



AGENDA

ACCESS JOINT COMMITTEE

Wednesday, 13th January, 2021, 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. Chairman's remarks
4. Minutes of the meeting held on 12 November 2020 (Pages 1 - 6)
5. Business Plan, budget & risk summary (Pages 7 - 26)
6. 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 will likely not be open to the public

- | | | |
|------------|--------------------------|------------------|
| 7. | Illiquid assets | (Pages 27 - 40) |
| 8. | ESG/RI | (Pages 41 - 44) |
| 9. | Performance | |
| 10. | Sub-fund implementation | (Pages 45 - 50) |
| 11. | Contract Management | (Pages 51 - 88) |
| 12. | Risk Register | (Pages 89 - 94) |
| 13. | Link presentation | |
| 14. | Scheduled BAU Evaluation | (Pages 95 - 104) |

Joel Cook
Clerk to the Joint Committee
03000 416892

Tuesday, 5 January 2021



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held virtually on Thursday, 12th November, 2020.

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

ALSO PRESENT: Kevin McDonald (ASU), Mark Paget (ASU), Dawn Butler (ASU), Clifford Sims (Squire Patton Boggs) and John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Glenn Cossey (Norfolk), Jody Evans (Essex), Paul Finbow (Suffolk), Sian Kunert (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), and Joel Cook (Kent - Clerk).

UNRESTRICTED ITEMS

220. Apologies/Substitutes.
(Item. 1)

1. Apologies were received from Cllr Adrian Axford (Isle of Wight) and Cllr Jeremy Hunt (West Sussex). Cllr Vanessa Churchman substituted for Cllr Axford.

RESOLVED that the apologies and substitutes be noted.

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

1. No declarations of interest were made.

222. Chair's remarks.
(Item. 3)

1. The Chair confirmed that interviews for Communications/public relations partner had taken place on 9 November with Cllr Soons joining the Chair and Vice Chair on the panel. In thanking Cllr Soons and Cllr Barker for their involvement he highlighted that a report on the matter appeared later in the agenda.

2. The Chair assured Members that the development of new workstreams would involve the input of other members of the Joint Committee.
3. It was confirmed that training with public relations advisors would be made available to members of the Joint Committee.

RESOLVED that the Chair's remarks be noted.

223. Minutes of the meeting held on 7 September 2020.
(Item. 4)

RESOLVED that the minutes of the meeting on 7 September 2020 were a correct record and that they be signed by the Chair.

224. Business Plan.
(Item. 5)

1. Kevin McDonald (ASU Director) provided an update on the Business Plan and Risk Register. He confirmed that further budget information would be made available at the Joint Committee's January meeting. Mr McDonald stated that the risk profile remained unchanged, though assured Members that the profile was under constant review.
2. Mr McDonald outlined developments which had occurred since the publication of the agenda. He introduced a proposal which had been received from the Border to Coast Pensions Partnership pool, to commission research into the performance, structure and use of overseas pension pools. Mr McDonald noted that the proposal had been made due to the maturity of many overseas pools in comparison to those within the UK and that a majority consensus had been received from other pools within England and Wales to commission the research. In regard of timescale Mr McDonald estimated that the project from commissioning to completion would be 6 months.
3. Mr McDonald advised that the total cost implication for the ACCESS pool had been estimated at £20,000.
4. Members queried the MHCLG involvement in the project and whether any risks had been identified in terms of future relationships between the Ministry and participating pools. Mr McDonald assured the Joint Committee that MHCLG would be interested in the outcome of the research and no relevant risks had been identified.

RESOLVED that the Joint Committee:

- a) note the Business Plan update;
- b) note summary Risk Register; and
- c) agree to ACCESS' involvement in the research report and the associated spend.

225. Communications.
(Item. 6)

Consideration of Item 6 was moved to after consideration of Item 7 – to allow for transition into exempt for the remainder of the meeting (Part II items as per published agenda).

1. Mr McDonald outlined the progress made regarding the public relations arrangement and engagement terms which had been formed with Bloom in conjunction with advice from Squire Patton Boggs.
2. Mr McDonald noted that Hymans Robertson had been involved in the shortlisting of service providers from Bloom's category list and had identified two potential suppliers. John Wright (Hymans Robertson) confirmed that providers had been evaluated against a service specification and weighted scoring matrix.
3. The Chair congratulated Bloom and Hymans Robertson for their involvement in the sourcing and delivery of high-quality interviews.

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.

The Committee moved into exempt session during consideration of Item 6.

4. Mr McDonald introduced the supplementary report and outlined the timetable of actions taken to facilitate a well governed procurement.
5. Cllr Soons informed the Joint Committee that she had asked both interviewed agencies the same set of questions and that she had been impressed with the responses of the successful candidate in terms of the depth of understanding, experience and enthusiasm. The Chair concurred with these sentiments.
6. The Chair said he would value Cllr Soons' involvement in future workshops delivered by the public relations advisors.
7. Mr McDonald highlighted the cost of the advice on a year one and two cost basis, though reminded Members that the contract was for two years.

RESOLVED that the Joint Committee:

- a) note the report;
- b) note the outcome of the procurement process; and
- c) agree the appointment of Engine MHP to provide external communications support for a period of 2 years.

226. ESG / RI Position Statement.

(Item. 7)

1. Mark Whitby (Cambridge & Northamptonshire) provided an update on ESG and RI developments. He confirmed that the task and finish group for the procurement of ESG advice had been formed and that a two-stage

procurement had been planned, which comprised the implementation of guidelines and comprehensive information reporting.

2. It was noted that the task and finish group were due to meet next on 13 November 2020.
3. Members discussed proposals for the membership of the ESG advice selection interview panel.
4. Cllr Ekins agreed to substitute for members of interview panel if required.

RESOLVED that the Joint Committee:

- a) note the content of the report; and
- b) determine that the Chair, Vice-Chair and Cllr Fox represent the Joint Committee on the selection interview panel.

227. Motion to Exclude the Press and Public.

(Item. 8)

Motion to Exclude passed during consideration of Item 6 – Communications.

228. Contract Management.

(Item. 9)

1. Mark Paget provided a verbal overview of the report and confirmed that negotiations had concluded successfully with Link regarding the addition of updated KPIs and the agreement to amend the level of Links Insurance cover.
2. Mr Paget informed the Joint Committee that a virtual Investor Day event was scheduled on 17 December between 1300-1500, that Northern Trust were due to present and that a recording would be made available.
3. Mr Paget outlined the insurance agreement covering Link's services and confirmed that insurance advice had been provided on contractual basis.
4. Mr McDonald confirmed to the Joint Committee that the ASU had been internally audited by Essex County Council and that the results of the audit would be brought to the January committee meeting.

RESOLVED that the Joint Committee matters highlighted within the report, the activity that has taken place and forthcoming plans be noted.

229. Sub-fund Implementation.

(Item. 10)

1. Andrew Bouflower (Hampshire) updated the Joint Committee on the launch of the ACS investment sub-funds. He affirmed that the launch had to that point progressed as planned. The different tranches and progress of each individual sub-fund were outlined to Members.

2. It was confirmed that the agreement of all ACCESS member authorities had been required to launch the sub-funds.
3. Mr McDonald agreed to circulate figures with the Joint Committee subsequent to the launch of the sub-funds.
4. Planned sub-funds were highlighted.

RESOLVED that the Joint Committee note the progress in launching the ACS investment sub-funds.

230. ACCESS illiquid asset pooling approach.

(Item. 11)

Sam Gervaise-Jones of bFinance was in attendance for this item.

1. Alex Younger (Norfolk) provided a verbal overview of the illiquid asset pooling approach report. Real estate, private equity, private debt and infrastructure were highlighted as the primary categories of illiquid asset held by member authorities, Mr Younger stressed that these assets were long term investments.
2. Mr Younger confirmed that future new money investments in illiquid assets would be pooled and that it was economically inefficient to transfer or sell long term private market assets at the time of the meeting.
3. Sam Gervaise-Jones (bFinance) gave a summary of bFinance's engagement with member authorities. He noted that different approaches were required across each asset class. Mr Gervaise-Jones recommended the use of an Implementation Advisor and Allocator to consult and assist member authorities in the creation of common definitions for asset types and further private equity partnerships. He outlined the advantages an Allocator would have for the pool within the field of global real estate investment.
4. Mr Gervaise-Jones reassured the Joint Committee that investments were still able to be multi-classed and that there was no need to tightly define all illiquid assets during phase one.
5. Mr McDonald outlined the timeline for phase one of the illiquid asset pooling approach project and noted that the proposed developments were to be taken to Section 151 Officers prior to further consideration from the Joint Committee at its January meeting.

RESOLVED that the Joint Committee note the report.

231. Fiduciary Duties - Q&A update.

(Item. 12)

1. Clifford Sims (Squire Patton Boggs – Legal Advisor) provided a verbal update and overview of the report, which outlined the Q&A document produced by Norfolk County Council. He confirmed that contact had been made with the LGA on behalf of the Scheme Advisory Board.
2. Mr Sims suggested that further legal comments be presented at a subsequent Joint Committee meeting, in order that legal advice be consolidated and exhaustive.
3. It was confirmed that the draft document could be shared with ACCESS authority pension committees on a confidential basis as the document was still subject to further legal expert review.

RESOLVED that the Joint Committee note the report and thanked Norfolk County Council for developing and sharing the Q&A document.

**2020/21 Business Plan update, revised
outturn and Risk Summary**

**2021/22 Proposed Business Plan and
Budget**



ACCESS Joint Committee

Date: 13 January 2021

Report by: Officer Working Group

Subject:	<p>2020/21 Business Plan update, revised outturn and Risk Summary</p> <p>2021/22 Proposed Business Plan and Budget</p>
Purpose of the Report:	<p>To provide an update on the activities undertaken since the last Joint Committee.</p> <p>To propose a Business Plan and Budget for 2021/22.</p>
Recommendations:	<p>The Committee is asked to note the 2020/21 updated business plan, the revised outturn and summary risk register.</p> <p>The Committee is also asked to consider the proposed business plan and budget for 2021/22 and</p> <ul style="list-style-type: none"> • recommend the 2021/22 business plan to the ACCESS Authorities; and • accepts the recommendation of the s151 Officers from ACCESS Authorities to determine the 2021/22 budget totalling £1.247m to support the proposed business plan.
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 year's plan and to be charged to the relevant Authorities.

2. COVID-19 implications

- 2.1. It is anticipated that meetings will continue be held on a virtual basis.

3. 2020/21 Business Plan – general 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:
 - Environmental, Social Governance (ESG) / Responsible Investment (RI)
 - Alternative / illiquid assets
 - Sub-fund implementation
 - Contract Management
 - Scheduled BAU evaluation
- 3.2. A workshop on Communications is planned after the JC's meeting has concluded.
- 3.3. As notified at the JC's September meeting Authorities are in the process of adopting the revised ACCESS Inter Authority Agreement (IAA).

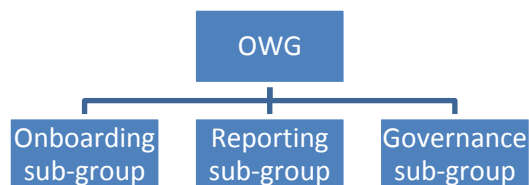
4. 2020/21 Business Plan – review of size & scope of ACCESS Support Unit

4.1. The 2020/21 Business Plan includes a review of the size and scope of the ACCESS Support Unit (ASU). The key milestones in the review are set out below:

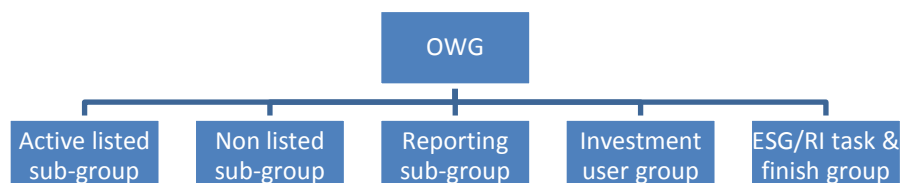
Date	Activity
1 October 2020	Discussion paper 1 issued to OWG
October & November	Interim ASU Director undertakes virtual visits to each Authority
Late November	Discussion paper 2 issued to OWG
3 December	OWG agreement to proposals
11 December	S151 officers' agreement to proposals
13 January 2021	Joint Committee

4.2. The first discussion paper noted that the current size of the ASU was based on consideration of a scenario that none of the Authorities had at that time encountered, and itself was a compromise. The strong levels of collaboration and engagement were highlighted along with the high value placed on the work of both Technical Leads in supporting key workstreams and Kent County Council in providing Secretariat service. The increased workload on LGPS Authorities, stemming from pooling, but also other matters (e.g. McCloud) were outlined. The paper noted the growing complexity of workstreams and the lack of resilience within the current ASU structure. Analysis of the existing ASU officer role profiles indicated implicit rather than explicit reference to pool's most fundamental stakeholders - the ACCESS Authorities. The requirements were noted of both effective contract and supplier relationship and the expanded officer group structure which commenced in September:

Former officer group structure (pre lockdown)



New officer group structure (from September 2020)



4.3. Common themes discussed during the virtual visits were:

- recognition of the increased pressure on Authorities;
- acceptance that the ability to increase Technical Lead capacity was unlikely;
- recognition of the increased workload implication of the business plan on the ASU; and
- support for an expanded ASU.

4.4. Discussion paper 2 proposed that the ASU be increased from 3 full time equivalent posts (FTEs) to 5. The proposed two new posts, both of which increase the ASU's resilience, are:

a Client Manager: at the same grade as Contracts Manager. The role would act as champion for ACCESS Authorities' requirements across all levels of engagement representation and investment. It would involve anticipating and identifying commonalities between Authorities and translating these into plans and outcomes. The role combines active involvement throughout the ACCESS governance model with hands on initiation of workstreams and representing the ASU to the JC and s151 Officers.

an additional Support Officer: at a similar grade to the existing Support Officer. This role would reinforce ASU capacity to support the increased activity and the expanded officer group structure.

4.5. The estimated cost of this revision, including salaries, Employer's NI and LGPS contributions, is £160,000.

4.6. The proposal also includes the suggestion to leave the existing Technical Lead profile in place and review after the revised ASU FTE establishment has been implemented.

4.7. On 3 December the above proposals were discussed and agreed by OWG.

4.8. On 11 December the above proposals were discussed and agreed by s151 Officers. As a consequence, the financial implications of the proposals have been included within the 2021/22 budget.

5. 2020/21 budget

5.1. At its December 2019 meeting the JC determined a budget of £1.080m to support the 2020/21 Business Plan. Details are included overleaf:

	Original Budget 2020/2021 £	Revised Budget 2020/2021 £	January JC forecast 2020/2021 £	Overspend / (Underspend) 2020/2021 £
ASU				
ASU Salaries (incl. on cost)	300,261	300,261	296,740	(3,521)
ASU Operational	20,580	20,580	15,625	(4,955)
ASU Host Authority Recharge	42,725	42,725	42,725	(0)
ASU JC Secretariat Support	14,000 *	-	-	-
Technical Lead Recharge Costs	89,747	89,747	45,146	(44,601)
ASU Total	467,313	453,313	400,236	(53,077)
Professional Costs				
<i>Internal Professional Costs</i>				
JC Secretariat	5,000 *	19,000	16,502	(2,498)
Procurement	60,000	60,000	45,000	(15,000)
<i>Internal Professional Costs</i>	<u>65,000</u>	<u>79,000</u>	61,502	(17,498)
<i>External Professional Costs</i>				
Strategic & Technical	344,000	344,000	353,450	9,450
Legal & Governance	203,450	203,450	154,600	(48,850)
<i>External Professional Costs</i>	<u>547,450</u>	<u>547,450</u>	508,050	(39,400)
Professional Costs Total	612,450	626,450	569,552	(56,898)
Total Costs per 2020/2021	1,079,763	1,079,763	969,788	(109,975)
<i>Check</i>				
Cost Per Authority	98,160	98,160	88,163	(9,998)

5.2. * Reflecting the decision at the July JC to extend to provision of Secretariat services by Kent County Council; the required reprofiling is reflected within the column entitled "Revised Budget 2020/21".

5.3. Key forecast variances against budget are outlined below:

- ASU Operational: this budget line includes travel expenses which are not being incurred in the current virtual meeting environment;
- Technical Lead recharge costs: these costs have tended to be less than anticipated. During 2020/21 the number of Technical Leads able to devote time has reduced from four officers to three;

- Procurement: the budget was based on an assumed four procurements during the year. This is now anticipated to be three (Communications partner; ESG/RI adviser, Illiquids Implementation Adviser);
- Legal & Governance: the budget assumed that implementation of illiquids would have commenced at the start of the current financial year. It is now forecast that these costs are likely to fall into 2021/22.

6. Risk Summary

6.1. A summary of the risk profile is shown below.

	Nov 20	Jan 20
Red	2	2
Amber	14	14
Green	7	7

7. 2021/22 Business Plan and budget

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

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

Alternative / non-listed assets: the implementation of pooled alternative assets will commence.

Passive assets: ongoing monitoring and engagement with UBS.

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

ACCESS Support Unit (ASU): the completion of the implementation of the increased ASU.

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

7.3. A draft budget totalling £1.247m for 2021/22 is also included within Annex 2. The assumptions underpinning the budget include:

- A full year effect on an ASU increased in size from three to five full time members of staff (as detailed in section 4);
- Joint Committee Secretariat services remaining with Kent County Council for the duration of 2021/22;
- External consultancy on a range of matters including:

- the establishment of pooled arrangements for alternative assets, along with associated procurements and technical advice;
 - the development and implementation of pool Environmental, Social and Governance (ESG) / Responsible Investment (RI) guidance along with associated required reporting;
 - pool communications and communications strategy.
- External legal advice.

7.4. The draft budget was discussed at the s151 Officer meeting on 11 December who agreed that it should be recommended to the Joint Committee.

8. Recommendations

- 8.1. The Committee is asked to note the 2020/21 updated business plan, the revised outturn and summary risk register.
- 8.2. The Committee is also asked to consider the proposed business plan and budget for 2021/22 and
- recommend the 2021/22 business plan to the ACCESS Authorities; and
 - accepts the recommendation of the s151 Officers from ACCESS Authorities to determine the 2021/22 budget totalling £1.247m to support the proposed business plan.

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Legacy milestones noted where applicable

Theme	Milestone	2020/21 activity	January 2021 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	January 2021 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). 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.	An update on this matter appears elsewhere on this agenda. The initial work required for the 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	January 2021 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 JC meeting is scheduled for 8 March 2021.</p> <p>A virtual meeting of s151 Officers was held on 11 December 2020. A further meeting is scheduled for February 2021.</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 provided to MHCLG as required.</p> <p>The Pool will actively participate with any Cabinet Officer / MHCLG pooling related consultations.</p>	<p>A return detailing pooling progress as at 31 March 2020 was submitted to MHCLG on 7 September 2020.</p> <p>Consultations will be considered when published.</p>

Theme	Milestone	2020/21 activity	January 2021 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>A Communications workshop is planned immediately after the January JC.</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.	The review and its implications are detailed in section 4 of this report.

2021/22

Business Plan & Budget

Introduction

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

The following strategic objectives are in place:

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

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

The governing principles are set out below, and the annual business plan for 2021/22 is on the following pages.

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

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

Context

Significant progress continued during 2020/21 in pooling active listed assets, and key groundwork took place in identifying and establishing the pool's approach to illiquid assets.

During 2020/21 the Joint Committee appointed both a Communications partner and an ESG/RI adviser.

In early 2021, as part of ongoing collaborative working, a joint procurement for global custody services is scheduled for completion.

It is anticipated that 2021/22 will see key activities within the following themes:

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

Alternative / non-listed assets: the implementation of pooled alternative assets will commence.

Passive assets: ongoing monitoring and engagement with UBS.

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

ACCESS Support Unit (ASU): the completion of the implementation of the increased ASU.

Business Plan

Each theme within the business plan includes milestones planned for the year. The strategic nature of ACCESS's objectives means that a number of the 2021/22 milestones build on work previously undertaken and will in turn provide the foundation for further milestones in subsequent years.

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

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

Budget

A budget totalling **£1.247m** to support the business plan is included at the end of this paper.

Theme	Milestone	2021/22 activity
Actively managed listed assets	Launch of Tranche 5b	Anticipated June 2021
	Launch of Tranche 6	Anticipated July 2021
	Determine, approval & launch of Tranche 7	Timing for approval & launch TBC
	<i>Ensure sub-funds meet Link's due diligence requirements and ACCESS Authorities' Value for Money criteria (including transition activity). Manager search and selection activity where required. Work with Link to submit applications to the FCA for approval of the set-up of sub-funds. Launch. A process for transitioning between sub-funds is established.</i>	
	Scheduled BAU evaluation	Implement outcomes of Scheduled BAU evaluation
Alternative / non-listed assets	Implementation of approach to pool illiquid assets. <i>Following work undertaken in 2020/21 to consider the needs and implementation options.</i>	The implementation of pooled alternative assets will commence in 2021/22. The work undertaken, and

Theme	Milestone	2021/22 activity
Alternative / non-listed assets (contd.)		potentially aspects of any training, will use third-party providers as required.
Passively managed assets	<p>Ongoing monitoring of assets managed on a passive basis.</p> <p><i>This follows the migration of passive assets held by ACCESS Authorities to UBS in early 2018.</i></p>	Engagement with UBS will continue throughout the year.
Governance	<p>Meetings and oversight</p> <p>Operational protocols</p> <p>Engagement with HM Government</p>	<p>Arrangements will be made to support meetings of the Joint Committee (usually each quarter). Meetings of s151 Officers will also be held. Where required training will be provided, this may involve third party providers.</p> <p>Further development of protocols around key processes associated with the Pool's day-to-day operation will take place during the year. Third-party providers will be used where required.</p> <p>ACCESS will liaise with the Scheme Advisory Board as appropriate.</p> <p>Periodic reports will be provided to MHCLG as required.</p>

Theme	Milestone	2021/22 activity
	Joint Policies & guidelines.	<p>The Pool will actively participate with any Cabinet Officer / MHCLG pooling-related consultations.</p> <p>The Communications plan will be implemented.</p> <p>The review of joint guidelines on ESG / RI will be completed.</p>
ACCESS Support Unit (ASU)	ACCESS Support Unit	The implementation of the increased ASU will be completed.

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

Budget 2021/22

The budget for 2021/22 is detailed below.

	Draft Budget 2021/2022 £
ASU	
Interim ASU Support	-
ASU Salaries (incl. on cost)	460,261
ASU Operational	20,580
ASU Host Authority Recharge	64,087
Technical Lead Recharge Costs	40,000
ASU Total	584,928
Professional Costs	
<i>Internal Professional Costs</i>	
JC Secretariat	21,761
Procurement	45,000
<i>Internal Professional Costs</i>	66,761
<i>External Professional Costs</i>	
Strategic & Technical	433,000
Legal & Governance	162,330
<i>External Professional Costs</i>	595,330
Professional Costs Total	662,091
Total	1,247,020
<i>Check</i>	<i>(129,257)</i>
Cost Per Authority	113,365

The key assumptions contained within the budget are outlined overleaf.

Key budget assumptions

A full year effect on an ASU increased in size from three to five full time members of staff (as detailed in section 4 of the cover report).

Joint Committee Secretariat services remaining with Kent County Council for the duration of 2021/22;

External consultancy on a range of matters including:

- the establishment of pooled arrangements for alternative assets, along with associated procurements and technical advice;
- the development and implementation of pool Environmental, Social and Governance (ESG) / Responsible Investment (RI) guidance along with associated required reporting;
- pool communications and communications strategy.

External legal advice.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 7

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of the Local Government Act 1972.

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