



AGENDA

ACCESS JOINT COMMITTEE

Thursday, 12th November, 2020, at 10.00 am

Ask for: **Joel Cook**

Virtual

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 remarks
4. Minutes of the meeting held on 7 September 2020 (Pages 1 - 6)
5. Business Plan (Pages 7 - 12)
6. Communications (Pages 13 - 16)
7. ESG / RI Position Statement (Pages 17 - 26)
8. Motion to Exclude the Press and Public

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.

EXEMPT ITEMS

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

- | | | |
|------------|--|-----------------|
| 9. | Contract Management | (Pages 27 - 56) |
| 10. | Sub-fund Implementation | (Pages 57 - 62) |
| 11. | ACCESS illiquid asset pooling approach | (Pages 63 - 78) |
| 12. | Fiduciary Duties - Q&A update | (Pages 79 - 86) |

Joel Cook
Clerk to the Joint Committee
03000 416892

Wednesday, 4 November 2020



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.

Business Plan & Risk Summary



ACCESS Joint Committee

Date: 12 November 2020

Report by: Officer Working Group

Subject:	Business Plan & Risk Summary
Purpose of the Report:	To provide an update on the activities undertaken since the last Joint Committee.
Recommendations:	<p>The Committee is asked to note:</p> <ul style="list-style-type: none"> • the Business Plan update; 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 implications

- 2.1. It is anticipated that meetings will be held on a virtual basis for the foreseeable future.

3. Business Plan Update

3.1. Activities shown in the Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:

- Communications
- Environmental, Social Governance (ESG) / Responsible Investment (RI)
- Sub-fund implementation
- Contract Management
- Non-listed assets

3.2. A workshop on the Scheduled BAU evaluation is planned after the JC's meeting has concluded.

4. 2020/21 budget

4.1. Details of anticipated variances against the 2020/21 budget were brought to the last meeting of the JC on 7th September. The budget continues to be monitored and further details will be brought to the JC's next meeting on 13 January 2021.

5. Risk Summary

5.1. A summary of the risk profile is shown below. As no risks have changed their score, or new risks have emerged, the risk profile remains unaltered since the JC's last meeting.

	Sept 20	Nov 20
Red	2	2
Amber	15	15
Green	7	7

6. Recommendations

6.1. The Committee is asked to note:

- the Business Plan update and
- the summary risk register

Legacy milestones noted where applicable

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>Likely to include global equity, fixed interest and emerging market equity sub-funds.</p>	<p>An update on this matter appears elsewhere on this agenda.</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 continues between Link Fund Solutions and the Financial Conduct Authority (FCA). A workshop on this matter will take place after the JC's meeting on 12 November.
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.	An update on this matter appears elsewhere on this agenda. The initial implementation of pooled alternative assets will commence 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.	An Investor User Group has been established, which will enable collective dialogue with investment managers including UBS.

Theme	Milestone	2020/21 activity	September 2020 comment
Governance	Meetings and oversight	<p>Arrangements will be made to support meetings of the Joint Committee (usually each quarter).</p> <p>Meetings of s151 Officers will also be held.</p> <p>Where required training will be provided, this may involve third party providers.</p>	<p>The next two JC meetings are scheduled for:</p> <ul style="list-style-type: none"> - 13 January 2021 - 8 March 2021. <p>A virtual meeting of s151 Officers was held on 23 October 2020. A further meeting is scheduled in December 2020.</p> <p>No developments to report.</p>
	Operational protocols	<p>Further development of protocols around key processes associated with the Pool's day to day operation will take place during 2020/21.</p>	<p>Adoption of the revised Inter Authority Agreement by each Authority is in progress. Officer consideration of Governance sub-group recommendations is in progress.</p>
	Engagement with HM Government	<p>ACCESS will liaise with the Scheme Advisory Board as appropriate. Periodic reports will be supplied to MHCLG as required.</p> <p>The Pool will actively participate with any Cabinet Officer / MHCLG pooling related consultations.</p>	<p>An update on this matter appears elsewhere on this agenda.</p> <p>A return detailing pooling progress as at 31 March 2020 was submitted to MHCLG on 7 September.</p> <p>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 Business Plan for the current year and anticipated for 2021/22.

Communications



ACCESS Joint Committee

Date: 12 November 2020

Report by Officer Working Group

Subject:	Communications
Purpose of the Report:	To update the Joint Committee on the implementation of ACCESS' approach to communications and public relations
Recommendations:	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • note the report; • note that a further report will follow subsequent to the interviews scheduled for 9th November.
Enquiries to:	<p>Kevin McDonald</p> <p>kevin.mcdonald@accesspool.co.uk</p>

1. Background

- 1.1 The 2020/21 Business Plan, as agreed by the Joint Committee (JC) at its December 2019 meeting includes a communications review.
- 1.2 The JC identified the need to have a Communications Plan to ensure that key stakeholders are identified, and key messages are directed to the appropriate audience.
- 1.3 A communications workshop was held after the JC 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.
- 1.4 At its meeting on 7 September 2020, the JC considered a paper recommending appointing external communications support, and a proposal from the ASU that the procurement framework services provided by specialists Bloom be used. The JC agreed these recommendations, and that Essex be designated as the procurement lead authority.

2. Progress

- 2.1 ASU Officers have held meetings with Claire Turner, Bloom's Customer Development Manager to formalise the arrangement and the engagement terms were reviewed in conjunction with Squire Patton Boggs.
- 2.2 Meetings were held at which Hymans Robertson joined the ASU and Bloom. The principle outputs of these are:
 - Hymans reviewed the Bloom category listing and identified two potential suppliers. A further eight names were given to Bloom by Hymans, of which four were subsequently onboarded onto Bloom's framework;
 - a service specification was finalised (this is a Bloom template document which draws heavily on the report Hymans presented to the September JC);
 - the scoring matrix set out below was finalised:

UPDATED	Element	Weighting	
Quality	Written submission	40%	80%
Service fit	LGPS experience	10%	
	Interview	30%	
Price	Price	20%	20%

- 2.3 At its 1 October meeting the Officer Working Group proposed that interviews be conducted by a panel consisting of representation from the JC, OWG and the ASU with an invitation extended to s151 Officers. Hymans Robertson and the ASU will support the panel.
- 2.4 In a 16 October briefing call with Cllr Kemp-Gee and Cllr Barker, the ACCESS JC Chairman and Vice Chairman suggested that Member representation include Cllr Soons from Suffolk.
- 2.5 The service specification was issued to six providers on 21 October.

- 2.6 At their 23 October meeting s151 Officers stated they were comfortable with the panel not including a s151 representative.
- 2.7 Interviews are planned for 9 November. As a consequence, a further paper on this matter will follow, prior to the JC meeting on 12 November. It is anticipated that this paper will contain a recommendation to approve the appointment of an external communications partner.

3. Timetable

- 2.8 Each milestone in the procurement timetable subsequent to the issuance of the service specification is set out below.

Stage	Date
Service specification issued	21/10/20
Deadline for clarification questions	23/10/20
Clarification responses issued	26/10/20
Deadline for bidder submission	28/10/20
Evaluation period commences	29/10/20
Evaluation period concludes	05/11/20
Consensus meeting (if needed)	06/11/20
Confirmation of shortlist	06/11/20
Interviews of shortlisted bidders	09/11/20
Preferred bidder identified	10/11/20
Joint Committee approval	12/11/20
Contact award and commencement	16/11/20

4. Recommendations

- 4.1 The Committee is asked to:

- note the report;
- note that a further report will follow subsequent to the interviews scheduled for 9th November.

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



ACCESS Joint Committee

Date: 12 November 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. • determine the representatives to participate in the selection interview panel.
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 Environmental, Social and Governance (ESG) and Responsible Investment (RI) guidelines for the ACCESS pool.

2. Background

- 2.1. Following a review of the eleven 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 JC 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 on a comply or explain basis.
- 2.2. In recognition of the importance of ESG/RI to participating ACCESS Authorities, the 2020/21 ACCESS Business Plan included activity relating to ESG/RI guidelines. The Risk Register also reflects a risk in relation to ESG/RI. Both have been copied below:

Theme	Milestone	2020/21 activity
Governance	Agreement to Joint Polices & guidelines.	Work will be undertaken to finalise joint guidelines 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. The JC may appoint professional advisers on such terms as it thinks fit.
- 2.4. At its meeting on 7 September the JC noted:
- that responsibility for the determination of ESG/RI *policy* remains the province of each ACCESS Authority;
 - references within all Authorities' ESG/RI policies to both the UK FRC Stewardship Code and United Nations Principles of Responsible Investment;
 - that a statement would be included on the ACCESS website to highlight that
 - All 11 investment managers are signatories to the United Nations Principles of Responsible Investment;
 - All 10 investment managers based in the UK have stated the intention to become signatories to the revised FRC UK Stewardship Code;
 - 9 of the 10 investment managers based in the UK have been assessed as a Tier 1 Asset Manager under the UK Stewardship Code; and
 - currently 6 of the ACS investment managers measure the carbon footprint of their mandate against a carbon benchmark.
 - An outline specification for the provision of specialist advice to develop ACCESS's ESG/RI guidelines;
 - the intention to use Lot 5 of the LGPS Stewardship framework to procure this advice.
- 2.5. The JC agreed that Essex County Council would act as the Lead Authority for the purposes of procuring the ESG/RI advice, and this will be conducted in line with Essex County Council procurement arrangements. The final stage of the procurement will be a recommendation to the JC when it meets on 13 January 2021 on the appointment of a preferred provider. Essex County Council will then enter into a contract with the appointed adviser on behalf of the Authorities.

3. Advice to ACCESS on ESG/RI matters

- 3.1. Since the last meeting of the Committee, an Officer Task & Finish Group has been formed of Officers. Whilst drawn from nine Authorities the Officers are representing ACCESS rather than a local interest. This group has met on five occasions.
- 3.2. The specification drawn up by this group builds on the detail included within the JC's last report in September, and is included at Annex A.
- 3.3. Advice in two phases is required. Although it is possible that one provider could undertake both phases, separate procurements will take place for Phase 1 (using the Stewardship Advisory Services LGPS National Framework) and Phase 2.

Phase 1

- i) advice on developing ESG/RI pool guidelines on behalf of eleven LGPS institutional asset owners;
- ii) drafting of ESG/RI pool guidelines;

- iii) advice on implementing ESG/RI guidelines in a pooled environment; and
- iv) advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the guidelines and inform discussion on ESG/RI matters.

Phase 2

- i) deliver reporting requirements to provide transparency to stakeholders, monitor adherence to the guidelines and inform discussion on ESG/RI matters.
- ii) provide comment on developing of the reporting requirements to reflect industry changes and best practice.

3.4. For the Phase 1 procurement the evaluation criteria will be based upon the following:

Quality	40%
Service Fit	40%
Commercials:	20%
 Total	 100%

3.5. A selection interview will be worth 30% of the total score and will consist of both Quality and Service Fit components. The evaluation criteria will split across the written format and interview format on a 70:30 basis.

3.6. The outline Phase 1 procurement timetable is set out below. The process includes a final selection interview. The suggestion is that up to 3 Joint Committee Members participate on this panel, along with s151 and OWG representation.

Date	Action	Participants	Status
30 October 2020	Detailed specification and evaluation finalised	Officer Task & Finish Group (drafting) OWG (agreement)	Complete
12 November	Update on progress	JC	Complete
Mid November	Procurement launched	ASU	On track
Early December	Deadline for responses	Lot 5 service providers	On track
Mid December	Evaluation of responses	Officer Task & Finish Group	On track
Mid December / early January	Final selection interview	Selection interview panel: <ul style="list-style-type: none"> • Up to 3 JC Members • s151 Officer (East Sussex) • OWG representation • ASU 	On track

13 January 2021	Approval of appointment	JC	On track
31 January 2021	Appointment ratified	Essex County Council	On track

4. Recommendation

JC are asked to:

- 4.1. note the content of the report
- 4.2. determine the representatives to participate in the selection interview panel

Advice to ACCESS on ESG/RI matters: Specification

ACCESS background

In response to the Government's pooling initiative, in early 2016 eleven Local Government Pension Scheme (LGPS) Authorities came together to form ACCESS.

Building on commonalities including similar approaches to investing and the exclusive use of external asset managers, the eleven Authorities agreed the following principles set out below:

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 how these principles are applied was the fundamental importance of both *democratic accountability* and the *fiduciary duty of those charged with governance of the LGPS at each local Authority*.

ACCESS objectives are to:

1. enable Authorities to execute their fiduciary responsibilities to LGPS stakeholders;
2. provide a range of asset types necessary to enable Authorities to execute their locally decided investment strategies; and
3. enable Authorities to achieve the benefits of pooling and create the desired level of local decision-making and control.

The pooling arrangements are underpinned by an Inter Authority Agreement (IAA) which frames the relationship between the individual Authorities and a Joint Committee. The Joint Committee comprises of one nominated Councillor from each LGPS Authority.

ACCESS in 2020/21

As at 30 June 2020 assets totalling **£25bn**¹ invested under ACCESS pooled governance in the following ways:

- **£12bn** in jointly procured passive mandates with UBS for equity and fixed income assets; and
- **£13bn** across 15 sub-funds and 10 investment managers within an Authorised Contractual Scheme (ACS), operated by Link Fund Solutions. Currently investments are in equity, fixed income and diversified growth assets.

¹ This represents c. 50% of the total AUM of all 11 ACCESS Authorities

The ACCESS Business Plan for the year to 31 March 2021 includes:

- the continuance of the listed asset pooling programme;
- the commencement of a programme to pool alternative asset classes (private debt, private equity, infrastructure and property); and
- a review of the pool's ESG/RI guidelines.

ACCESS ESG/RI Guidelines

Whilst ACCESS has been established to enable Authorities to execute their locally decided investment strategies and meet their local fiduciary responsibilities, as part of the establishment of the ACS and in line with good governance, guidelines have been agreed by the Joint Committee in relation to Responsible Investment. These guidelines have been drawn from the commonalities that exist across the individual ESG/RI Policies of each ACCESS Authority . A set of Voting Guidelines was finalised at the same time (2018). Pool reporting on ESG/RI matters is developing.

In the time since Authorities have reviewed and updated / expanded their respective ESG/RI Policies in response to both their own requirements and the evolving expectations place upon institutional investors. Furthermore, some Authorities continue to actively develop their policies in this area during 2020/21.

The ACCESS ESG/RI Guidelines therefore require review to ensure they continue to be reflective of the position of the ACCESS Authorities.

Lead Authority

Essex County Council are acting as Lead Authority for the procurement of ESG/RI advice on behalf of ACCESS Authorities.

ESG/RI advice requirement

Advice in two phases is required. Although it is possible that one provider could undertake both phases, separate procurements will take place for Phase 1 and Phase 2.

Phase 1

1. advice on developing ESG/RI pool guidelines on behalf of eleven LGPS institutional asset owners;
2. drafting of ESG/RI pool guidelines;
3. advice on implementing ESG/RI guidelines in a pooled environment;
4. advice on future reporting requirements to provide transparency to stakeholders, monitor adherence to the guidelines and inform discussion on ESG/RI matters.

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 each of the ACCESS Authorities, their stakeholders, objectives, principles and key beliefs including detailed knowledge of their existing and developing ESG/RI policies;

- an understanding of the current and future ESG/RI related challenges faced by, and opportunities open to, institutional asset owners;
- consideration of how commonalities between investors can be built upon and how differences can be navigated;
- advice on ESG/RI guidelines for the ACCESS pool:
 - facilitating a workshop for ACCESS authorities to discuss ESG/RI views, in order to discuss objectives, principles and key beliefs and identify common ground, any differences and red lines;
 - drafting the updated *guidelines*;
 - presenting draft updated *guidelines* to the Joint Committee;
 - drafting a plan for monitoring adherence to the updated *guidelines* to provide transparency to stakeholders and inform discussion on ESG/RI matters; and
 - drafting initial RI statements for the ACCESS website to articulate the position on RI;
- an understanding of how to apply such guidelines within different asset classes and structures including the ACS, with advice on how guidelines should be implemented through sub-fund documentation and sub-fund manager relationships;
- advice on implementing ESG/RI guidelines within the LGPS pooled environment;
- an understanding of the current and future ESG/RI reporting expectations of institutional asset owners; and
- advice on future ESG/RI reporting requirements that are both appropriate and deliverable, to provide transparency to stakeholders, monitor adherence to the guidelines and inform discussion on ESG/RI matters.

ACCESS will keep the guidelines under review and reserves the right to commission further advice at a future point.

Information on Phase 2 is provided below for the purpose of completeness and to assist potential Phase 1 suppliers in developing their response. The Phase 2 specification will be further shaped by the outputs of Phase 1.

Phase 2

1. deliver reporting requirements to provide transparency to stakeholders, monitor adherence to the guidelines and inform discussion on ESG/RI matters.
2. provide ongoing commentary on any required development of the reporting requirements to reflect industry changes and best practice.

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 each of the ACCESS Authorities, their stakeholders, objectives, principles and key beliefs including detailed knowledge of their existing and developing ESG/RI policies;
- detailed knowledge of the development of ACCESS's ESG/RI guidelines;
- an understanding of the current and future ESG/RI related challenges faced by, and opportunities open to, institutional asset owners with particular reference to reporting requirements;

- the capacity to deliver ESG/RI reporting requirements to satisfy the needs of the eleven ACCESS Authorities and the Joint Committee;
- the ability to monitor developments in ESG/RI reporting requirements;
- the capacity to recommend and implement revised ESG/RI reporting requirements.

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Agenda Item 9

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Agenda Item 11

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