RESOLVED that the report be noted.

160. LiNK presentation.

(Item. 14)

(1) Karl Midl, Duncan Lowman and James Zealander from Link Fund Solutions gave a presentation. The presentation highlighted progress on onboarding sub funds to date and plans for future launches along with the forthcoming inaugural investor day.

(2) The slides presented by LINK would be circulated to the Committee and a note provided to Members explaining insurance arrangements.

(3) RESOLVED that the presentation be noted.

161. Items for information or advice from the Committee.

(Item. 15)

(1) The Joint Committee discussed the need for ongoing support from Hymans. Members were of the view that Hymans continued support would be welcomed, particularly in light of future pooling guidance. The Committee were of the view that this should be on a “pay as you go” basis.

(2) The Chairman announced that this would be Ola Owolabi’s (East Sussex) last meeting and thanked him for his support to the Joint Committee since its inception.

162. Date of next meeting - 9 December 2019.

(Item. 16)

It was noted that the next meeting of the Joint Committee would be held on 9 December 2019, at 11am in Islington Town Hall.

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ACCESS Support Unit



ACCESS Joint Committee

Date: 9 December 2019

Report by: Officer Working Group

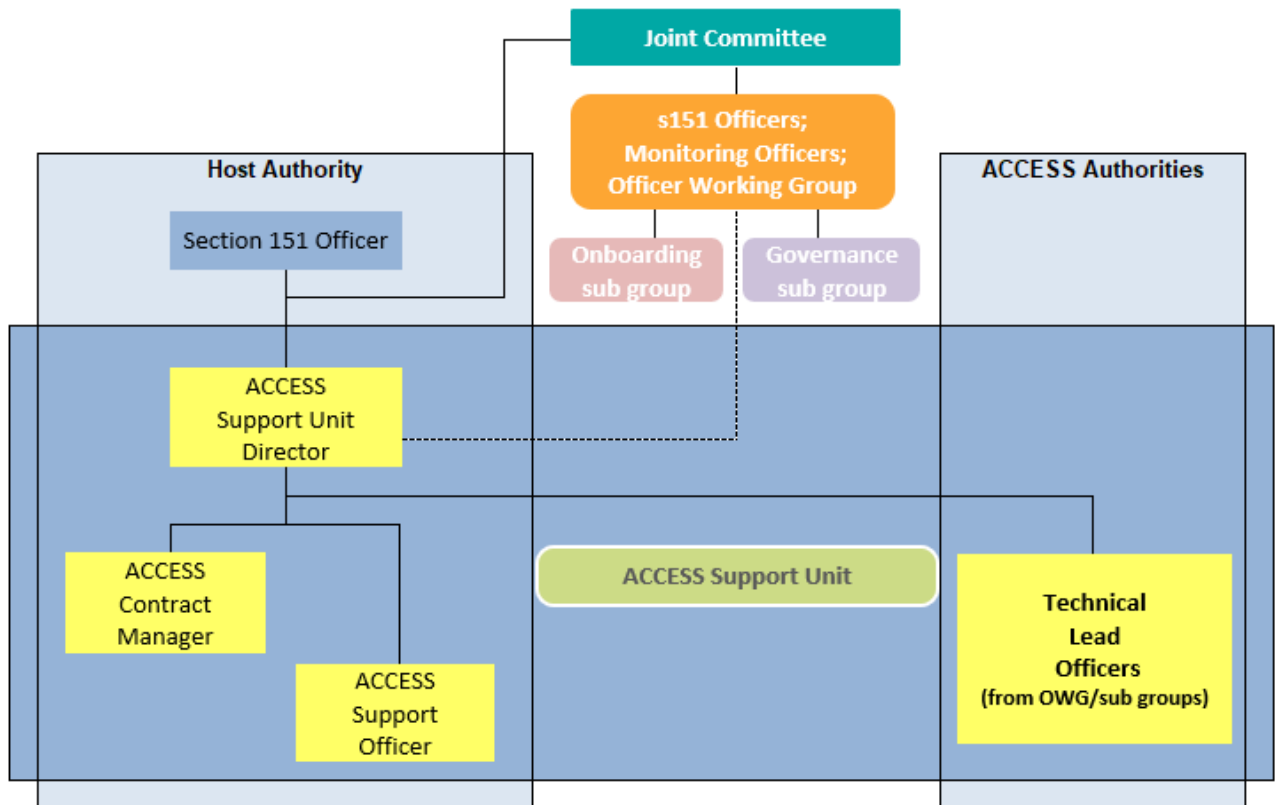
Subject:	ACCESS Support Unit (ASU)
Purpose of the Report:	To provide an updated overview of the ACCESS Support Unit (ASU)
Recommendations:	<p>The Joint Committee (JC) are asked to:</p> <ul style="list-style-type: none"> • Note the updated overview of the ACCESS Support Unit.
Enquiries to:	<p>Names – Kevin McDonald E-mail – kevin.mcdonald@accesspool.co.uk</p>

1. Purpose

1.1. The purpose of this report is to provide an updated overview of the ACCESS Support Unit (ASU).

2. Background

2.1. At its meeting on 9 September 2019 the Joint Committee (JC) received a report which included the ASU structure chart shown below.

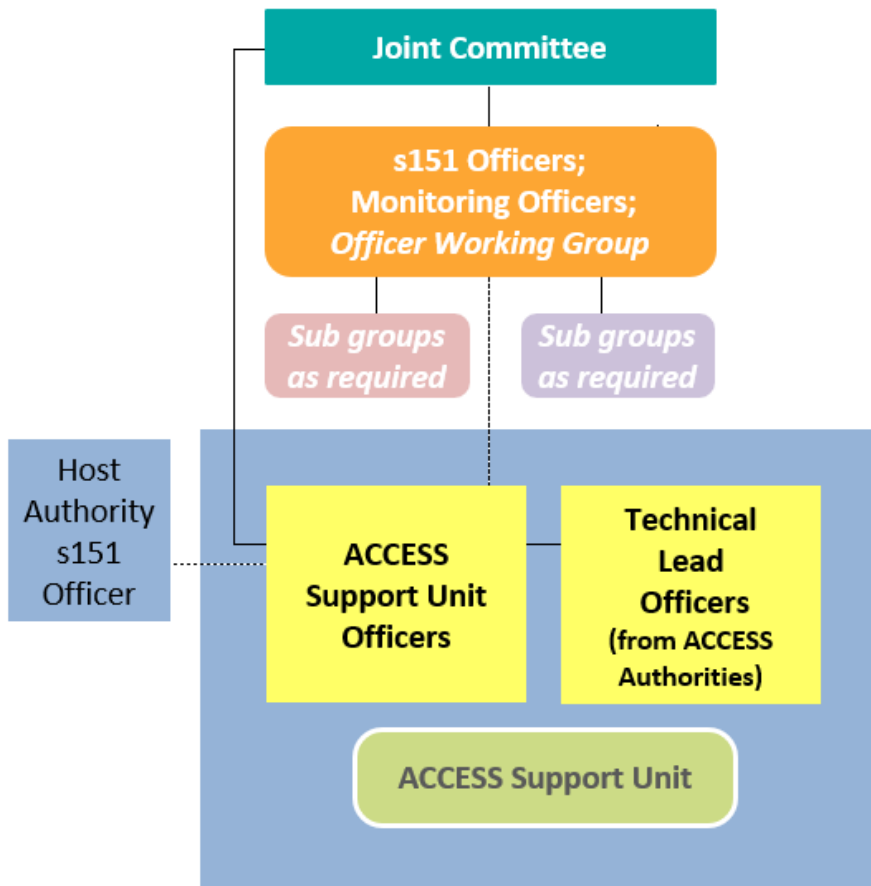


2.2. At the meeting it was suggested that changes be made to presentation of the chart that would better reflect the reporting relationship between the ASU and the Joint Committee.

3. Updated structure chart

3.1. The comments made at the last meeting have been considered by Officer Working Group.

3.2. A revised version of the structure chart is shown overleaf.



3.3. On behalf of the ACCESS Authorities, the Host Authority is employer for the full time ACCESS Support Unit staff, and the Host s151 Officer has line management responsibilities for the Interim ACCESS Support Unit Director. In all other respects the Host Authority s151 Officer fulfils the same role as the s151 Officer at each of the other ACCESS Authorities.

4. Recommendations

4.1. The Joint Committee notes the revised structure chart.

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Governance update



Joint Committee

Date: 9 December 2019

Report by: Officer Working Group

Subject:	ACCESS Governance update
Purpose of the Report:	The purpose of this paper is to update the Joint Committee (JC) on the progress of the Phase 3 Governance work, outlined to the Joint Committee at their meeting of 9 September 2019
Recommendations:	<p>The Joint Committee is invited to:</p> <ul style="list-style-type: none"> • note the revised timetable for completion of phase 3 governance deliverables • Note that the revised IAA will take effect upon execution by all participating authorities, completion of this process to be confirmed in writing by the Clerk to the Committee.
Enquiries to:	<p>Name – Kevin McDonald E-mail – kevin.mcdonald@accesspool.co.uk</p>

1. Purpose

- 1.1. The purpose of this paper is to update the Joint Committee (JC) on the progress of the Phase 3 Governance work, outlined to the JC at their meeting of 9 September 2019, and the subsequent associated extension of timescales for the delivery of this work.

2. Background

- 2.1. In June 2018 the JC agreed to Phase 3 of the Governance Workstream, which included reviewing the Inter Authority Agreement (IAA) alongside the completion of the Governance Manual, with a primary focus on ensuring consistency and clarity.
- 2.2. In September associated costs for this area of work was presented to the JC and it was agreed to include in the budget plan.
- 2.3. Section 151 Officers have discussed and contributed to the development of this workstream at each of their four meetings between December 2018 and August 2019. An update was also given at their November 2019 meeting.
- 2.4. Squire Patton Boggs held a webinar on 11 June for Monitoring Officers. This enabled the rationale behind proposed changes to the IAA to be explained in detail. It also introduced the Governance Manual. Engagement with Monitoring Officers has continued since.
- 2.5. At the JC meetings on 18 March, 11 June and 9 September, the Committee were advised of the timetable and next steps for the finalisation of the key governance documents.

3. Progress since Joint Committee meeting on 9 September 2019

- 3.1. A re-circulation of the IAA to the Monitoring Officers for approval took place during October and November. At the time of writing one matter required the consideration of further drafting. This matter is limited to ensuring that references to Operator Agreement(s) are generic rather than specific. This is expected to be largely completed by the time of the Committee's meeting, at which a verbal update will be given.
- 3.2. As a result of the ongoing engagement with Monitoring Officers, the timetable has been redrafted and the execution of the revised IAA is now expected to commence in the new year. The updated timetable is shown below.

4. Revised timetable for completion of the IAA review and finalisation of the Governance Manual

Shaded items are completed

Task	Date	Responsible party(ies)
S151 Officer meeting – revised ToR's discussed	15 th March	Section 151 Officers
Revised ToR's, revised IAA and governance manual finalised in draft and reviewed by GSG	w/c 8 th April	Squire Patton Boggs ACCESS Officers
Revised ToR's, revised IAA and governance manual issued to OWG for review & comment	w/c 15 th April	ACCESS Officers
OWG meeting – feedback taken from OWG on governance documents	25 th April	ACCESS Officers
Governance Sub-Group Meeting – final drafts revised; any required amends made	w/c 29 th April	Squire Patton Boggs ACCESS Officers
Email issued to Monitoring Officers outlining next steps	w/c 13 th May	ACCESS Officers
Governance report issued to Joint Committee; along with draft governance documents	4 th June 2019	ACCESS Officers
Joint Committee meeting – Governance Manual approved and passed to ASU for ongoing management	11th June 2019	Joint Committee
Monitoring Officers webinar/ Webinar recording issued Draft governance documents issued	12th June 2019	Monitoring Officers ACCESS Officers Squire Patton Boggs
Possible meeting of Monitoring Officers – feedback discussed and captured	Not required	Monitoring Officers Squire Patton Boggs
Feedback received from Monitoring Officers	November 2019	Monitoring Officers
Updated IAA circulated to members of the Joint Committee	Revised date: December	ACCESS Officers Joint Committee
Final version produced and signed off by GSG	Revised date: January	ACCESS Officers Squire Patton Boggs
Individual Authorities commence internal governance processes	Revised date: January	ACCESS Officers Monitoring Officers
Authorities to confirm approval of revised IAA to Clerk to the Joint Committee – Clerk will then issue the revised IAA for execution.	TBC	ACCESS Officers Clerk

5. Governance training arrangements

- 5.1. The outstanding drafting required for the IAA does not impact upon the governance training, and this is scheduled to be held after the meeting on 9 December 2019.

6. Recommendation

- 6.1. The Joint Committee is invited to:

- note the revised timetable for completion of phase 3 governance deliverables
- Note that the revised IAA will take effect upon execution by all participating authorities, completion of this process to be confirmed in writing by the Clerk to the Committee.

7. Consultation with Key Advisers

- 7.1. Squire Patton Boggs are providing legal advice.
- 7.2. Hymans Robertson have provided project management support.

Business Plan, Budget & Risk Summary

Quarterly Update



ACCESS Joint Committee

Date: 9 September 2019

Report by: Officer Working Group

Subject:	<p>2019/20 Business Plan Update and revised outturn</p> <p>2020/21 Proposed Business plan and budget</p>
Purpose of the Report:	<p>To provide an update on the activities undertaken since the last Joint Committee, associated spend and risk summary.</p> <p>To propose a business plan and budget for 2020/21</p>
Recommendations:	<p>The Committee is asked to note the 2019/20 updated business plan, the ASU workstream progress report, the revised outturn and summary risk register.</p> <p>The Committee is also asked to consider the proposed business plan and budget for 2020/21 and</p> <ul style="list-style-type: none"> • recommend the 2020/21 business plan to the ACCESS Authorities; and • accepts the recommendation of the s151 Officers from ACCESS Authorities to determine the 2020/21 budget totalling £1.080m to support the proposed business plan.
Enquiries to:	Kevin McDonald (kevin.mcdonald@accesspool.co.uk) 07712 356217

1. Purpose

- 1.1 The Joint Committee is required to make recommendations to the ACCESS Authorities about the annual strategic business plan for the Pool. The strategic plan was agreed by the Joint Committee in March 2019 and referred to the relevant ACCESS Authorities.
- 1.2 The Joint Committee also determined the budget necessary to implement the business plan during 2019/20 (insofar as the costs will not be paid by ACCESS Authorities direct to the Operator) at their meeting in March 2019 and this has been charged to the relevant ACCESS Authorities.
- 1.3 This report updates the Joint Committee on the work undertaken to date and costs incurred in 2019/20. It also sets out the proposed business plan and budget for 2020/21. In addition, a summary of the risk register is included.

2. 2019/20 Business Plan Update

- 2.1 The key activities either undertaken or to be undertaken in 2019/20 are as follows:
 - ACCESS Support Unit (ASU) recruitment completes
 - ASU functions mainly undertaken by ASU officers and technical leads
 - Review of the IAA completes
 - Tranches 3, 4 and 5 sub funds onboarding
 - Consideration of non-listed / illiquid assets
 - Procurement of legal advisor for ACCESS
 - Collective custodian procurement on behalf of ACCESS Authorities
 - Review of ESG / RI guidelines commences
- 2.2 The table overleaf shows progress against key items delivered since the last Joint Committee as well as the proposed activity in 2020-21.
- 2.3 As previously advised, in 2019-20 ASU Officers employed by Essex as the Host Authority, together with the Technical Leads, will be taking over most of the functions of the ASU from the third-party providers.
- 2.4 Some external advisors have been engaged in relation to the work on the Governance arrangements for the ACCESS pool, and others have commenced work on the approach towards pooling illiquid assets.
- 2.5 Activities shown in the business plan below that are also the subject of separate items on the Committee's agenda include:
 - Governance update
 - Risk Register
 - Sub-Fund implementation and development of illiquid pooling option
 - MHCLG return
 - Contract Management Update

Key Milestone	Planned 2019-20	Anticipated 2020-21	Change from previous reports
Complete Governance Manual Work with external advisers to reflect decision making principles, communication strategy, policies and procedures, code of conduct etc in the Governance Manual	Will have residual cost relating to training. Governance manual update to be completed once IAA agreed.	N/A	No change
Complete Review of Inter Authority Agreement Work with external advisers to reflect any changes resulting from the completion of the Governance Manual and review	At the time of writing one matter required the consideration of further drafting. This matter is limited to ensuring that references to Operator Agreement(s) are generic rather than specific.	N/A	change
Agree and establish ACCESS Support Unit Identify ASU resource requirements, roles and responsibilities for activities, scope and run recruitment activity and appoint	With effect from 1 April 19 ASU functions have been mainly undertaken by ASU Officers and Technical Leads. Hymans Robertson no longer provide project management support.	BAU established	change
ASU Operation and Business as usual (BAU) ASU Operation plus professional advice and support	ASU support officer recruited April 19 and ASU Interim Director recruited August 19	BAU established	No change
Determination of Reporting Framework Reflecting investments within the sub-funds work with Link to ensure that reporting meets Authority, Pool, CIPFA and Government requirements	Work continues, led by Technical Leads, to develop reporting arrangements as required by Authorities' annual reports.	Framework established & monitored	Change
Development of Reporting for the Joint Committee in respect of funds in the ACS - Quarterly investment performance - Information on investment and operational costs including the annual review of investment manager costs	ASU officers and Technical Leads are developing ACS reporting.	BAU established	change
Agreement to joint policies	Work to be undertaken by the		

& guidelines Including communication, environmental social and governance and responsible investment.	ASU Officers on developing joint guidelines re ESG / RI in H1 2020	Work continuing to finalise joint guidelines re ESG / RI in H1 2020	No change
Approval and launch of Tranche 3 Sub-Funds Ensure sub-fund meets Link's due diligence requirements and ACCESS Authorities' value for money criteria (including transition activity). Work with Link to submit application to the FCA for approval of the sub-fund set-up. Launch.	2 sub-funds - transition completed May 2019		No change
Approval and launch of Tranche 3a Sub-Fund As above	1 sub-fund - transition completed September 2019		No change
Determine, approve and launch tranche 4a Sub-Funds As above	6 sub-funds – 1 transition completed November 2019, 2 sub-funds due to transition December 2019, remaining sub-fund to early 2020		Change
Determine, approve and launch tranche 4b Sub-Funds As above	1 sub-fund – transition activity February 2020	1 sub-fund – transition activity February 2020	Change
Determine, approve and launch tranche 5a Sub-Funds As above	5 sub-funds – transition activity May 2020	5 sub-funds – transition activity May 2020	Change
Determine, approve and launch tranche 5b Sub-Funds As above	3 sub-funds – transition activity July 2020	3 sub-funds – transition activity July 2020	Change
Determine, approve and launch tranche 6 Sub-Funds As above but to also include manager search and selection activity	ACCESS Authorities to determine further local requirements for equity / fixed income sub-fund	Timing for approval and launch TBC	Change
Sub-funds (all)	Establish arrangements		New

	enabling transitions between sub-funds within the ACS.	BAU expected to in place	
<p>Consideration of approach to illiquid investments</p> <p>Consideration of requirements and implementation options for ACCESS Authorities' current and proposed investments in illiquid asset classes, including infrastructure.</p>	<p>Work to be undertaken by the ASU using third party suppliers as required.</p> <p>bFinance were appointed as advisor re suitable pooled structure in October. Dialogue began in November with a timeline agreed to report to the March 2020 JC.</p>	<p>Work to be undertaken by the ASU and Technical Leads using third party suppliers as required</p>	Change
<p>Communication with MCHLG</p> <p>Providing updates to Government and responding to consultations</p>	<p>Meeting with MHCLG July 19. New draft reporting requirements under consideration. No date yet published for formal pooling consultation. Work to be undertaken by the ASU using third party suppliers as required. First report submitted under new MHCLG reporting template in October.</p>	<p>Work to be undertaken by the ASU using third party suppliers as required</p>	Change
<p>Pool Wide Activities</p> <p>Professional support in relation to ACCESS Governance Structure includes JC, S151, OWG and workstream meetings</p>	<p>Procurement of legal advisor for ACCESS Collective custodian procurement on behalf of ACCESS Authorities</p> <p>Work to be undertaken by the ASU using third party suppliers as required</p>	<p>Work to be undertaken by the ASU using third party suppliers as required</p>	Change

2.6 Stemming from the Business Plan a series of workstreams have been identified. These are highlighted in Appendix 1, along with progress since the Committee's last meeting. The nature of the work involved means that some workstreams in Appendix 1 feature in other items on this agenda.

3. 2019-20 Budget Update

3.1 In agreeing the strategic business plan for 2019/20 the Joint Committee determined the budget necessary to implement the outcomes of the plan and meet the expenses of undertaking the Specified Functions. The costs set out in the 2019/20 budget were indicative based on the understanding of the resource requirements at the time.

- 3.2 For the Committee's information the original budget for 2019/20 and latest forecast based on actual costs for Q1 April – November 2019 are included in the table overleaf.
- 3.3 The 2019/20 business plan and budget anticipated that with the establishment of the ASU work would transfer with effect from April 2019 from Hymans Robertson to the ASU. Additional governance work has been required re the update of the IAA however these higher costs have been offset by the delayed recruitment of the ACCESS Director and a lower than forecast Technical Lead recharge.
- 3.4 In September 2019 one Technical Lead indicated that it would no longer possible for them to continue in that role. Their responsibilities have been assumed by the Interim Director. The work undertaken by the Technical Leads since April 2019 as detailed in the report in Appendix 1 is expected to cost £78k for the year.
- 3.5 The external professional costs cover Hymans Robertson, Squire Patton Boggs and *bFinance* support for the ACCESS pool through strategic, technical and legal advice. This includes advice in relation to the establishment of a pooled structure for illiquid assets and the completion of the IAA review and Governance manual as well as the delivery of governance training.

	Final Outturn 2018/2019	Agreed Budget 2019/2020 £	November forecast 2019/2020 £	Overspend / (Underspend) 2019/2020 £
ASU				
Interim ASU Support	328,734	-	81,082	81,082
ASU Salaries (incl. on cost)	31,649	295,000	228,797	(66,203)
ASU Operational	53,375	20,500	14,301	(6,199)
ASU Host Authority Recharge	7,830	42,000	42,000	-
ASU JC Secretariat Support	-	-	-	-
Technical Lead Recharge Costs	9,599	93,000	78,067	(14,933)
Interim ASU / ASU Total	431,187	450,500	444,247	(6,253)
Professional Costs				
<i>Internal Professional Costs</i>				
Internal Professional Costs	20,018	24,800	22,102	(2,698)
<i>External Professional Costs</i>				
Strategic & Technical	286,115	364,000	271,131	(92,869)
Legal & Governance	341,680	207,250	189,127	(18,123)
Project Management	168,500	156,000	91,536	(64,464)
<i>External Professional Costs</i>	796,295	727,250	551,794	(175,456)
Professional Costs Total	816,313	752,050	573,896	(178,154)
Total Costs per 2019/2020	1,247,500	1,202,550	1,018,143	(184,407)

4. Summary risk register

- 4.1 The Pool's key risks are considered on a quarterly basis. An overview of the current (as proposed) and previous quarters' risks is set out below:

	September 19	December 19
Total Risk Score	84	83
Red	2	2
Amber	9	8
Green	6	7

- 4.2 Full details are set out in agenda item 9 (Risk Register) on this agenda.

5. 2020/21 Business Plan and budget

- 5.1 It is anticipated that 2020/21 will see key activities within the following themes:

Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).

Alternative / non listed assets: the initial implementation of pooled alternative assets.

Passive assets: ongoing monitoring and engagement with UBS.

Governance: the application of appropriate forms of governance throughout ACCESS.

ACCESS Support Unit (ASU): the size and scope of the ASU will be reviewed.

- 5.2 The full business plan is set out in Appendix 2. This includes milestones for each theme along with details of the key activities.

- 5.3 A draft budget totalling £1.080m 2020/21 is also included within Appendix 2. The assumptions underpinning the budget include:

- the first Full Year Effect of a fully staffed ACCESS Support Unit along with four Technical Leads;
- the absence of external project management support;
- the use of external consultancy in the establishment phase of pooling illiquid assets;
- the requirement for external technical support in procuring illiquid asset vehicles;
- legal advice on illiquids and BAU.

- 5.4 The draft budget was discussed at the s151 Officer meeting on 25 November who agreed that it should be recommended to the Joint Committee.

6. Recommendations

- 6.1 The Committee notes the 2019/20 updated business plan, the ASU workstream progress report, the revised outturn and summary risk register.
- 6.2 The Committee considers the proposed business plan and budget for 2020/21 and
- recommends the 2020/21 business plan to the ACCESS Authorities; and
 - accepts the recommendation of the s151 Officers from ACCESS Authorities to determine the 2020/21 budget totalling £1.080m to support the proposed business plan.

7. Consultation with Key Advisers

- 7.1 Hymans Robertson have provided general / project support and technical advice to the ACCESS pool.
- 7.2 Squire Patton Boggs provide legal advice to the ACCESS pool.

8. Background Papers

- 8.1 None

Support Unit workstream progress report as at 25/11/2019

Purpose of document

- To provide a periodic update of the activities undertaken by the ACCESS Support Unit and particularly in respect of the provision of specialist expertise by the appointed Technical Leads.

Identified workstreams for ASU through Technical Lead provision¹

Projects

Ref	Workstream	Timeframe	Status	KMcD	SA	AB	ST	RW	MKP	DEB
ASU01	Illiquid (consultancy advice) ^{2,3}	to 10/2020	Ongoing			✓		✓		
ASU02	Onboarding	to 12/2020	Ongoing	✓		✓		✓	✓	✓
ASU09	Procurements (legacy contracts) ²	to 03/2020	Ongoing		✓				✓	
ASU10	Procurement (global custodian) ²	to 03/2020	Scheduled		✓	✓	✓		✓	✓
ASU11	Recruitment	01-07/2019	Completed		✓				✓	
ASU14	Dialogue with MHCLG	to 12/2020	Ongoing	✓		✓				
ASU15	Guidelines (ACS Operator Manual)	to 01/2020	Ongoing		✓		✓	✓		
ASU19	Eradication of operational inefficiencies	to 03/2020	Ongoing	✓	✓				✓	✓
ASU21	Illiquid (alternative vehicles) ²	tbc	Pending	✓		✓		✓		
ASU22	Operator market testing	tbc	Pending	✓	✓	✓			✓	

Operations (BAU)

Ref	Workstream	Commenced	Status	KMcD	SA	AB	ST	RW	MKP	DEB
ASU03	BAU monitoring / Whole Pool reporting	01/2019	Ongoing				✓			✓
ASU04	VfM reporting	01/2019	Ongoing					✓		
ASU05	Host authority interface	01/2019	Ongoing		✓					
ASU06	Recharging	01/2019	Ongoing		✓				✓	
ASU07	Business planning	01/2019	Ongoing	✓	✓				✓	
ASU08	Budget setting and monitoring	01/2019	Ongoing	✓	✓				✓	
ASU12	Training (including Governance)	01/2019	Ongoing	✓			✓			
ASU13	Media and Communications	01/2019	Ongoing	✓			✓			✓
ASU16	Link insurance monitoring	02/2019	Ongoing			✓			✓	
ASU17	Investor days	05/2019	Ongoing	✓		✓			✓	✓
ASU18	Contract Operations Manual	07/2019	Ongoing	✓					✓	✓
ASU20	Risk assessment	08/2019	Ongoing	✓					✓	✓

Notes

¹ The resources shown against each workstream indicate leading (responsibility) roles; it is the intention that other Technical Leads and/or OWG members will need to participate from time-to-time.

² Essex (as host authority) Procurement team will oversee.

³ Creation of vehicles will follow (see ASU21).

Ref	Workstream	Commentary
ASU00	ASU planning	<ul style="list-style-type: none"> • Teleconferences held on 04/11 and 20/11 to review current workload progress, agree additional workstreams and assign responsibilities in the light of Alison Mings (KEN) stepping down from her role as a Technical Lead.
ASU01	Illiquid (consultancy advice)	<ul style="list-style-type: none"> • Following a competitive process under the oversight of Essex Procurement Services, bfinance were awarded contract to provide consultancy support for a period of twelve months (optional extension of a further six months available) at a cost of £35,000 on 17/10. • Additional background information provided to bfinance and project kick-off meeting staged with the OBSG on 21/11.
ASU02	Onboarding	<ul style="list-style-type: none"> • Tranche 3a sub-fund (J O Hambro) launched 25/09/2019. • Tranche 4a sub-fund (Baillie Gifford DGF) launched 18/11/2019. • Remaining Tranche 4a sub-funds (five) planned for launch in 11 and 12/2019. • Discussions at OBSG on potential gaps that would require any further sub-funds.
ASU03	BAU monitoring / Whole Pool reporting	<ul style="list-style-type: none"> • ACCESS Annual Report delivered.
ASU04	VfM reporting	<ul style="list-style-type: none"> • Analysis provided to Essex for total anticipated savings from ACS.
ASU05	Host authority interface	<ul style="list-style-type: none"> • Continued BAU support to ASU.
ASU06	Recharging	<ul style="list-style-type: none"> • Quarterly accounting completed and recharge payments generated for 09/2019.
ASU07	Business planning	<ul style="list-style-type: none"> • Business plan update included elsewhere in this report.
ASU08	Budget setting and monitoring	<ul style="list-style-type: none"> • Actual cost to date and whole year budgetary projections updated for 2019-20. • 2020-21 proposed budget consulted on with OWG and s151 officers.
ASU09	Procurements (legacy contracts)	<ul style="list-style-type: none"> • Illiquids consultancy framework call-off completed (see ASU01 above). • Contract for provision of website and hosting facilities novated from Suffolk to Essex (de minimis procurement rules apply). • Legal services framework call-of process commenced (anticipated completion by 31/12). • Fixed rate costs for specific procurement routes negotiated with Essex Procurement Services for work through to the end of 2020-21.
ASU10	Procurement (global custodian)	<ul style="list-style-type: none"> • Requirement demoted in priority list due to more urgent procurement activity. • Arrangements in place to determine and agree business requirements and create specification ready to go to market. • Essex Procurement Services engaged to run competitive process commencing Q1-2020.
ASU11	Recruitment ¹	<ul style="list-style-type: none"> • No current requirements under this workstream.
ASU12	Training (including Governance)	<ul style="list-style-type: none"> • Governance training to be completed at Joint Committee 09/12/2019.
ASU13	Media and Communications	<ul style="list-style-type: none"> • MHCLG meeting with Teresa Clay (item 11 refers) took place on 04/07/2019. • Media release on appointment of ASU Interim Director published on 16/08/2019.
ASU14	Dialogue with MHCLG	<ul style="list-style-type: none"> • Formal consultation awaited (item 11 refers).
ASU15	Guidelines (ACS Operator Manual)	<ul style="list-style-type: none"> • Handover of initial documentation received from Hymans Robertson. • Scope and responsibility agreed at ASU teleconference on 04/11. • Further consideration planned Q1-2020.

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ASU16	Link insurance monitoring	<ul style="list-style-type: none"> • Link became fully compliant with the requirements of the Operator Agreement in respect of ring-fenced cover for ACCESS funds on 09/09. • They subsequently shared details of this breach with all administrative authorities. • As a result of pressure from the ASU and OWG, new controls have been put in place by Link with responsibility owned by Ben Hammond (Finance Director). • Re-assessment now takes place each month in advance with known fund injections acknowledged and market appreciation triggers set. • Daily AUM feed provided to ASU direct from Northern Trust.
ASU17	Investor days	<ul style="list-style-type: none"> • First ACCESS Investor Day took place on 16/10. • Six Investment Managers and 68 representatives from the administrative authorities present. • Online survey undertaken to ascertain stakeholder views (see Item xx on the agenda).
ASU18	Contract Operations Manual	<ul style="list-style-type: none"> • Contract basic documentation taken on from Hymans Robertson and Kent County Council (procurers of the Operator). • First draft of Operations Manual scheduled for review by 31/12.
ASU19	Eradication of operational inefficiencies	<ul style="list-style-type: none"> • Withdrawal of hardcopy document provision for all officer meetings (agenda excepted). • Saving of internal administrative effort by using carnet tickets for rail travel and adopting and 'on demand' approach for the downloading of reports from Link. • Service level introduced for the provision of agendas / papers / minutes. • Following handover from Hymans Robertson, conducting a demand challenge to establish the value of various project reporting provisions and creating fit-for-purpose summaries. • Creation of ASU actions log to include those actions given to Link enabling progress to be monitored and chased effectively. • A process of considering the structure of meetings involving the various representatives of the administering authorities is currently underway with the objective of achieving better alignment to the quarterly Joint Committee meetings. • Investigation commenced into using the ACCESS website as a secure document repository to enable stakeholders to self-serve. • Introduction of the use of SmartSurvey as tool to gain various forms of feedback. • Creation of ASU Conferencing facility to reduce costs.
ASU20	Risk assessment	<ul style="list-style-type: none"> • Handover from Hymans Robertson achieved. • Internal assessment of documentation undertaken by the ASU and proposed new reporting methodology tested with the OWG.
ASU21	Illiquid (alternative vehicles)	<ul style="list-style-type: none"> • No activity during review period pending results of ASU01. • It is likely that any procurements will commence during the spring of 2020.
ASU22	Operator market testing	<ul style="list-style-type: none"> • A formal review of the 'pooling marketplace' is planned to complete by 03/2021, the three-year anniversary of the signing of the Operator Agreement. Therefore, this will commence during the summer of 2020.
<p>Notes</p> <p>¹ Workstream completed.</p>		

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2020/21

Business Plan & Budget

Introduction

ACCESS has its origins in 2016 when eleven Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government’s agenda for pooling LGPS investments.

The following strategic objectives are in place:

- enable participating Authorities to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible;
- provide a range of asset types necessary to enable Authorities to execute their locally determined investment strategies as far as possible;
- enable participating Authorities to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

In order to achieve these objectives, the participating Authorities have established a set of governing principles. Furthermore, the Joint Committee recommends an annual business plan to the ACCESS Authorities.

The governing principles are set out below, and the annual business plan for 2020/21 is on the following pages.

Collaborative	Risk management	Objective evidence based decisions
Equitable voice in governance	Professionalism	Equitable cost sharing
No unnecessary complexity	Evolution and innovation	Value for money

Implicit within the above principles is the democratic accountability and fiduciary duty of LGPS Authorities.

Context

Having migrated all passive assets to UBS in early 2018, a number of sub funds for active assets have been launched since November 2018 by Link, the pool's Authorised Contractual Scheme (ACS) Operator. The ACCESS Support Unit (ASU) was formalised in 2018 and fully staffed by mid-2019. The original Inter Authority Agreement was reviewed and updated in 2019, and work commenced on scoping the pool's approach to alternatives.

It is anticipated that 2020/21 will see key activities within the following themes:

Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).

Alternative / non listed assets: the initial implementation of pooled alternative assets.

Passive assets: ongoing monitoring and engagement with UBS.

Governance: the application of appropriate forms of governance throughout ACCESS.

ACCESS Support Unit (ASU): the size and scope of the ASU will be reviewed.

Business Plan

Each theme within the business plan includes milestones planned for the year. The strategic nature of ACCESS's objectives means that a number of the 2020/21 milestones build on work previously undertaken and will in turn provide the foundation for further milestones in subsequent years.

On a day to day basis the work will be co-ordinated by the ACCESS Support Unit to deliver each milestone with a series of workstreams to support additional requirements. The work is steered/reviewed by monthly meetings of the *Officer Working Group*. The milestones will indicate where third party providers may be required. Oversight by *s151 Officers* will be via quarterly meetings.

The *Joint Committee* will receive updates on the milestones each quarter.

Budget

A budget totalling **£1.080m** to support the business plan is included at the end of this paper.

Theme	Milestone	2020/21 activity
Actively managed listed assets	Launch of Tranche 5a	Anticipated April & May 2020
	Launch of Tranche 5b	Anticipated July 2020
	Determine, approval & launch of Tranche 6	Timing for approval & launch TBC
	<i>Ensure sub funds meet Link's due diligence requirements and ACCESS Authorities' Value for Money criteria (including transition activity). Manager search and selection activity where required. Work with Link to submit application to the FCA for approval of the sub fund set up. Launch. A process for transitioning between sub-funds is established.</i>	
	Scheduled BAU evaluation	An evaluation of BAU arrangements will be undertaken and reported to the Joint Committee in March 2021 to inform future planning. Third party providers will be used where required.
Alternative / non listed assets	Commence implementation of approach to pool illiquid assets <i>Following work undertaken in</i>	The initial implementation of pooled alternative assets will commence in 2020/21.

	<i>2019/20 to consider the requirements and implementation options.</i>	The work undertaken, and potentially aspects of any training, will use third party providers as required.
Passively managed assets	Ongoing monitoring of assets managed on a passive basis. <i>This follows the migration of all passive assets held by ACCESS Authorities to UBS in early 2018.</i>	Engagement with UBS will continue throughout the year.
Governance	Meetings and oversight Operational protocols Engagement with HM Government	Arrangements will be made to support meetings of the Joint Committee (usually each quarter). Meetings of s151 Officers will also be held. Where required training will be provided, this may involve third party providers. Further development of protocols around key processes associated with the Pool's day to day operation will take place during the year. Third party providers will be used where required. ACCESS will liaise with the Scheme Advisory Board as appropriate. Periodic reports will be supplied to MHCLG as required. The Pool will actively

	Agreement to Joint Polices & guidelines.	<p>participate with any Cabinet Officer / MHCLG pooling related consultations.</p> <p>The Joint Committee will review its Communications Policy.</p> <p>Work will be undertaken to finalise joint guidelines on ESG / RI.</p>
ACCESS Support Unit (ASU)	ACCESS Support Unit	The size and scope of the ASU will be reviewed.

A separate risk register measures the risk of the strategic objectives and milestones not being achieved.

The budget for 2020/21 is detailed below.

	£	£	£
ASU			
ASU Salaries (incl On Cost)		300,261	
ASU Operational		20,580	
ASU Host Authority Recharge		42,725	
ASU JC Secretariat Support		14,000	
Technical Lead Recharge Costs		89,747	
ASU Total		<u>467,313</u>	
Professional Costs			
<i>Internal Professional Costs</i>			
JC Secretariat	5,000		
Procurement	60,000		
<i>Internal Professional Costs</i>	<u>65,000</u>		
<i>External Professional Costs</i>			
Strategic & Technical	344,000		
Legal & Governance	203,450		
Project Management	-		
	<u>547,450</u>		
Professional Costs Total		<u>612,450</u>	
Total Costs per 2020/2021		<u><u>1,079,763</u></u>	
Cost Per Authority		98,160	

The key assumptions contained within the budget are outlined overleaf.

Key budget assumptions

Three full time members of staff within the ASU.

Four ASU Technical Lead Officers, drawn from the ACCESS Authorities, on a part-time basis, broadly equating to 1 full time post.

A summer handover between Kent & Essex re: JC secretariat

External consultancy on the establishment of pooled arrangements for alternative assets, along with associated procurements and technical advice.

External legal advice.

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of the Local Government Act 1972.

Agenda Item 9

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Agenda Item 13

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