



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Virtual Meeting on Monday, 7th September, 2020.

PRESENT: Cllr Mark Kemp-Gee - Chair (Hampshire CC), Cllr Susan Barker - Vice-Chair (Essex CC), Cllr Gerrard Fox (East Sussex CC), Cllr Adrian Axford (Isle of Wight), Cllr Terry Rogers (Cambridgeshire CC), Cllr Judy Oliver (Norfolk CC), Cllr Bill Parker (Northamptonshire CC), Cllr Ralph Sangster (Hertfordshire CC), Cllr Charlie Simkins (Kent CC) and Cllr Karen Soons (Suffolk CC).

ALSO PRESENT: Kevin McDonald (ASU Director), Mark Paget (ASU Contract Manager) and Dawn Butler (ASU Support Officer), John Wright (Hymans Robertson) and Clifford Sims (Squire Patton Boggs, Solicitor).

OFFICERS: Andrew Boutflower (Hampshire), Glenn Cossey (Norfolk), Jody Evans (Essex), Paul Finbow (Suffolk), Michelle King (East Sussex), Alison Mings (Kent), Sharon Tan (Suffolk), Jo Thistlewood (Isle of Wight), Patrick Towey (Hertfordshire), Paul Tysoe (Cambridgeshire), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), Carolyn Williamson (Hampshire S151 Officer), and Joel Cook (Kent - Clerk).

UNRESTRICTED ITEMS

205. Apologies/Substitutes.
(Item. 1)

1. Apologies and substitutes were as follows:
Cllr Jonathan Ekins (Northamptonshire CC) – Cllr Bill Parker substitute (Northamptonshire CC).

RESOLVED that the apologies and substitutes be noted.

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

1. No declarations of interest were made.

207. Chair's introduction.
(Item. 3)

1. The Chair advised the Committee that the Chair's Introduction would be a standing item to serve as a conduit for the Chair and other Members to update the Joint Committee on matters related to pool developments and Member training between formal meetings.

RESOLVED the at the Chair's introduction be noted.

208. Minutes of the meeting held on 17 July 2020.
(Item. 4)

RESOLVED that the minutes of the meeting on 17 July 2020, subject to the correction of a minor error regarding the Annual Report being cited as the Annual Plan in paragraph 200, were a correct record and that they be signed by the Chairman.

209. Business Plan and Budget update.
(Item. 5)

1. Kevin McDonald (ASU Director) provided an update on the Business Plan, Budget and Risk Register. He recommended a restructure of the meeting schedule for the 2020/21 municipal year, with future meetings held in early November, January and March. Mr McDonald confirmed that Monitoring Officers from all ACCESS authorities had approved the Joint Committee's revised Inter Authority Agreement (IAA), which would now progress through formal governance at each authority prior to adoption.
2. Mr McDonald confirmed that due to several budgetary variances ACCESS's actual expenditure for 2020/21, including forecasts, stood at £1,011,258, a predicted underspend of £68,505 (£6,228 per authority). He added that a delay in the procurement of alternative assets had contributed significantly to the underspend. He explained that this meant that much of the planned expenditure would still be incurred but likely not within the 2020/21 financial year.

RESOLVED that the proposed amendment of the meeting schedule for 2020/21, the Business Plan update, the current forecast variances against the 2020/21 budget and summary Risk Register be noted.

210. Communications.
(Item. 6)

1. Mr Wright (Hymans Robertson) provided an update on the work undertaken at the Joint Committee's 17 July workshop on Communications, which focused on responsible investment, raising the profile of spokespeople and the benefits associated with pooling services. He recommended that the Joint Committee procure the services of a Public Relations specialist with expertise in public sector finance and government relations. Mr Wright suggested that the ASU Director act as spokesperson for ACCESS initially.
2. Mr McDonald clarified the proposal that Essex County Council be made the lead procurement authority in relation to the acquisition of Public Relations services for the Joint Committee, explaining that the intention was to work in partnership with procurement specialists Bloom. He explained the use of a Lead Procurement Authority was permitted under the existing Inter-authority Agreement (IAA). Mr McDonald confirmed that a draft of the Member

involvement arrangements in the PR provider selection process would be circulated to the members of the Joint Committee.

3. Members discussed the merits of individual Cllrs taking on lead roles on communications in areas in which they had expertise, with some potential areas such as ESG / RI and fiduciary duty / legal matters already identified. It was noted that this approach would be explored further with the Chair and Vice-Chair prior to updates at a future meeting.

RESOLVED that the report from Hymans Robertson and recommendations in the attached paper from Hymans Robertson be noted and that Essex County Council be permitted to act as the lead authority in the procurement of Public Relations professional advice.

211. ESG / RI Position Statement.
(Item. 7)

1. Mr McDonald provided an update related to ACCESS's development of updated Environment, Social & Governance (ESG) and Responsible Investment (RI) guidelines, and confirmed that:
 - All ACCESS authorities remained individually responsible for determining their own ESG/RI policy.
 - All ACCESS authorities endorsed the UK Financial Reporting Council's (FRC) Stewardship Code.
 - Five member authorities referenced the United Nations Principles on Responsible Investment (UNPRI) in their ESG/RI policy and all respective fund managers were signatories.
 - Requirements had been drafted for the provision of specialist ESG/RI guideline advice.
2. Mr McDonald outlined the proposal that the Joint Committee agree that Essex County Council act as the lead authority in the procurement of ESG and RI professional advice. He added that a detailed timeline and progress report on this procurement will be drawn up prior to the Joint Committee's November meeting.
3. Members commented that future communication strategies should promote ACCESS's positive stance on ESG but highlighted the need to focus on the key role played by the individual authorities which would inform any ACCESS activity.

RESOLVED that the content of the report be noted, and that Essex County Council be permitted to act as the lead authority in the procurement of Environment, Social & Governance and Responsible Investment professional advice.

212. Motion to Exclude the Press and Public.
(Item. 8)

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.

213. Investment Performance.

(Item. 9)

1. Mrs Tan (Suffolk) updated the Joint Committee on ACCESS's Quarter 1 Investment Performance and highlighted that figures corroborated the national trend.
2. Members discussed the disparity in Carbon Intensity (CI) between Sub-Funds and noted the difficulty of balancing Carbon Intensity and return, as well as the probability Carbon Intensive companies may reduce their CI.

RESOLVED that the report be noted.

214. MHCLG - Pooling Submission (to follow).

(Item. 10)

1. Mr McDonald provided an update and confirmed that advice had been sought from OWG prior to the drafting of the pooling submission and that an emphasis had been placed on highlighting assets under management, costs and key messages.
2. Members agreed that role of administering authorities should be highlighted by including the logos of all ACCESS member authorities in the MHCLG submission.
3. Mr McDonald reassured the committee that ACCESS's current progress performance compared favourably with that of other pools nationally.

RESOLVED that the content of the report be noted.

215. Contract Management - Insurance Review.

(Item. 11)

At the direction of the Chair, the Committee considered items 11 and 12 together in view of the related recommendations – resolutions for each item are still detailed separately.

1. Mr Paget (ASU) Provided a Contract Management update. He outlined the proposal to relax the Standard & Poor's credit rating requirement of the Operator's Professional Indemnity and Crime insurance cover and the linked intention to update the Operator Agreement to include additional KPIs which better reflected Business As Usual (BAU) operations. He confirmed that as ACCESS's Contracts Manager he would be responsible for negotiating the additional KPIs.
2. Mr Paget confirmed that the pool had AUM cover which totalled £20bn, as of August 2020 the pool's AUM topped £14bn.
3. Mr Sims (Squire Patton Boggs) and the Clerk clarified that the Operator Agreement was a combination of contracts held with all 11 participating Authorities and therefore amendments would have be managed

accordingly, with formal decision-making happening at local level, subject to the proposed recommendation from the Joint Committee.

4. It was confirmed that Mr Paget would consult and update the Chair and Vice-Chair on the progress of contract negotiations and that the outcome of the negotiations and operator agreement amendments would be reported at the next meeting.

RESOLVED that;

- The report be noted;
- Progression of the amendment to the Operator Agreement relaxing the Standard & Poor's credit rating requirement of Link's Professional Indemnity and Crime Insurance Cover to A-, subject to their agreement to the incorporation of additional KPIs, be approved; and
- authority be delegated to the ASU Contracts Manager, in consultation with the ASU Director and the Chair and Vice Chair of the Joint Committee, to finalise the arrangements and make the relevant recommendations to the administering authorities in relation the Operator Agreement amendment.

216. Contract Management update - General.

(Item. 12)

RESOLVED that;

- the matters highlighted within the report, the activity that has taken place and forthcoming plans be noted.
- progression of the amendment to Schedule 4 of the Operator Agreement to incorporate specified additional KPIs, as negotiated by the Contracts Manager, be approved; and
- authority be delegated to the ASU Contract Manager, in consultation with the ASU Director and the Chair and Vice Chair of the Joint Committee, to undertake and finalise the negotiations and make the relevant recommendations to the administering authorities in relation the Operator Agreement amendment.

217. Scheduled Business As Usual (BAU) evaluation.

(Item. 13)

1. Mr Wright gave a presentation to the Joint Committee to introduce the work undertaken as part of the review. It was highlighted that the Committee would receive further reports at future meetings as the review progressed.

RESOLVED that;

- the report be noted;
- the progression of further scoping work and options analysis to support the review be approved.

218. Risk Register.
(Item. 14)

1. Mr McDonald provided an overview of the Risk Register.

RESOLVED that the report be noted.

219. Link Presentation (to follow).
(Item. 15)

Karl Midl, James Zealander and Richard Thornton from Link Fund Solutions were present for this item.

1. Mr Midl provided a verbal update on the Woodford matter. He advised that no timeline was available on the conclusion of the FCA investigation.
2. Mr Midl and Mr Zealander delivered a presentation and focused on Operator Services, divided into: appointing and overseeing Investment Managers, Monitoring Investments, Overseeing Administrators and the benefits of the Authorised Contractual Scheme (ACS) structure over other structures.

RESOLVED that the presentation be noted.