



AGENDA

ACCESS JOINT COMMITTEE

Monday, 7th September, 2020, at 10.00 am

Ask for: **Joel Cook**

Virtual Meeting

Telephone **03000 416892**

In response to COVID-19, the Government has legislated to permit remote attendance by Elected Members at formal meetings. This is conditional on other Elected Members and the public being able to hear those participating in the meeting. This meeting will be accessible online and can be watched via the Media link on the Webpage for this meeting.

Membership

Chair: Cllr Mark Kemp-Gee (Hampshire CC), **Vice-Chair: Cllr Susan Barker** (Essex CC), **Cllr Adrian Axford** (Isle of Wight), **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) and **Cllr Karen Soons** (Suffolk CC)

UNRESTRICTED ITEMS

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

1. Apologies/Substitutes
2. Declaration of interests in items on the agenda
3. Chair's introduction
4. Minutes of the meeting held on 17 July 2020 (Pages 1 - 4)
5. Business Plan and Budget update (Pages 5 - 14)
6. Communications (Pages 15 - 22)
7. ESG / RI Position Statement (Pages 23 - 28)
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. Investment Performance | (Pages 29 - 50) |
| 10. MHCLG - Pooling Submission (to follow) | |
| 11. Contract Management - Insurance Review | (Pages 51 - 76) |
| 12. Contract Management update - General | (Pages 77 - 102) |
| 13. Scheduled Business As Usual (BAU) evaluation | (Pages 103 - 120) |
| 14. Risk Register | (Pages 121 - 128) |
| 15. Link Presentation (to follow) | |

Joel Cook
Kent County Council
Clerk to the Joint Committee
03000 416892

Thursday, 27 August 2020



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Virtual on Friday, 17th July, 2020.

PRESENT: Cllr Mark Kemp-Gee - Chair (Hampshire CC), Cllr Susan Barker – Vice-Chair (Essex CC) Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerrard Fox (East Sussex CC), Cllr Adrian Axford (Isle of Wight), Cllr Terry Rogers (Cambridgeshire CC), Cllr Judy Oliver (Norfolk), Cllr Ralph Sangster (Hertfordshire CC), Mr 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).

OFFICERS: Andrew Boufflower (Hampshire), Jody Evans (Essex), Alison Mings (Kent), Michelle King (East Sussex), Richard Perry (Cambridgeshire), Sharon Tan (Suffolk), Jo Thistlewood (Isle of Wight), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), George Simon (Norfolk s151 Officer) and Joel Cook (Kent - Clerk)

UNRESTRICTED ITEMS

191. Apologies/Substitutes.

(Item. 1)

1. Apologies were received from Mr Jeremy Hunt (West Sussex)

RESOLVED that the apologies be noted.

192. Virtual Meeting Protocols.

(Item. 2)

1. The Clerk explained the virtual protocols, which were based on the Kent County Council approach to managing virtual formal meetings in according with the COVID-19 legislation, confirming that subject to agreement of the Committee, the protocols would apply to all future virtual meetings of the Joint Committee. He advised the committee on the appropriate processes for indicating to speak, microphone and video discipline and clarified the voting and resolution arrangements. The Clerk explained that where no objections were raised by Members, the Chair would take general agreement to the recommendations and the clerk would record the Committee's decision accordingly.

RESOLVED that the virtual protocols be approved.

193. Declaration of interests in items on the agenda.

(Item. 3)

1. No declarations of interest were made.

194. Minutes of the meeting held on 9 March 2020.
(Item. 4)

RESOLVED that the minutes of the meeting held on 9 March 2020 were an accurate record and that they be signed by the Chair.

195. Business Plan, Budget & Risk Summary.
(Item. 5)

1. Mr McDonald (ASU Director) provided an update on the Business Plan, Budget and Risk summary. He confirmed that the outturn for 2019/20 was £391,792 below the approved budget level, representing a significant underspend. Mr McDonald advised that this was due in part to the successful embedding of the ASU and consequent reduction in reliance on external support but he commented that this underspend was also due to the delayed commencement of procuring alternatives solutions. This meant that some of the forecast spend would still be required but it would be taken from the 2020/21 budget.
2. Mr McDonald provided a brief update of the risk situation, noting that further detailed information of additional risks would be provided in a later agenda item due to commercial and legal exemption.

RESOLVED that the business plan update, the 2019/20 outturn and 2020/21 budget and the summary risk register be noted.

196. Joint Committee Secretariat.
(Item. 6)

1. Mr McDonald advised the Joint Committee that it was proposed that the arrangements for clerking ACCESS meetings, whereby Kent County Council provide the Clerk and secretariat support, be extended again for one year. The Clerk thanked Essex County Council staff for their assistance in preparing for and supporting the meeting in a virtual format.

RESOLVED that the extension to the existing Clerking arrangements supplied by Kent County Council be approved.

197. Environment, Social & Governance / Responsible Investment position statement.
(Item. 7)

1. Mr McDonald provided an update on the ongoing activity in relation to Environmental, Social and Governance & Responsible Investment (ESG/RI) matters. He highlighted key workstreams and key points including:
 - Expert advice being commissioned to assist in developing shared guidelines.
 - Link had run a survey with Fund Managers regarding climate change and other ESG considerations (based on survey approach developed by Norfolk Council). The results of this activity. remained under review for incorporation in further work.

- The appointment of Mr McDonald as the ACCESS Officer representative on the SAB / LGA editorial board working the development of the SAB Responsible Investment Guide.
- 2. Members discussed the varying pressures facing administering authorities to make progress on ESG/RI. Mr McDonald highlighted that while ACCESS was focused on developing shared guidelines, it should be remembered that the administering authorities would retain sovereignty over their own core policies. Members debated the importance of balancing the desire to make swift progress with the need to ensure any proposals or approaches are realistic, appropriate and deliverable, The Chair suggested seeking to develop more detailed proposals for consideration at the next meeting to better explore the options.
- 3. Mr McDonald advised that the ASU would work with OWG to ensure all authorities were equally sighted on the current situation with ESG/RI and reports on progress would feature at future meetings.

RESOLVED that the report and the discussion of potential future activity be noted.

198. Supreme Court Judgement.
(Item. 8)

1. Kevin McDonald provided an update on the recent Supreme Court Judgement on Palestine Solidarity Campaign: LGPS investment guidance on foreign policy and defence issues. This judgment had raised concerns regarding fiduciary duty, particularly with the Scheme Advisory Board and the Local Government Association. He highlighted that SAB was pleased that the judgment supported the principle of sovereign investment decision-making but he commented that Government may wish to legislate on the issue at a later date.
2. Cllr Oliver suggested that a paper be developed that confirmed the Norfolk position on Fiduciary Duty which could then be shared with the rest of ACCESS.

RESOLVED that the report be noted.

199. 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.

200. Investment performance update & Annual Report.
(Item. 10)

1. Sharon Tan (Suffolk) provided an update on Investment performance and an overview of the draft Annual Plan.

2. Members discussed the draft Annual Plan and it was noted that the draft remained subject to financial updates from administering authorities. Ms Tan also confirmed that the intention was for all authorities to publish the Annual Report as part of their own Pension Committee arrangements.

RESOLVED that the performance update be noted and the draft Annual Plan be recommended to the administering authorities (subject to minor clarifications and amendments by Officers).

201. Sub-fund implementation.

(Item. 11)

1. Andrew Bouflower (Hampshire) provided an update on progress with sub-fund launches, allocation of assets for the ACCESS Authorities.

RESOLVED that the report be noted.

202. Contract Management update.

(Item. 12)

1. Mark Paget (ASU Contract Manager) provided a detailed update on contract management activity and ongoing engagement with Link as the contracted Operator. He highlighted relevant KPI information and management activity, answered Members' questions and provided relevant assurances to the Joint Committee.

RESOLVED that;

- the contract management update be noted; and
- the proposed amendment to the Operator agreement related to Change Controls be recommended to the administering authorities.

203. Risk Register detail.

(Item. 13)

1. Mr McDonald (ASU) provided an update on the risk register detail, highlighting where new risks had been added and any significant changes to existing risks. Assurances were provided as to the appropriate management of these risks and that workstreams were in place to address these.

RESOLVED that the risk register update be noted.

204. Link presentation (to follow).

(Item. 14)

1. Karl Midl (Link) and James Zealander (Link) attended the meeting to deliver a presentation updating ACCESS on key activity and workstreams during lockdown including an overview of remote working arrangements and related COVID-19 response matters.

RESOLVED that the presentation from Link be noted.

Business Plan, Budget & Risk Summary

Quarterly Update



ACCESS Joint Committee

Date: 7 September 2020

Report by: Officer Working Group

Subject:	Business Plan, Budget & Risk Summary – Quarterly Update
Purpose of the Report:	To provide an update on the activities undertaken since the last Joint Committee, associated spend and risk summary.
Recommendations:	<p>The Committee is asked to note:</p> <ul style="list-style-type: none"> • 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.
Enquiries to:	<p>Kevin McDonald</p> <p>Email: kevin.mcdonald@accesspool.co.uk</p>

1. Background

- 1.1. The Business Plan for 2020/21 was agreed by the Joint Committee (JC) in December 2019 prior to being referred to the ACCESS Authorities.
- 1.2. At that meeting the JC also determined the budget necessary to implement this years' plan and to be charged to the relevant Authorities.

2. COVID-19 and lockdown

- 2.1. Details of how ACCESS Authorities, ACCESS Support Unit (ASU) and service providers have operated in the light of COVID-19 were highlighted in the Business Plan update provided at the Committee's last meeting on 17 July 2020. These arrangements broadly continue, and it is anticipated that meetings will be held on a virtual basis for the foreseeable future.

3. Schedule of Joint Committee meetings for the remainder of 2020/21

- 3.1. The volume of work on a number of milestones within the current years' Business Plan is significant, which in turn puts a degree of pressure on the size of the agendas being prepared for each of the Committee's meetings. In view of this, and following dialogue with the Chairman and Vice Chairman, proposals have been developed for a revised schedule for 2020/21 which would see the number of meetings remaining (including 7 September) increase from three to four.
- 3.2. Proposals for the amended meeting schedule, which would increase the total number of meetings in the 2020/21 municipal year from four to five, involve the cancellation of the planned 7 December meeting and the calling of additional meetings in early-mid November and early-mid January. Meeting arrangements will be finalised by the Clerk, in consultation with the Chair and the ASU, and Members will be notified.

4. Business Plan Update

- 4.1. Activities shown in the Business Plan (at Appendix A to this report) that are also the subject of separate items on the Committee's agenda include:
 - Communications
 - ESG/RI
 - MHCLG pooling submission
 - Risk Register
 - Insurance / Sub fund implementation
 - Contract Management update
 - Scheduled BAU evaluation

Activities of note not covered elsewhere on the agenda are described below.

Governance theme: operational protocols milestone

- 4.2. Monitoring Officers (MO) from each of the ACCESS Authorities have been sent a copy of the revised Inter Authority Agreement (IAA) in June 2020. At the time of publication, the process of receiving confirmation of agreement from all MOs was being concluded. It is therefore expected that progression to the formal approval of the updated IAA by each Authority will commence shortly. A memo from Clifford Sims at Squire Patton Boggs (ACCESS's legal advisers) summarising the key changes accompanied by both the revised IAA and a marked up version highlighting the changes since the Committee last saw a draft will be circulated to Joint Committee Members. This memo will also invite individual Authorities to commence their internal governance processes to enable the adoption of the revised IAA. Authorities are asked to liaise with the Clerk of the Joint Committee on progress.
- 4.3. The Officer Working Group has considered the recommendations of the (now ceased) Governance sub-group. Part of this entails work underway developing Terms of Reference for the sub-group structure that supports OWG in delivering key elements of the Business Plan. The Committee will be kept informed of progress.

Alternative / non-listed assets theme: determine approach milestone

- 4.4. In shaping the development of recommendations on the pooling of alternative assets, Bfinance met with OWG on 18 June 2020. Following this Bfinance met with each Authority individually in a series of meetings throughout July to allow discussion of how the recommendations aligned against existing plans. An update from Bfinance was then given to the OWG on 30 July. Subsequently each Authority was asked to provide their own preferred priority ranking for each of the sub asset classes (Real Estate, Infrastructure, Private Debt and Private Equity). At the time of writing these results were being assessed. It is anticipated that recommendations on pooling alternative assets will be brought to the Committee's next meeting.

5. 2020/21 budget

- 5.1. At its December 2019 meeting, the JC determined a budget of £1,080,000 to support the 2020/21 Business Plan. Details are included in the table overleaf.

	Agreed Budget 2020/2021 £	Actual Costs plus forecast 2020/2021 £	Overspend / (Underspend) 2020/2021 £
ASU			
ASU Salaries (incl. on cost)	300,261	292,050	(8,211)
ASU Operational	20,580	5,587	(14,993)
ASU Host Authority Recharge	42,725	42,725	(0)
ASU JC Secretariat Support	14,000 *	-	(14,000)
Technical Lead Recharge Costs	89,747	77,041	(12,706)
ASU Total	467,313	417,403	(49,910)
Professional Costs			
<i>Internal Professional Costs</i>			
JC Secretariat	5,000 *	21,761	16,761
Procurement	60,000	60,000	0
<i>Internal Professional Costs</i>	65,000	81,761	16,761
<i>External Professional Costs</i>			
Strategic & Technical	344,000	344,000	(0)
Legal & Governance	203,450	168,094	(35,356)
<i>External Professional Costs</i>	547,450	512,094	(35,356)
Professional Costs Total	612,450	593,855	(18,595)
Total Costs per 2020/2021	1,079,763	1,011,258	(68,505)
<i>Check</i>			
Cost Per Authority	98,160	91,933	(6,228)

5.2. Current forecast variances against the planned budget are currently expected within the following areas:

- ASU Operational: This budget line includes the travel expenses (typically train fares) incurred by the ASU. The current reliance on virtual, rather than physical meetings means that there is a significant underspend against budget forecast.
- * ASU JC Secretariat & Internal Professional Costs (JC Secretariat): The Committee's agreement of a recommendation at the 17 July 2020 meeting, to extend the Clerking arrangements undertaken by colleagues at Kent County Council for a further 12 months results in a reprofiling of expenditure against these two lines. The additional costs of the technical support for virtual meetings and a further Committee meeting have also been included.

- **Technical Lead Recharges Costs:** This area of spend is also subject to ongoing discussion in the context of ensuring appropriate support for the volume of work on a number of milestones within the current years' Business Plan.
- **Legal & Governance:** Data from the initial months of the current financial year shown an underspend against budget. This coincided with the initial months of lockdown.
- **Strategic & Technical:** The level at which this budget was set assumed a programme of procurements, commencing at the start of 2020/21, to enable the pooling of illiquid assets. Whilst progress towards finalising illiquid recommendations continues, implementing the procurement programme in full will not occur in the current financial year. As a consequence of this delay, at this time, it is considered that no additional budget provision is required to resource the proposal for the procurement included within the agenda item on Communications advice along with advice highlighted within the agenda item on ESG/RI matters. The developing profile of Strategic & Technical advice required by the pool is being monitored and further updates will be brought to future meetings.

6. Risk Summary

- 6.1. A summary of the risk profile is shown below. Further detail is contained within a separate item within this agenda.

	June 20	Sept 20
Red	2	2
Amber	16	15
Green	5	7

7. Recommendations

- 7.1. The Committee is asked to note:

- the Business Plan update
- the current forecast variances against the 2020/21 budget; and
- the summary risk register

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2020/21 Business Plan

Legacy milestones noted where applicable

Appendix

Theme	Milestone	2020/21 activity	September 2020 comment
<p>Actively managed listed assets</p>	<p>Launch remaining Tranche 4a sub-funds (2019/20 legacy milestone)</p>	<p>Two sub-funds: one global equity & one fixed income</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Launch remaining Tranche 4b sub-funds (2019/20 legacy milestone)</p>	<p>One UK equity sub-fund</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Launch of Tranche 5a</p>	<p>Five sub-funds: four global equity & one UK equity</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Launch of Tranche 5b</p>	<p>Three fixed income sub-funds</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Determine, approval & launch of Tranche 6</p> <p><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.</i></p>		<p>Timing for approval & launch TBC</p>

Theme	Milestone	2020/21 activity	September 2020 comment
Actively managed listed assets continued	Establish a process for transitioning between sub-funds. (2019/20 legacy milestone) Scheduled BAU evaluation	An evaluation of BAU arrangements will be undertaken and reported to the Joint Committee in March 2021 to inform future planning.	Dialogue on a potential solution is underway between Link Fund Solutions and the FCA. An update on this matter appears elsewhere on this agenda.
Alternative / non-listed assets	Determine approach to pooling alternative/non-listed assets (2019/20 legacy milestone) Commence implementation of approach to pool illiquid assets	Consideration of requirements and implementation options for ACCESS Authorities' current and proposed investments in illiquid asset classes, including infrastructure. The initial implementation of pooled alternative assets will commence in 2020/21.	Detailed comments on this milestone are included at paragraph 4.4. It is anticipated that recommendations will be brought to the next meeting of the Joint Committee. The initial implementation of pooled alternative assets will commence during 2020/21 once recommendations have been agreed by the JC.
Passively managed assets	Ongoing monitoring of assets managed on a passive basis.	Engagement with UBS will continue throughout the year.	Appropriate support is being considered.

Theme	Milestone	2020/21 activity	September 2020 comment
Governance	<p data-bbox="400 233 714 268">Meetings and oversight</p> <p data-bbox="400 667 692 702">Operational protocols</p> <p data-bbox="400 903 860 938">Engagement with HM Government</p>	<p data-bbox="958 233 1426 347">Arrangements will be made to support meetings of the Joint Committee (usually each quarter).</p> <p data-bbox="958 395 1413 462">Meetings of s151 Officers will also be held.</p> <p data-bbox="958 510 1375 625">Where required training will be provided, this may involve third party providers.</p> <p data-bbox="958 673 1406 858">Further development of protocols around key processes associated with the Pool's day to day operation will take place during 2020/21.</p> <p data-bbox="958 906 1415 1053">ACCESS will liaise with the Scheme Advisory Board as appropriate. Periodic reports will be supplied to MHCLG as required.</p> <p data-bbox="958 1101 1402 1216">The Pool will actively participate with any Cabinet Officer / MHCLG pooling related consultations.</p>	<p data-bbox="1449 233 2018 347">Proposals for a revised meeting cycle of the remainder of 2020/21 are included at paragraph 3.1.</p> <p data-bbox="1449 395 2051 462">A virtual meeting of s151 Officers was held on 21 August 2020.</p> <p data-bbox="1449 510 1816 545">No developments to report.</p> <p data-bbox="1449 673 2056 820">Detailed comments on this milestone are included at paragraph 4.2 and 4.3. These refer to the IAA and officer consideration of Governance sub-group recommendations.</p> <p data-bbox="1449 906 2033 973">An update on this matter appears elsewhere on this agenda.</p> <p data-bbox="1449 1101 1953 1168">Consultations will be considered when published.</p>

Theme	Milestone	2020/21 activity	September 2020 comment
Governance continued	Agreement to Joint Policies & guidelines	<p>The Joint Committee will review its Communications Policy.</p> <p>Work will be undertaken to finalise joint guidelines on ESG / RI.</p>	<p>An update on this matter appears elsewhere on this agenda.</p> <p>An update on this matter appears elsewhere on this agenda.</p>
ACCESS Support Unit (ASU)	Review of ACCESS Support Unit	The size and scope of the ASU will be reviewed.	Subject to ongoing discussion in the context of ensuring appropriate support for the volume of work on a number of milestones within the current years' Business Plan.

Communications



ACCESS Joint Committee

Date: 7 September 2020

Report by Hymans Robertson

Subject:	Communications
Purpose of the Report:	To submit to the Joint Committee an outline for implementing ACCESS' approach to communications and public relations
Recommendations:	<p>The Committee is asked to</p> <ul style="list-style-type: none"> • note the report and attached paper from Hymans Robertson; and • agree the recommendations in the attached paper from Hymans Robertson.
Enquiries to:	<p>Kevin McDonald</p> <p>(kevin.mcdonald@accesspool.co.uk)</p>

1. Background

- 1.1 The Joint Committee identified the need to have a Communications Plan to ensure that key stakeholders are identified, and key messages are directed to the appropriate audience.
- 1.2 A communications workshop was held after the Joint Committee meeting on 17 July, led by Hymans Robertson which ascertained the current perceptions of the ACCESS Pool and identified a number of measures to be implemented to shape future communications and to influence the perceptions.
- 1.3 The 2020/21 Business Plan, as agreed by the Committee at its December 2019 meeting includes a communications review.

2. Budget implications

- 2.1 The attached paper seeks a mandate to proceed with finding external support to implement a communications plan. The potential annual costs are estimated to range from £60k - £100k per year, with an expectation that the initial years' spend would likely be towards the higher end of the range, followed by a decrease in subsequent years.
- 2.2 As outlined within the budget commentary within the Business Plan item on this agenda, in light of delays in commencing the programme of procurements for pooling illiquid assets, it is considered that there is sufficient 2020/21 budget available for Strategic & Technical advice to meet the proposal outlined within the Hymans Robertson paper. The ongoing implications for future years' spending will be incorporated in future budgets.

3. Procurement

- 3.1 A proposed approach to procuring the external support required is being explored by the ASU and will be shared with the Committee ahead of its meeting on 7 September 2020.

4. Recommendations

- 4.1 The Committee is asked to agree the recommendations in the attached report.

ACCESS communications plan

August 2020

For decision

Introduction

The following outlines a proposed communications plan for ACCESS. Officers request JC sign off on:

1. **Communications priorities:** Sign off on the proposed areas of priority for ACCESS to focus on in relation to communications
2. **Confirmation of ASU Director acting as spokesperson for ACCESS in the first instance:** There will be constraints and protocols, including: a) communications must conform with an agreed communications policy including messaging proposed by the OWG which will be signed off by the JC periodically; b) the JC Chairman or nominated JC deputies to sign off ASU Director specific communications when required; and c) JC Chairman or deputy to front communications when appropriate
3. **The mandate to proceed with finding external support to implement a communications plan:** Estimated spend to deliver on priorities could be £60-100k per annum (likely to be higher in year one then it's likely to decrease)
4. **Interim communication messages:** Agreement to communication messages set out in this paper as an interim position pending further review and recommendations to be made within the next 3-4 months.

Why address ACCESS's communications?

We recommend that this communications plan is adopted and implemented as the impression of ACCESS perhaps compares poorly to some of the other pools; and the perception could fall short of the reality.

Addressing communications now will give ACCESS:

- **Greater control on the narrative and perception of ACCESS:** A void in quality or consistency of communication invites others to form or shape opinions of you. That can hinder your progress or worse, lead to criticism or action that could be avoided
- **More ability to influence the direction of pooling:** Effective communications can have a significant role to play in enabling you to influence the direction of the pooling project
- **A more professional and accessible persona:** With close to £50bn AUM and being responsible for the pension savings of c1 million members ACCESS is a significant player in the UK investment landscape. This leads to reasonable expectations of communication and transparency among stakeholders.
- **Greater confidence and communications competence in times of greater scrutiny:** The pooling project is still in its infancy, with detractors as well as proponents. There will be times when ACCESS and its model comes under greater scrutiny. Similarly, ACCESS, like all other major asset stewards, is increasingly likely to have the spotlight shone on its record in relation to responsible investment. Having well-prepared messages and having spokespeople who are practised and at ease with conveying these will be invaluable in those times.

Communications priorities

While addressing ACCESS's communications should be relatively straightforward, it requires a plan and resource to deliver. Resource requirements are likely to be greater at the outset, then should lessen as communications becomes an embedded, business-as-usual part of ACCESS's operations.

The following outlines a proposed sequencing of priorities, with more details on the scope of each below.

Area	Urgency	Hymans support	External agency support
1. Confirmation of ASU Director acting as ACCESS spokesperson in the first instance	High	Yes	
2. Messaging	High	Yes	
3. Search for communications agency	High	Yes	
4. Website refresh	High		Yes
5. Leadership profiling	High		Yes
6. Engagement with government	High	Yes	Yes
7. Review conference programme	Medium		Yes
8. Press engagement	Medium		Yes
9. Annual report	Medium		Yes
10. LinkedIn	Low		Yes
11. Logo/brand update	Low		Yes

1 Confirmation of ASU Director as spokesperson in the first instance:

There will be constraints and protocols, including:

- a) Communications must conform with an agreed communications policy including messaging proposed by the OWG which will be signed off by the JC periodically;
- b) The JC Chairman or nominated JC deputies to sign off ASU Director specific communications when required; and;
- c) The JC Chairman or deputy to front communications when appropriate.

A necessary next step is to update the existing communications policy to outline procedures for:

- i. Updating ACCESS messaging;
- ii. Signing off on communications activities;
- iii. Signing off any copy in relation to communications;
- iv. Who should act as spokespeople for the pool and in which instances;
- v. Reporting back to OWG and the JC on activities.

Our recommendation is that this process should be as straightforward as possible, with a limited number of steps and individuals involved in sign off to allow for the communications strategy to be effective.

2 ACCESS messaging (interim)

We propose the following core messages ACCESS ought to convey through all communications channels for an interim period of 3-4 months. This will provide a framework for the ASU Director and other spokespersons while you appoint a communications agency (see later) to work with the OWG to refine messaging for review and sign off by the JC this year or early in 2021.

2.1 About ACCESS:

We're a collaboration of 11 like-minded LGPS Funds, committed to creating a world-leading investment manager platform.

2.2 Size

Overseeing the investment of [£49.7bn] of pension assets on behalf of [1 million] members & [3,250] employers.

2.3 Benefits of model

Able to make good progress against pooling objectives: We are proud of our progress to date on pooling and speed in delivering pooling benefits. To date we have pooled almost half of our funds under management. Savings already significantly exceed establishment costs. Up to 31 March 2020 we have delivered £ 20.6m in gross savings against total costs to date of £8.4m.

Superior investment management: Using our platform, Funds can make use of the best investment managers in the world in the most cost-efficient way. We can access the best performing managers, and equally we have the power to hold them to account and switch if there are performance issues.

Strong governance framework: With an efficient and flexible operating model, we can switch suppliers to improve the cost effectiveness and/or performance of our underlying infrastructure at any time.

We are set up to do what's best for local pension scheme members: Our fiduciary responsibilities to the local members of our Funds is at the heart of our approach and is why we are set up the way we are. The pool is a platform that enables us to achieve the benefits of pooling investments while retaining local decision-making and control for the Funds. This ensures we don't lose sight of what is best for local members, while ensuring they benefit from collaboration.

2.4 We're well advanced in our pooling journey

It is our objective to become a world-leading investment manager platform. The first task was a detailed assessment of the investment managers held by the Funds pre-pooling. High performing managers that passed that assessment moved on to our platform. The second, which is an ongoing process, is to rationalise the number of managers as we increasingly pool our investments.

Proof point: Consolidation of passive investments with UBS. Where there are obvious benefits of collaboration and hard decisions to be made, they will be made.

2.5 Stewardship

ACCESS is adopting a proactive approach to Responsible Investment/ ESG matters. *[This requires further articulation and potentially further action before it would be appropriate to use this messaging.]*

2.6 Democratic and accountable

As a democratically accountable body, delivering value for money for taxpayers and members is always front of mind.

Proof point: Our pool governance structure is designed to ensure that the pool's service suppliers are (i) delivering services to meet the specification and objectives of the constituent local authorities; and (ii) held to account by officers and democratically elected councillors representing the administering authorities and the funds' stakeholders.

3 Execution plan: next steps on recommended priorities

3.1 Search for communications agency

We recommend that ACCESS appoints a communications agency rather hiring a Head of Communications. An agency will be able to support you on the full range of activities recommended (from press work to website design to engagement with government). At some point in the future, you might consider hiring communications professionals and bringing this function into the ASU.

ACCESS will need to agree a budget for the next year (see below). We suggest that more weight be given to quality than price in the procurement process.

Subject to the JC's agreement on the recommendations in this paper, Hymans will draft a brief which can be used to specify your requirements for the purposes of the procurement process.

The ASU is investigating procurement process options. It is important that the appointment is made soon. One option is a non-OJEU process based on a contract with a duration of 2 years and a value of circa £160k.

Hymans Robertson has had preliminary conversations with several reputable agencies who understand the pensions and investment sector well. We can provide a list of possible candidates for the procurement process.

3.2 Website refresh

Refreshed messaging will be core to this. The extent to which the website is reviewed will be resource dependent and requires further discussion.

3.3 Leadership profiling

It would be hugely beneficial to the Pool to have clearly identifiable leadership. The spokespeople for ACCESS should undergo media training ahead of external activities. This is to ensure each spokesperson is well versed in the messaging and adept at speaking on the behalf of the pool with confidence. A communications agency will support here; and will put in place a programme to increase profile.

3.4 Engagement with Government

ACCESS has done a good job with Government engagement on some specific matters (the matter of fiduciary responsibilities in particular). However, ACCESS has not undertaken regular or sustained engagement on other important matters such as the benefits of its pooling model.

Proactive engagement should be ongoing. Having a planned programme of activity with pre-agreed messages would be beneficial. Communications agencies can provide worthwhile support in preparation and in engagement. Given ACCESS's existing links our expectation is that any agency's role will be limited to the former.

3.5 Review conference programme

While ACCESS is already present at many of the LGPS conferences, having a deliberate plan around which to have a more prominent presence at would be useful.

3.6 Press engagement

Time spent proactively briefing industry journalists on ACCESS's approach and progress to date will pay dividends. It allows you to control the agenda and lay strong foundations in terms of their understanding of your

position and objectives. Ultimately it will lessen the resource burden when there are reactive requests for commentary.

A communications agency will design a media briefings programme for you and support you in executing this. They can also do the heavy lifting in terms of drafting and preparing commentary.

3.7 Annual report

This is an opportunity to reinforce and bring to life the positive messages about ACCESS. With the support of a communications agency, this should be actively promoted through all communications channels to bring a greater awareness and understanding of ACCESS's progress to date amongst stakeholders.

3.8 LinkedIn

Of all social media channels we would recommend that LinkedIn is prioritised and used to share ACCESS-related content. Establishing an ACCESS LinkedIn page will provide a hub for those linked to ACCESS to share and communicate on issues with their own professional networks. This is an easy channel to reach many stakeholders including employers, local government, fund managers and other pools.

An agency will be able to support you with set-up and training. They could also manage the ACCESS account for you. The key to success, however, is for those involved in ACCESS to expand their LinkedIn networks and share information from the central ACCESS account.

3.9 Logo/brand update

The existing brand design is flat and unengaging. We would recommend a basic update of the existing brand to inject more personality and to bring in a more accessible tone of voice. This does not need to be a full scale 'brand review' project; instead a basic update of the logo, some principles on brand style and tone of voice for communications should be sufficient. Again, an agency will be able to support you.

3.10 Update communications policy and review messages

The ACCESS governance manual contains the current "Communications Policy". This should be updated to reflect the 2020 review of communications policy and key messages. Related to this, the OWG should work with the communications agency when appointed to review and refine the interim communication messages with a view to key messages being signed off by the JC in 3-4 months from now.

Budget

The year one budget is likely to be greater than subsequent years. Depending on the scope of activities, the degree to which you lean on a communications agency (and how long for) and the costs they quote, the total annual budget could be in the region of £60-£100k (if website refresh, media training and retained communications services are included).

The best way forward would be to agree a budget then explore what is achievable for that.

At the end of year two, when the communications programme is reviewed and assessed, at that point it may be worthwhile considering whether to bring on board in-house resource (as this may be more cost-effective once the foundations have been laid and all that is required is ongoing management). We believe the expertise of a communications agency would be more cost effective and effective in year one when there are multiple areas to address.

Proposed timelines

Dates	Action	Responsibility
September 2020	Sign off on communications	JC

	<p>priorities</p> <p>Confirm the ASU Director has the authority to act as the ACCESS spokesperson in the first instance</p> <p>Agree communications budget</p> <p>Permission to invite formal tenders from communications agencies</p> <p>ASU to outline appropriate procurement process e.g. non-OJEU</p>	<p>JC</p> <p>JC</p> <p>ASU</p>
Q4 2020 – Q1 2021	Update communications policy	OWG
	Review proposals from communications agencies and select partner	OWG/ASU
	Onboard communications agency	ASU Director
	Set up media training for spokespeople	ASU Director / agency
	Review and refine communication messages	OWG / agency proposal JC to sign off
	Recommend communications programme for 2021	OWG / agency proposal JC to sign off
2021	<p>Implement communications plan</p> <p>Review effectiveness of communications (late 2021)</p>	ASU Director in conjunction with communications agency

Prepared by:-

Julie Hammerton

27th August 2020

For and on behalf of Hymans Robertson LLP

Environmental, Social & Governance (ESG) and Responsible Investment (RI) Guidelines



ACCESS Joint Committee

Date: 7 September 2020

Report by: Officer Working Group

Subject:	Environmental, Social & Governance (ESG) and Responsible Investment (RI) Guidelines
Purpose of the Report:	To provide the Joint Committee with a position statement on the development of updated ESG/RI guidelines for the ACCESS pool
Recommendations:	<p>The Joint Committee (JC) are asked to:</p> <ul style="list-style-type: none"> • note the content of the report.
Enquiries to:	<p>Name – Kevin McDonald E-mail – kevin.mcdonald@accesspool.co.uk</p>

1. Purpose

- 1.1. To provide the Joint Committee (JC) with a position statement on the development of updated ESG/RI guidelines for the ACCESS pool.

2. Background

- 2.1. Following a review of the 11 locally determined ESG/RI *policies* of each of the ACCESS Authorities initial ESG/RI *guidelines* for the pool were drafted. At its January 2018 meeting the Joint Committee agreed these current ESG *guidelines* which form part of the Prospectus which each participating Authority agrees when making an investment in the ACCESS ACS. The current voting guidelines form part of Investment Manager Agreement between Link and the various Managers.
- 2.2. In recognition of the importance of ESG and Responsible Investment to participating Authorities, the 2020/21 ACCESS Business Plan included activity relating to ESG/RI guidelines and the Risk Register reflects a risk in relation to ESG/RI. Both have been copied below:

Theme	Milestone	2020/21 activity
Governance	Agreement to Joint Polices & <i>guidelines</i> .	Work will be undertaken to finalise joint <i>guidelines</i> on ESG/RI.

Ref No.	Description of Risk	Possible Responses: Prevention, reduction, acceptance, contingency, transference	Risk Level	Comments
29	<p>Environmental, Social & Governance (ESG) / Responsible Investment (RI) Guidelines:</p> <p>Notwithstanding the intention of the ACCESS pool being to [facilitate the implementation of local strategies] it has been necessary for the Joint Committee to determine responsible investment terms, voting and stock lending guidelines – all of which were agreed in early 2018. Since that time Authorities will have conducted reviews of their respective Investment Strategy Statements and a number have indicated developments in their respective approaches to ESG/RI matters. The guidelines agreed by ACCESS need to be maintained in order to reflect the requirements of the investing Authorities.</p>	<p>Reduction/Prevention:</p> <p>Existing guidelines to be reviewed; Revised guidelines to be developed</p>	Amber	<p>Updates: -</p> <p>The ASU has conducted a baseline analysis of each ACCESS Authority's latest ESG/RI policy;</p> <p>All Investment Managers with ACCESS portfolios have been surveyed on a range of stewardship and engagement matters;</p> <p>A draft specification for the provision ESG/RI advice has been drawn up.</p>

2.3. At its meeting on 17 July 2020 the Committee noted:

- the status of each Authority’s review of its own RI *policy*;
- the upcoming timescales for compliance with
 - the revised UK Stewardship Code; and
 - the Task Force for Climate Related Financial Disclosures;
- the work in progress on the stewardship and engagement survey of all Investment Managers within the ACCESS ACS; and
- Officer’s view that specialist advice be procured for ACCESS.

2.4. In discussion, the importance of completing this milestone, appropriate timescales and potential next steps were highlighted. There was specific reference made to adherence to both the UK Stewardship Code and the United Nations Principles of Responsible Investment.

3. ESG/RI polices of ACCESS Authorities

3.1. The responsibility for the determination of ESG/RI *policy* remains the province of each ACCESS Authority.

3.2. As part of the baseline for developing and updating the pool’s ESG/RI *guidelines*, the ASU has conducted analysis of Authorities’ latest ESG/RI *policies*.

3.3. In addition to reprising the status information included within the Committee July 2020 report the table below references to the UK Stewardship Code and the United Nations Principles on Responsible Investment (UNPRI) are shown.

	Most recent published ESG/RI Policy	UK FRC Stewardship Code	UNPRI	Expected completion of Policy Review
Cambridgeshire	Apr-19	Supports the principles and is working with advisers with the intention of signing up		2021
East Sussex	Mar-20	Committee has agreed to formally adhere	LFS expects IMs to comply or explain	Complete
Essex	Feb-20	Fully supports the Code and requires IMs to comply		2020
Hampshire	Mar-20	The Pension Fund is a signatory	The Pension Fund is a signatory	Complete
Hertfordshire	Mar-20	Encourages IMS to comply. Authority to sign in 2020		2020
Isle of Wight	Jan-19	Committed to the Code. Developing statement of compliance		2020
Kent	Mar-20	Expects IMS to fully comply	The Pension Fund is a signatory	2020
Norfolk	Jul-19	Expects IMs to sign up & comply		2021
Northamptonshire	Apr-19	Supports the principles and is working with advisers with the intention of signing up		2021
Suffolk	Jun-20	Expects that IMs sign & comply	Expects that IMs sign & comply	Complete
West Sussex	Jul-18	Committed to reviewing position on becoming a signatory	IMs are signatories	2021

IMs = Investment managers

LFS = Link Fund Solutions

- 3.4. A number of ACCESS Authorities have indicated that once the revised ACCESS ESG/RI *guidelines* are finalised, further reviews of local *policies* will take place. It is therefore envisaged that in future updating pool *guidelines* and local *policies* will be an iterative process.

4. Survey of Investment Managers within the ACCESS ACS.

- 4.1. The Committee were advised at its July 2020 meeting that arrangements were in hand with Link Fund Solutions to use a survey template, provided by Norfolk Pension Fund, for dialogue with all Investment Managers within the ACCESS ACS. The survey has also been shared with UBS, as passive managers to ACCESS Authorities, by the ASU.
- 4.2. In total 28 questions were included within the questionnaire. The detailed results of the survey are currently being analysed; however, the following initial themes present themselves:
- All 12 investment managers are signatories to the United Nations Principles of Responsible Investment;
 - All 11 investment managers based in the UK have been assessed as a Tier 1 Asset Manager under the UK Stewardship Code;
 - All 11 investment managers based in the UK have stated the intention to become signatories to the revised FRC UK Stewardship Code; and
 - 6 of the ACS investment managers confirmed that they measure the carbon footprint of their mandate against a carbon benchmark. *Initial reporting on this matter is included within the Investment Performance report elsewhere on this agenda.*
- 4.3. Further reports will be brought to the Committee when the detailed answers have been considered by Link and the ASU.
- 4.4. It is proposed that the summary themes are included on the ACCESS website.

5. Advice to ACCESS on ESG/RI matters

- 5.1. It was reported to the last JC that specialist advice is required on ESG/RI related matters. The intention was that this advice would assist in developing suitable *guidelines* and ensure that ESG/RI is appropriately positioned within ACCESS considerations in future.
- 5.2. It is proposed that the provision of specialist advice includes the following:

Requirement:

- i) advice on developing appropriate ESG/RI pool *guidelines* on behalf of 11 LGPS institutional asset owners;
- ii) ongoing advice on implementing ESG/RI guidelines in a pooled environment.

This will entail:

- an understanding of the LGPS and the pooling agenda;
- an understanding of the ACCESS pool, its stakeholders, objectives and

- principles;
- an understanding of the current and future ESG/RI related challenges faced by, and opportunities open to, institutional asset owners;
- detailed knowledge of the existing ESG/RI policies of the ACCESS Authorities;
- consideration of how commonalities can be built upon and how differences can be navigated;
- advice on the development of ESG/RI *guidelines* for the ACCESS pool;
 - facilitating a workshop for ACCESS authorities to discuss RI views, in order to discuss key beliefs and identify common ground and potential no-go areas
 - drafting the updated *guidelines*
 - drafting a plan for monitoring the updated *guidelines*
 - drafting initial RI statements for the ACCESS website to articulate the position on RI
- an understanding of how to apply such *guidelines* within a pool;
- ongoing advice on implementing ESG/RI *guidelines* within in the LGPS pooled environment.

5.3. Advice can be sought by calling off against the National LGPS Frameworks. Service providers on the framework for Stewardship Related Projects (Lot 5) are as follows:

- Ethical Investment Research Services Ltd (EIRIS)
- Manifest Information Services
- Mercer Ltd
- Oekom Research
- Pensions & Investment Research Consultants (PIRC)
- Sustainalytics UK Ltd

5.4. As noted in the Business Plan OWG work continues on the development of sub-groups focussed on specific milestones. As part of this, discussions are underway on the formation of an ESG/RI “task and finish group”. Authorities have been asked for indicative nominations and it is envisaged that this group, supported by the ASU, would work alongside the appointed service provider on the development of the guidelines.

5.5. Costs estimates on the provision of advice are being sought. As outlined within the budget commentary within the Business Plan item elsewhere on this agenda, in light of delays in commencing the programme of procurements for pooling illiquid assets, it is considered that there is sufficient 2020/21 budget available for Strategic & Technical advice to meet the likely resource required. The ongoing implications for future years’ spending will be incorporated in future budgets

6. Recommendation

Joint Committee are asked to:

6.1. note the content of the report.

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Agenda Item 9

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Agenda Item 11

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