



AGENDA

ACCESS JOINT COMMITTEE

Monday, 6th June, 2022, at 11.00 am

Ask for: **Joel Cook**

**Bevin Hall, LGA Building, 18 Smith Square,
London, SW1P 3HZ**

Telephone **03000 416892**

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

Membership

Chair: Cllr Mark Kemp-Gee (Hampshire CC), **Vice-Chair: Cllr Susan Barker** (Essex CC), **Cllr Debbie Andre** (Isle of Wight), **Cllr Gerard Fox** (East Sussex CC), **Cllr Jeremy Hunt** (West Sussex CC), **Cllr Malcolm Longley** (West Northamptonshire), **Cllr Judy Oliver** (Norfolk CC), **Cllr Charlie Simkins** (Kent CC), **Cllr Karen Soons** (Suffolk CC), **Cllr Alison Whelan** (Cambridgeshire CC) and **Cllr Andrew Williams** (Hertfordshire CC)

UNRESTRICTED ITEMS

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

1. Apologies and Substitutes
2. Declaration of interests in items on the agenda
3. Chair's remarks
4. Minutes of the meeting held on 7 March 2022 (Pages 1 - 6)
5. Internal Audit of the ACCESS Support Unit (Pages 7 - 26)
6. Business Plan, Budget & Risk Management (Pages 27 - 46)

Motion to Exclude the Press and Public

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)

- | | | |
|------------|------------------------------------------------------------|-------------------|
| 7. | Exempt Minutes of the meeting held on 7 March 2022 | (Pages 47 - 52) |
| 8. | Responsible Investment Guidelines | (Pages 53 - 104) |
| 9. | Alternative Investments Implementation Advisor Procurement | (Pages 105 - 108) |
| 10. | Performance Report | (Pages 109 - 140) |
| 11. | Sub-fund Implementation | (Pages 141 - 152) |
| 12. | Contract and Supplier Relationship Management | (Pages 153 - 172) |
| 13. | Business As Usual Evaluation | (Pages 173 - 178) |

Joel Cook
Clerk to the Joint Committee
03000 416892

Wednesday, 25 May 2022



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held on Monday, 7th March, 2022.

PRESENT: Chair: Cllr Mark Kemp-Gee (Hampshire CC), Vice-Chair: Cllr Susan Barker (Essex CC), Cllr Paul Redstone (East Sussex CC), Cllr Jeremy Hunt (West Sussex CC), Cllr Debbie Andre (Isle of Wight), Cllr Charles Morton (West Northamptonshire), Cllr Judy Oliver (Norfolk CC), Cllr Charlie Simkins (Kent CC), Cllr Karen Soons (Suffolk CC), Cllr Catherine Rae (Cambridgeshire CC) and Cllr Andrew Williams (Hertfordshire CC)

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

OFFICERS: Alison Mings (Kent), Andrew Bouflower (Hampshire), Alexander Younger (Norfolk), Jo Thistlewood (IoW), Gemma Farley (Hampshire), Paul Finbow (Suffolk), Rachel Wood (West Sussex), Sharon Tan (Suffolk), Sian Kunert (East Sussex), Kay Goldsmith (Kent) and Joel Cook (Clerk)

UNRESTRICTED ITEMS

34. Apologies/Substitutes
(Item. 1)

1. Apologies were received from Cllr Whelan (Cllr Rae substituting), Cllr Jarman (Cllr Andre substituting), Cllr Longley (Cllr Morton substituting) and Cllr Fox (Cllr Redstone substituting) (joined virtually as a guest)

RESOLVED that the apologies be noted.

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

None.

36. Chair's remarks
(Item. 3)

1. The Chair reflected on the terrible situation in Ukraine. He referred to a draft statement by the Joint Committee that had been circulated ahead of the meeting.
2. Members discussed the potential for specific reference being made to fiduciary considerations within the statement. Views were expressed and

there was a recognition that the detailed financial and investment elements were matters for individual authorities to determine rather than the Pool.

3. Following discussion, the Committee agreed that the Director of the ASU, in collaboration with the Chair and Vice-Chair, would revise the statement and publish the final version on the ACCESS website.

RESOLVED that the Chair's remarks be noted.

37. Minutes of the meeting held on 6 December 2021
(Item. 4)

RESOLVED that the minutes from the meeting held on 6 December 2021 be signed as a true and accurate record.

38. Local Pension Board observation of Joint Committee meetings
(Item. 5)

1. Mr McDonald introduced the report which proposed the basis for Scheme Member representation with ACCESS governance arrangements. The proposal in the report was for 2 observers from each Local Pension Board to attend the Joint Committee meetings on a rotational basis at least once a year.
2. The Committee debated whether the Scheme Member representatives should have voting rights, with Members sharing differing views about the implication on voting rights and whether they were appropriate. Mr McDonald explained the guidance did not specify voting rights and that most other Pools in the country did not give voting rights to such representatives.
3. The importance of communication with Scheme Member representatives outside of the meeting was seen as important, both providing access to the agenda before the meeting and giving the opportunity for feedback after the meeting.
4. The Chair moved the recommendations set out in the report and invited any amendments. Cllr Andre introduced a proposal that rather than involving non-voting observers, two scheme representatives, to be drawn from administering authority Local Pension Boards, be elected to the role of attendees to Joint Committee meetings for a period of four years.
5. Cllr Andre proposed, and Cllr Soons seconded the following amendment to the motion as it was detailed in the report:

The Committee:

- i. notes the report;
- ii. agrees to the election of **two scheme representatives to attend Joint Committee meetings for a period of four years;**
- iii. agrees that **the Committee will undertake a review of these arrangements after the first full year following election;** and

- iv. agree that the ACCESS Support Unit liaise with Councils as necessary in order to establish and progress the requisite changes to the Inter Authority Agreement.
6. Members voted on the motion. The motion was lost.
7. The Committee were in agreement that any changes made should be reviewed after 12 months to ensure they were working for all involved, including the Scheme Representatives.
8. The Chair returned to the substantive motion, as set out in the papers and this was agreed by majority vote.

RESOLVED that:

- 1) The report be noted.
- 2) The invitation of observers to attend Joint Committee meetings on a rotational basis, allowing two observers from each Local Pension Board to be in attendance in person at least once each a year, as detailed in section 2 of the report, be agreed.
- 3) The Committee agree to undertake a review of the above arrangements after a full year following their implementation.
- 4) The ACCESS Support Unit to liaise with Councils as necessary in order to establish and progress the requisite changes to the Inter-Authority Agreement.

39. Internal Audit of the ACCESS Support Unit (ASU)
(Item. 6)

1. Mr McDonald highlighted to the Committee that the 2021 Internal Audit of the ASU had been conducted with an outcome of good assurance.
2. As the Lead Auditor had been unable to attend the meeting, Members agreed the item should be carried forward to the next Committee meeting.

RESOLVED that the item be carried forward to the June 2022 meeting.

40. Business Plan, Budget and Risk Summary
(Item. 7)

1. Mr McDonald provided an overview of the 2021/22 Business Plan, noting that a number of key milestones were the subject of specific reports later in the agenda.
2. The Department for Levelling Up, Housing & Communities (DLUHC) had published a white paper called "Levelling Up the United Kingdom" which included reference to the Local Government Pension Scheme. Mr McDonald explained that a further consultation was expected in summer 2022 which would include the following areas:

- climate change reporting
 - pooling
 - levelling up
 - potential Secretary of State guidance on investments & UK foreign policy
3. Details of the anticipated outturn against the current year's budget were highlighted.
 4. Scoping work continued on the third-party review of the ASU. Subsequent to Member feedback, Mr McDonald confirmed the item would be brought to the Committee ahead of any formal review commencing. He anticipated it would come to the June meeting.

RESOLVED that the 2020/21 outturn, Business Plan update, the 2021/22 budget update, and summary risk register be noted.

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.

41. Exempt Minutes - Meeting held on 6 December 2022
(Item. 8)

RESOLVED that the exempt minutes from the meeting held on 6 December 2021 be signed as a true and accurate record.

42. Communications update
(Item. 9)

Kate Cunningham from MHP Mischief was in attendance for this item.

1. Ms Cunningham provided an update on MHP Mischief's activity during their first full year as the Pool's communication partner as well as future changes to the business.

RESOLVED that the report be noted.

43. Alternative Investments Implementation Advisor
(Item. 10)

Odi Lahav, Jack Fishburn, and Ben Lucas from MJ Hudson were in attendance for this item.

1. Mr Boufflower (virtual) introduced the report, highlighting that MJ Hudson (MJH) had been appointed as Implementation Adviser following a procurement process during 2021.

2. MJH updated the Committee on the work undertaken so far in relation to determining an order for alternative asset classes.
3. MJH were recommending that Real Estate (property) be the first asset class progressed. It was less complex than other asset classes, which allowed for a cautious start and additional time to analyse other asset classes. Its ESG (Environmental, Social and Governance) rating was discussed, and was viewed as well established.
4. MJH explained that once an asset class order had been decided upon, a procurement exercise would be carried out to appoint a fund manager. MJH would continue to monitor the investment and implementation.

RESOLVED that:

- 1) The report be noted; and
- 2) The Real Estate (property) be the first asset class progressed.

44. Draft Responsible Investment Guidelines

(Item. 11)

1. Mr Whitby provided an update on the ACCESS Responsible Investment guidelines.
2. Mr Whitby was expecting to present the finalised guidelines at the Joint Committee's June 2022 meeting, with a (virtual) workshop to be held in May.
3. An explicit provision for agreeing Pool guidelines was not in the Inter-Authority Agreement (IAA), and therefore an amendment to the IAA was being progressed.

RESOLVED that the update on the ACCESS RI Guidelines project be noted.

45. Performance report

(Item. 12)

1. Ms Tan provided an overview of current ACCESS performance, including reference to the Investment Performance Report, which showed that pooled assets of all ACCESS Authorities amounted to £34.993bn at the end of December 2021 (up from £32.915bn in September 2021). Pool aligned assets represented 57% of total assets.

RESOLVED that the report be noted.

46. Sub-fund implementation

(Item. 13)

1. Mr Tysoe provided an update on the progress with both agreed and prospective sub-funds.

RESOLVED that

- 1) The report be noted.
- 2) The following sub-funds be submitted to Link for consideration:
 - Multi Asset Credit
 - Asset Back Securities
 - Quality Equity
 - Fixed income

47. Contract and Supplier Relationship Management
(Item. 14)

1. Mr McDonald provided an update on Contract and Supplier Relationship Management activity, with key work and future areas of focus highlighted to the Committee.

RESOLVED that

- 1) The report and activity update be noted; and
- 2) An amendment to Schedule 4 of the Operator Agreement to incorporate specific amended and additional KPIs, as negotiated by the Contracts Manager, be approved.

48. Risk Management
(Item. 15)

(This item was taken at the end of the meeting after the Link Presentation)

1. Mr McDonald updated the Committee on the current risk profile of the Pool.

RESOLVED that the report be noted.

49. Business As Usual evaluation.
(Item. 16)

(This item was taken before the Risk Management item)

1. Mr McDonald provided an update from the Business As Usual Evaluation.

RESOLVED that the report be noted.

50. Link Presentation
(Item. 17)

James Zealander, Karl Midl and Alistair Coyle from LINK were in attendance for this item.

1. Representatives from Link Fund Solutions updated the Committee on performance, current progress with sub-fund launches, and future changes in the business.
2. The developing situation within the financial markets as a consequence of the war in Ukraine was discussed.

RESOLVED that the report be noted.

Internal Audit of the ASU**ACCESS Joint Committee****Date: 6 June 2022****Report by: Officer Working Group**

Subject:	Internal Audit of the ASU
Purpose of the Report:	To provide an update to the Joint Committee on proposed course of action, this item held over from the March 2022 Joint Committee Meeting.
Recommendations:	The Committee is asked to note the matters highlighted within the report.
Enquiries to:	Name – Kevin McDonald E-mail – kevin.mcdonald@accesspool.co.uk

1. Background

- 1.1 Essex County Council (ECC) acts as Host Authority for the ACCESS pool.
- 1.2 An element of ECC's Internal Audit programme includes an investigation to assess whether the ACCESS Support Unit (ASU) is effectively fulfilling its responsibilities to the ACCESS pool and, by extension, give assurance that the Authority is fulfilling its responsibilities as Accountable Body for the ASU.
- 1.3 An initial audit was conducted during the summer of 2020, with a final report completed in November 2020 and presented to the Joint Committee at your virtual meeting on 13 January 2021.
- 1.4 The opinion given by the auditor at that time was one of 'Good Assurance', the highest rating available, with no issues raised and a single recommendation to complete specific governance matters.
- 1.5 It was agreed that Internal Auditors from the ACCESS Authorities would be invited to contribute to the structure of the follow-up audit scheduled for the summer of 2021.

2. 2021 Audit

- 2.1 The Authorities' Internal Auditors were invited to contribute to the Terms of Reference for the 2021 audit. This document is included as *Annex A*.
- 2.2 The audit commenced on 6 August 2021 and the ASU provided the evidence and explanations sought in the discovery document. Following initial feedback, the ASU engaged in structured dialogue throughout the duration of the three-month inspection.
- 2.3 A draft report was issued to the ASU on 18 October 2021. This contained a single recommendation covering a number of points relating to best practice in respect of the new Risk Management assessment and reporting process that was introduced to Members at the Joint Committee meeting on 25 June 2021.
- 2.4 The ASU agreed to implement these by 28 February 2022 and had achieved this to the satisfaction of the Auditor by the time that the final report was published on 2 December 2021. This document is included as *Annex B*. It was shared with the OWG on 10 February 2022 and the s151 officers on 18 February 2022.
- 2.5 The opinion given by the auditor was again one of 'Good Assurance'.

3. Recommendations

- 3.1 The Committee is asked to note the matters highlighted within the report

Internal Audit
Final Terms of Reference
ACCESS Support Unit (Audit Plan Ref: FT4)

Introduction and Background

This audit is being undertaken as part of the 2021/22 Internal Audit and Counter Fraud Plan that was agreed by the Council's Audit, Governance and Standards (AGS) Committee. The audit is sponsored by Kevin McDonald, Director, ACCESS Support Unit.

The ACCESS (A Collaboration of Central, Eastern and Southern Shires) is a c£50bn pooled investment collaboration. It is made of 11 LGPS Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council; Suffolk County Council; and West Sussex County Council. ACCESS is not a legal entity. Instead it is operating as a collaboration between participating Authorities with the below objectives:

- Enable participating Authorities to execute their fiduciary responsibilities to Local Government Pension Scheme (LGPS) stakeholders, including scheme members and employers, as economically as possible.
- Provide a range of asset types necessary to enable those participating Authorities to execute their locally decided 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.

Whatever arrangements are made to discharge the statutory responsibilities of the Administering Authority, including any joint arrangements with other Administering Authorities, each Administering Authority retains ultimate responsibility for the fulfilment of its statutory duties.

A Joint Committee (JC), which was formed in accordance with the requirements of s.102 of the Local Government Act 1972 (known as a s.102 committee) provides oversight of the ACCESS Pool and the ACS Operator on behalf of the Administering Authorities. It is formed of Elected Members from the participating Councils.

ACCESS appointed Link Fund Solutions Ltd to provide Operator services in early 2018, following a procurement process involving each of the eleven ACCESS Funds and co-ordinated by procurement specialists at Kent County Council. The contract is for five years with an option to extend for a further period of up to two years. As ACCESS Operator, Link established an Authorised Contractual Scheme (ACS) along with the creation of investment sub-funds, and the appointment of investment managers to those sub-funds.

The ACCESS Administering Authorities have each signed an Inter Authority Agreement (IAA). The IAA is a legal document governing the relationship between the Authorities in relation to the ACCESS Pool. It was put in place in July 2017 and determines the relationship between each individual Pension Fund and the Joint Committee. The IAA is supported by a Governance Manual which is not a legal or governing document but is intended to bring together in one place all the essential detail regarding the governance of the ACCESS Pool and provide a working document

for reference purposes. Both documents are reviewed periodically, and approved changes are made as necessary.

At their meeting on 11 June 2018 the JC approved the structure of the permanent ACCESS Support Unit (ASU) comprising a Director, a Contract Manager, support administrator and technical lead officer support. It was also resolved that Essex County Council (ECC) will act as Host Authority for the ASU. Consequently, the hosted roles of Director, Contract Manager and Administrative Support are permanent employees of ECC. The costs of ASU are shared equally across the eleven ACCESS pension funds. The ASU provide the day-to-day support for the ACCESS Pool including programme management, contract management, administration, and technical support services. The Director leads the ASU and manages the relationship with key stakeholders which include Officers and Members in the eleven participating authorities, the pool operator, regulators, and Central Government. Governance Manual describes the role and responsibilities of the ASU.

Kent County Council currently provides secretariat support to ACCESS and all agendas, papers and minutes from their regular meetings are published on the Kent County Council website.

Given the materiality of sums involved and ECC's obligations to other pool members, it is important to be assured over the strength of the ASU's control environment. An Internal Audit review of ASU was last carried out in 2020/21 by ECC Internal Audit and received an overall opinion of Good Assurance.

Objectives and Scope

The objective of this audit is to evaluate the control design and test the operating effectiveness of key controls in place over the ASU. The audit will cover the period from as far as 12 months prior to the time of the audit. It was agreed as part of the 2020/21 Internal Audit review that the 2021/22 review will seek input from the administering authorities Internal Audit leads when drawing up the terms of reference. Consequently, all responses received have been considered, and incorporated either in this document, or in our audit testing schedules.

The Moderate agreed action regarding the Governance Manual and Decision Matrix from 2020/21 audit will be followed up in the current review. A list of potential risks has been set out in the below table.

Objectives	Risks
<p>Programme Management</p> <p>A programme for pooling assets is agreed to and delivered, with effective ASU management and support given to workstream/project leads.</p> <p>The work of the ASU (and the pool's activity more widely) is planned, communicated and delivered in a strategic, coordinated and systematic manner.</p>	<ul style="list-style-type: none"> • There is an increased risk that Administering Authorities may not achieve the benefits of pooling investments e.g. lower costs and the same or better return from their investments, in the absence of appropriate programme management. • As Host Authority for the ASU, any performance issues could harm ECC's reputation, particularly if there is a perception that the Council has not operated with a clear, agreed strategy and/or business plan. • The government may intervene if it determines the pool is not making sufficient progress in pooling assets which could lead to the pool itself having less control over or time to determine how it wants to move toward greater pooling.
<p>Stakeholder Management</p> <p>Progress toward pooling is timely and specific sub-fund launch milestones are met.</p> <p>Robust contract management ensures that the operator, and other service providers, deliver an effective service to the ACCESS Pool. The ASU provides sufficient, timely and reliable information on the pool's operation and specifically compliance with legal and regulatory requirements to section 151 officers, to enable them to fulfil their responsibilities in relation to their Authority's participation in the pool.</p>	<ul style="list-style-type: none"> • If stakeholders do not effectively cooperate with the ASU, and vice-versa, and therefore the work of the pool more widely, Administering Authorities may not achieve the benefits of pooling investments, potentially impacting on finances, service delivery, legal compliance, and reputation. • Poor stakeholder management could see Local Authorities failing to meet legal and transparency requirements over the fiduciary stewardship of the invested funds. A failure to do so may result in significant criticism and loss of member and public trust.
<p>Policies and Procedures</p> <p>The Pool's agreed governance arrangements are complied with.</p> <p>Any changes to Pool's governance arrangements are made in line with the due process of the IAA.</p>	<ul style="list-style-type: none"> • If appropriate mitigations are not identified and put in place by relevant parties (e.g. to Joint Committee, Section 151 officers and the Officers Working Group), to help manage the identified risks, local authorities may not meet legal and transparency requirements over the fiduciary stewardship over the invested funds. Risks may then materialise that reduce the effectiveness of the working of the pool and potentially reduce benefits of pooling investments.

Objectives	Risks
<p>The ASU identifies and reports on emerging, or all risks appropriately and timely.</p>	
<p>Managing Commercial and Contractual Relationships</p> <p>The Operator and other service providers meet their contractual requirements and deliver value for money.</p> <p>Any performance issues are identified and resolved.</p>	<ul style="list-style-type: none"> • Breaches of investment objectives and restrictions may negatively impact on finances, service delivery, legal compliance, and reputation.
<p>Financial and Physical Resources</p> <p>Sufficient and effective contributions are received from partner Authorities to the Officer Working Group.</p> <p>The ASU makes effective use of the resources at its disposal.</p>	<ul style="list-style-type: none"> • Poor usage of financial and physical resources could result in the ASU significantly overspending its agreed budget and additional contributions may be required from pool members to resolve. This may consequently add additional pressure to budgets.
<p>Management Information and KPI reporting</p> <p>KPIs are quantifiable and are based on specific goals and objectives which are critical for performance management and are regularly presented to appropriate audience to predict and address deviation from targets in a timely manner.</p> <p>Management information is sufficiently reliable, useful and timely to allow effective decision-making.</p>	<ul style="list-style-type: none"> • Absent or ineffective management information/KPI reporting could result in reactive and delayed decision-making and preventing the JC from putting timely corrective measures in place.
<p>Web Vulnerabilities and Website Security</p> <p>Cyber security controls are in place to safeguard network vulnerabilities and data hacks, providing protection to personal and organisational public-facing website from cyber attacks.</p>	<ul style="list-style-type: none"> • ACCESS Pool website may become a victim of security or data breach which may lead to significant financial, legal or reputational consequences.

Objectives	Risks
<p><i>* Note that a separate cyber security Internal Audit review is carried out annually for Essex County Council. This audit will place reliance on the outcome of that review where relevant to the ASU.</i></p>	

Approach

The audit will be carried out using a risk-based approach. We will:

- Obtain an understanding of the existing processes through discussions with key staff and the current known issues and planned actions to address these;
- Review relevant documentation;
- Identify and confirm the current key controls in place to mitigate the risks outlined in the list above;
- Evaluate the design and operating effectiveness of the current controls in place to address the key risks; and
- Report our findings detailing any issues identified, potential risks arising and agreed actions to address.

Limitations of Scope

Where possible, we will utilise data analytics and full population testing. Testing will otherwise be carried out on a sample basis.

Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Timetable

Draft Terms of Reference issued	07 July 2021
Fieldwork *	1 September 2021 to 30 September 2021
Draft Report (<i>within 10 working days after completion of fieldwork, or holding of the exit meeting, whichever is the latter</i>).	15 October 2021
Response from key audit contact	<i>Within 10 working days of receipt of Draft Report.</i>
Final Report to all audit contacts	<i>Within 5 working days of receipt of acceptable management responses.</i>

* Note: Fieldwork start is intended to be the first day of a concentrated period on site up to the fieldwork complete date during which all fieldwork, including resolution of outstanding queries, is expected to be completed.

Agreed timescales are subject to the following assumptions:

- All relevant documentation including the source data, reports and procedures will be made available to us promptly on request; and,
- Staff and management will make reasonable time available for interviews and will respond promptly to follow up questions and requests for documentation.

Contacts

Audit Sponsor	Kevin McDonald – Director, ACCESS Support Unit
Essex County Council	Nicole Wood – Executive Director Corporate Services Mark Paget – ACCESS Contract Manager
Relevant Cabinet Member	Cllr Chris Whitbread - Finance, Resources and Corporate Affairs
Internal Audit and Counter Fraud	Paula Clowes – Head of Assurance Sarah Harris – Strategic Internal Audit Manager Stuart Coogan – Internal Audit Delivery Manager Murad Khan – Senior Auditor
External Audit	Barry Pryke – BDO External Auditors

Expectations

What can you expect from us?

- Professionalism at all times;
- Timely notification to enable adequate scoping and giving you opportunity to share areas of concern prior to audit;
- Efficient and effective execution of the audit;
- Accurate and timely reporting; and
- Adding value to the internal control environment.

What do we expect from you?

- Engaging fully in the audit process;
- Providing information as requested in a timely manner;
- Being available during the audit process for queries and assistance; and
- Allowing auditors access to required files and systems where necessary.

For Internal Audit to review their quality standards, feedback on the audit process will be sought at the end of the audit. Please consider this throughout the audit.

Where auditors request information in order to proceed with an audit and this is not forthcoming, an evaluation of evidence will progress only on the information available at the time. An audit report may then be written and issued on the basis that this information is not available, and actions will be raised accordingly.

Agreement

I, as the Audit Sponsor, agree to the Terms of Reference and the proposed timescales:

Audit Sponsor: Kevin McDonald – Director, ACCESS Support Unit

Date: 27 August 2021

Appendix 1 – Information Request

The following is designed to be a provisional list of key information we will require to assist us in the audit and should be provided in a timely manner from the fieldwork start date to the key Internal Audit contact listed above:

- Completed audit questionnaire along with all the requested evidence. Audit questionnaire will be provided shortly, before the fieldwork start date.

During the audit, we anticipate that we will require access to the agenda papers and minutes for:

- the Joint Committee, s151 Officers group, Officers Working Group and sub-groups.

Other information arising from our review of the above schedules and supporting documentation may be requested. Where required, we will provide these requests as soon as possible.

Appendix 2 – Background to Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value to and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Internal Audit service will be delivered in accordance with the Internal Audit Charter.

The work of Internal Audit is structured through an approved Internal Audit Plan. This is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

The Internal Audit Plan will be delivered in line with the Internal Audit Manual. This includes the following key steps:

- 1) Preparation for an audit, including research, a planning / scoping meeting and production of a written Terms of Reference.
- 2) Fieldwork, in line with the stated audit approach in the Terms of Reference. During fieldwork, the auditors will keep the key audit contact updated with progress and potential issues arising. Fieldwork will conclude with an exit meeting confirming all issues arising and discussion of action plans to address.
- 3) Formal reporting of the audit objective and scope, issues identified and agreed action plans. The reporting process will include issue of a draft to confirm factual accuracy and agreement of actions plans prior to finalising.

Please note that the outcome of each finalised audit will be presented to ECC's AGS Committee. In addition, all No and Limited Assurance reports will be issued to the Chief Executive, the Leader of the Council, the Cabinet Member for Finance, Resources and Corporate Affairs and other relevant Cabinet Members.

Releasing Internal Audit Reports: All distributed draft and final reports remain the property of the respective Director and the Executive Director for Corporate Services (S151 Officer). Audit reports contain confidential information which highlight weaknesses in our internal control environment which if released to a wider audience could expose the authority.

ACCESS Support Unit Final Internal Audit Report

Audit Plan Ref: FT4 2021/22

Audit Opinion:

Good Assurance

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Date Issued: 2 December, 2021

ECC Function: Corporate Services


Audit Sponsor: Kevin McDonald, Director, ACCESS Support Unit

Distribution List: **Nicole Wood** - Executive Director, Corporate Services; **Kevin McDonald**; **Mark Paget**, ACCESS Contract Manager; **Dawn Butler**, ACCESS Support Officer; **Cllr. Barker**, Vice Chairman of the ACCESS Joint Committee; **Cllr. Whitbread**, Cabinet Member for Finance, Resources and Corporate Affairs and **Barry Pryke**, BDO External Auditor



Assurance Opinion	No	Limited	Satisfactory	Good
				✓

Number of Issues	Critical	Major	Moderate	Low
			1	

Audit Objective	Key Messages	Direction of Travel
<p>This audit reviewed whether the ASU is effectively fulfilling its responsibilities to the ACCESS Pool. The objective of this audit was to evaluate the control design and test the operating effectiveness of key controls in place over the ASU.</p>	<p>The ASU has been providing the day-to-day support for the purposes of implementing the Inter Authority Agreement and running the ACCESS Pool including programme management, contract management, administration and technical support services.</p> <p>A Business Plan is proposed annually to the ACCESS Authorities by the Joint Committee (JC) on the basis of recommendations from the s151 Officer Group. The Joint Committee, on advice from the s151 Officer Group, determine a budget in order to deliver the annual Business Plan. Workstreams for the ASU are identified and monitored at the Officer Working Group (OWG) where key ACCESS business plan activity and deliverables for the fiscal year are considered; s151 Officers from the participating Authorities also contribute to the development of workstreams at their periodic meetings. The audit reviewed reporting packs presented to the ACCESS Joint Committee, s151 Officer meetings and the Officer Working Group meetings and found these to be timely, consistent and relevant.</p> <p>Work upon last year's Internal Audit recommendation relating to completing the review and approval of the Governance Manual and Decision-Making Matrix resulted in a project being agreed by the s151 Officers which is being led by Technical Leads from West Sussex County Council. The project is focusing on areas of highest risk to the delivery of the ACCESS objectives and the governance, policies and procedures needed to achieve them. The key time critical tasks within the ACCESS Business Plan are implementation of approach to alternative / non-listed assets, the development and implementation of Environmental, Social and Governance (ESG) / Responsible Investment (RI) guidance, consideration of the future arrangements for Operator Services to the ACCESS Pool, and determination of future sub-funds. Once progress has been made in relation to the above, a third party will be engaged to carry out an audit of ACCESS governance as recommended by the Governance Working Group.</p>	<p>The Assurance Opinion remains at "Good", meaning that there continues to be sound systems of internal control in place. One Moderate action has been raised in this report.</p> 
<p>Scope of the Review and Limitations</p> <p>The audit was not of the ACCESS Pool itself. It was solely about whether the ACCESS Support Unit (ASU) and therefore by extension ECC, is fulfilling its responsibilities as Accountable Body for the ASU. The scope was agreed with all participating authorities' S151 Officers after input from the administering authorities Internal Audit leads when drawing up the terms of reference.</p> <p>Kent County Council is providing the secretarial support to the Pool since formation and is responsible for the production and publication of minutes and agenda. This activity was not covered in this review.</p>		

Findings and Agreed Actions

Risk from Terms of Reference: Policies and Procedures

Moderate issue identified: Scope for improvement identified in current risk register

A review of the risk assessment and reporting mechanism was conducted by the ASU in the second quarter of 2021 and S151 Officers approved the move to assessing the risk, observing a '4x4' matrix style; using a scale of 1 to 4 to rate the likelihood of a risk occurring against the severity / impact of the risk. Previously 3x3 risk matrix was in use. JC members now get the risk register briefing information i.e., Risk Management Dashboard and Risk Management Assessment in the new format starting from June 2021.

A review of underlying information (spreadsheet) which is being used to create the periodic reports identified the below:

- Several sub sheets (tabs), containing new and old scoring / information must be consulted to review and understand the full risk register and underlying assessments tab.
- The primary sheet with complete details of each risk i.e., when the risk was raised, owner of the risk, description, mitigation measures etc. still has the old scoring / grading which was based on previous assessment(s).
- Three risks with 'open' status on the primary / main sheet were later closed on a following tab called 'change format'. These should have ideally been closed on the main spreadsheet or the status also been updated on the main sheet.
- Some closed risks do not have a close down date recorded against them.
- Seven out of ten tabs have 'old' in their title, despite containing the information which is still feeding the dashboard and assessment tabs, which makes the review slightly confusing.
- Three risks did not have a risk owner assigned to them.
- Risk owners are not named individual(s) to ensure clear accountability, but sub-groups e.g., ASU, LINK, JC, IDACU and OWG.
Internal Audit Comment: *Although it is best practice to have named individuals as risk owners, the ASU have expressed a preference to keep the sub groups as the risk owners and Internal Audit are satisfied with this decision.*
- Not all fields have been populated for all risks e.g., 'when is it likely to happen' field is blank for some risks, 'last updated' field does not have a date for all risks, 'progress' and 'comments' fields are not populated for all risks and some updates do not have a year recorded in the date making it unclear when the update/action was taken.
- There is only one 'risk level' column, which is residual risk. This is derived at by multiplying the impact and probability score and it is positioned after the mitigating actions column and therefore the gross risk score at the start, before the mitigation, is not available for all risks. If the gross risk score is shown, it can promote discussion on the effectiveness of the mitigations when compared to the residual (current risk) score.

- The risk register does not specify the frequency of review for each risk. Also, there is no evidence to support whether all risks were reviewed at their review interval/due date.

Agreed action 1

The Risk Register will be amended to incorporate good practices relating to maintaining an effective risk register.

Action Owner:

Mark Paget, ACCESS
Contracts Manager





**Deadline for
Implementation:**

Implemented

Internal Audit Comment: *Subsequent to issuing the draft report at a meeting which took place on 18 November 2021, the revised Risk Log with dashboard, assessment and full details was shared with Internal Audit and we are satisfied that this action can now be recorded as implemented.*

Explanation of Assurance and Risk Priority Levels

Assurance level	Assessment Rationale
Good	There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be of Low risk rating. Any Moderate recommendations would need to be mitigated by significant strengths elsewhere.
Satisfactory	Whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk.
Limited	There are significant weaknesses in key areas of the system of control, which put the system/process objectives at risk. Improvement in the design and/or operational effectiveness of the control environment is necessary to gain assurance that risks are being managed to an acceptable level, and core objectives will be achieved.
No	The system of internal control has serious weaknesses and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

Risk Priority Level		Definition	
Corporate	Critical	 Red	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, for example, reputational damage, significant financial loss (through fraud, error or poor value for money), intervention by external agencies and / or lack of compliance with statutory regulations. Remedial action is required immediately
Service	Major	 Amber	Audit findings indicate a serious weakness or breakdown in the control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently
	Moderate	 Yellow	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Prompt specific action should be taken
	Low	 Green	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. Remedial action is suggested

Controls Assessment Schedule

Programme Management Risks:

A programme for pooling assets is not agreed or delivered to due to ineffective ASU management of, and or support to, workstream and project leads.

The work of the ASU (and the pool's activity more widely) is not planned or delivered in a strategic, coordinated, or systematic manner due to the absence of a clear, agreed strategy and business plan.

Control	Control In Place and working effectively?	Action Plan Ref.
There is a clear, agreed strategy and business plan in place.	Yes	
An agreed programme for pooling assets is in place and is monitored.	Yes	
Pooling and specific sub-fund launch milestones are planned, and progress is reported to stakeholders.	Yes	
Reporting and accountability mechanism (in form of periodic reporting to sub-groups) exist to highlight to Joint Committee (and therefore administering authorities) any prospective failure in achieving the benefits of pooling investments.	Yes	
External professional expertise is available to Joint Committee and ASU to support them in technical and legal matters.	Yes	

Stakeholder Management Risks:

Progress toward pooling is delayed and specific sub-fund launch milestones are missed if stakeholders do not effectively cooperate with the ASU and therefore the work of the pool more widely.

There is ineffective evaluation of contract compliance, in particular of the operator Or the ASU does not provide sufficient information on the pool's operation and specifically compliance with legal and regulatory required to section 151 officers to fulfil their responsibilities in relation to their Authority's participation in the pool.

Control	Control In Place and working effectively?	Action Plan Ref.
The role, responsibilities and objectives of the ASU are clearly defined and agreed.	Yes	
Workstreams are identified and monitored through OWG meetings with support from technical leads from other councils.	Yes	
The work of the ASU (and the pool's activity more widely) is planned and delivered in a strategic, coordinated and systematic manner due to clearly defined workstreams which are periodically reported to subgroups and Joint Committee.	Yes	
ASU Director and other ASU staff regularly meet with key stakeholders to receive and give key messages.	Yes	

Control	Control In Place and working effectively?	Action Plan Ref.
The ASU provide sufficient information on the pool's operation to section 151 officers to fulfil their responsibilities in relation to their Authority's participation in the pool.	Yes	
ASU's performance is assessed by way of regular reporting to Officer Working Group and Joint Committee on progress made on identified workstreams.	Yes	

Policies and Procedures Risks:

The pool's agreed governance arrangements are not complied with.

Changes to pool's governance arrangements are not made in line with the due process of the IAA

The ASU fails to identify and report on emerging, or all risks appropriately or timely to the Joint Committee, section 151 officers and the Officer Working Group on a quarterly basis. Or appropriate mitigations are not identified and put in place by relevant parties to manage the identified risks.

Control	Control In Place and working effectively ?	Action Plan Ref.
ACCESS Pool Inter-Authority Agreement is in place and is agreed by all participating authorities.	Yes	
Governance framework exists, and arrangements are in place for stakeholders to follow when discharging their duties.	Yes	
Policies, procedures and guidance is subject to periodic review.	Yes	
Risk register with sufficient detail and clear ownership of each risk on the register is in place. Periodic reporting in respect of emerging risks and mitigating actions are presented to subgroups and Joint Committee.	Partially	1

Managing Commercial and Contractual Relationships Risks:

The Operator and other service providers fail to meet their contractual requirements.

There is not the required rectification of performance issues or identified or notified breaches of investment objectives and restrictions.

Control	Control In Place and working effectively?	Action Plan Ref.
Policies, procedures and guidance relating to Operator (Link) are developed, agreed, approved, communicated and are made readily accessible to all stakeholders.	Yes	
Procedures are in place to identify and resolve any suboptimal Operator performance or failure to meet contractual requirements.	Yes	

Financial and Physical Resources Risks:

There are insufficient or ineffective contributions from partner Authorities to the Officer Working Group.

The ASU significantly overspends its agreed budget.

Control	Control In Place and working effectively?	Action Plan Ref.
Robust budget monitoring process is in place to prevent ASU from overspending its agreed budget.	Yes	
There is sufficient and effective contribution from partner authorities to the Officer Working Group and ASU.	Yes	

Management Information and KPI reporting:

There is insufficient or ineffective management information available to partner Authorities.

Absent or ineffective management information/KPI reporting, resulting in reactive and delayed decision-making and preventing the ACCESS Joint Committee from putting timely corrective measures in place.

Control	Control In Place and working effectively?	Action Plan Ref.
KPIs are quantifiable and are based on specific goals and objectives which are critical for performance management and are regularly presented to appropriate audience to predict and address deviation from targets in a timely manner.	Yes	
Management information is sufficiently reliable, useful and timely to allow effective decision-making.	Yes	

Web Vulnerabilities and Website Security:

The ACCESS Pool website may become a victim of security or data breach leading to significant financial, legal and / or reputational consequences.

Control	Control In Place and working effectively?	Action Plan Ref.
Cyber security controls are in place to safeguard network vulnerabilities and data hacks, providing protection to organisational public-facing website from cyber-attacks.	Yes	

Further Information

Management Responsibility: It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit (IA) work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. IA endeavour to plan work so they have a reasonable expectation of detecting significant control weaknesses and, if detected, IA and Counter Fraud will carry out additional work directed towards identification of consequent fraud or other irregularities. However, IA procedures alone do not guarantee that fraud will be detected.

Following the Final Report: It is the owner's responsibility to ensure the agreed actions are implemented within agreed timescales and to update Pentana on a timely basis.

Internal Audit are regularly required to provide updates on the status of recommendations to ECC's Audit Governance and Standards Committee, to the Corporate Governance Steering Board and to Functional Leadership Teams. We also receive ad-hoc requests for updates e.g. from the relevant Cabinet Member.

Internal Audit use the updates provided by Recommendation Owners on Pentana for this purpose, so it is essential that progress is recorded regularly and accurately and when a recommendation becomes overdue that a revised date to indicate when the recommendation will be implemented is provided.

Audit Sponsor Responsibility:

- Approve the draft terms of reference to confirm their understanding and agreement of the risks, scope and nature of the review
- Inform appropriate staff associated with the process under review about the nature of the review and what is required of them. Facilitate timely access to staff, records and systems
- Approve and/or complete the Action Plan in the Draft Report and return to the Internal Audit Team within 15 working days to enable the Final Report to be issued promptly
- Have oversight to ensure all agreed Actions are implemented within the agreed timescales as recorded in the Action Plan in the Final Report

Head of Assurance	Paula Clowes
Audit Manager	Sarah Harris
Auditor	Murad Khan
Fieldwork Completed	27 Sep 2021
Draft Report Issued	18 October 2021
Management Comments Requested by	8 November 2021
Management Comments Received	1 December 2021
Final Report	2 December 2021

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Business Plan, Budget & Risk Management



ACCESS Joint Committee

Date: 6 June 2022

Report by: Director of ACCESS Support Unit

Subject:	Business Plan, Budget & Risk Management
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 the:</p> <ul style="list-style-type: none"> • 2021/22 Business Plan summary; • 2022/23 Business Plan update; • 2021/22 financial outturn; and • matters highlighted on risk management. <p>The Committee is also asked to note:</p> <ul style="list-style-type: none"> • the variations to the IAA set out in paragraphs 3.3-3.6 acknowledging that comments have been invited from Monitoring Officers by 20 June 2022. <p>The Committee is asked to agree:</p> <ul style="list-style-type: none"> • that should the deadline for responses not align with the Committee's schedule of meetings, the Director of ACCESS Support Unit will make necessary arrangements to ensure that the Members of the Committee may consider and comment on the DLUHC Consultation; and that authority be delegated to the ASU Director to finalise and submit a response, in consultation with the ACCESS Joint Committee Chairman.
Enquiries to:	<p>Kevin McDonald Email: kevin.mcdonald@accesspool.co.uk</p> <p>Mark Paget Email: mark.paget@accesspool.co.uk</p>

1. Background

- 1.1 The Joint Committee have a role to keep the performance against the strategic business plan agreed by the Councils under review.
- 1.2 The Section 151 Officer Group are responsible for making recommendations to the Joint Committee on budget and business plan matters, reviewing / advising on budget variations throughout each financial year and advising the Committee on the identification of, and mitigation of, any risk to the operation or success of the Pool. In response to decisions made by the Joint Committee, the Section 151 Officers should ensure appropriate resourcing, support, advice and facilitation to the Joint Committee.
- 1.3 The ACCESS Support Unit (ASU) have responsibility to manage the development and implementation of the strategy, business plan and budget including the identification and management of risks.
- 1.4 This report was prepared by the ASU following consultation with the Officer Working Group. In draft form it was presented to Section 151 Officer Group at their meeting on 18 May 2022, whose feedback has informed this final version.

2. 2021/22 Business Plan

- 2.1 The Business Plan for **2021/22** (last year) was agreed by the Joint Committee (JC) in January 2021 prior to being recommended to the Councils. At the same meeting the JC also determined the budget necessary to implement this year's plan and to be charged to the relevant Authorities.
- 2.2 The activities within last year's **2021/22** Business Plan, along with commentary on the status of each milestone at the end of the year are shown in the table below. The ongoing nature of a number of areas result in milestones spanning different years.

Theme / Milestone	2021/22 activity	2021/22 Joint Cttee report reference	Year-end status	2022/23 milestone ?
Actively managed listed assets				
Launch of remaining Tranche 4b sub-fund	1 UK equity sub-fund (launched July 2021)	Item 15, 6 Sep	Complete	-
Launch of Tranche 5b	3 Fixed income sub-funds	Item 12, 6 Dec; Item 13, 7 Mar	In progress	Yes
Launch of Tranche 5c	2 Fixed income sub-funds (launched Oct & Dec 2021)	Item 12, 6 Dec; Item 13, 7 Mar	Complete	-
Launch of Tranche 5c	1 Global Equity sub-fund (launched Feb 2022)	Item 13, 7 Mar	Complete	-
Determine, approval & launch of Tranche 6	2 Emerging Market sub-funds	Item 12, 6 Dec	In progress	Yes
Transitioning capacity between sub-funds	Guide on existing options brought to March 2022 JC	Item 13, 7 Mar	Complete	-
Scheduled BAU evaluation	Ongoing dialogue	Item 11, 6 Sep; item 15, 6 Dec; item 16, 7 Mar;	In progress	Yes
Actively managed non-listed assets				
Implementation of approach	MJ Hudson appointed Implementation Adviser Dec 2021	Item 10, 7 Mar	In progress	Yes
Passively managed assets				
Ongoing monitoring of passive assets	Dialogue included UBS presenting to IUG in March 2022	Item 7, 6 Sep	Complete	Yes
Governance				
Meetings and oversight	3 Joint Committees held; 2 Member briefings held 6 ACCESS s151 Officer meetings held		Complete Complete	Yes Yes
Operational protocols	Review of Governance Manual undertaken	Item 7, 6 Sep; item 7, 7 Mar	In progress	Yes
Engagement with HM Government	Annual Report to DLUHC submitted Autumn 2021 ASU met DLUHC Civil Servants Oct 2021 No pooling consultations during year	Item 5, 6 Dec Item 5, 6 Dec	Complete Complete Yet to begin	Yes Yes Yes
Agreement to Joint Polices & guidelines. Communications ESG / RI	MHP presented Year 1 Comms activity to March 2022 JC Minerva developed draft RI Guidelines	Item 9, 7 Mar Item 8, 6 Dec; item 11, 7 Mar;	In progress In progress	Yes Yes
ASU				
ACCESS Support Unit	Implementation of 2020 review completed July 2021	Item 7, 6 Sep	Complete	Yes

3. 2022/23 Business Plan

- 3.1 The Business Plan for **2022/23** (this year) was agreed by the JC in December 2021 prior to being recommended to the Councils. At the same meeting the JC also determined the budget necessary to implement this year's plan and to be charged to the relevant Authorities.
- 3.2 Activities within this year's 2022/23 Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:
- Responsible Investment
 - Alternative / non listed assets
 - Sub-fund implementation and performance
 - Contract Management
 - BAU Evaluation

Inter-Authority Agreement (IAA)

- 3.3 At both the December 2021 and March 2022 meetings, the Committee were informed that work was underway in order to draft the amendments required to the IAA in order to enable the Joint Committee to formally recommend guidelines to Councils. The drafting is below:

"The Joint Committee shall have the ability to make recommendations to the Councils about the adoption and content of guidelines for the Pool, including to allow common guidelines or policies of the Councils to be applied to the Pool, Pool Assets and/or Pool Aligned Assets, and for any such guidelines that are adopted to be periodically reviewed and updated. When determining the content of such guidelines, the Joint Committee shall consult with and consider the advice of the Section 151 Officers Group (and, where requested, the Monitoring Officers and from appropriate professional advisers). Any guidelines for the Pool must not go beyond policies already in place and will not supersede or replace the Investment Strategy Statement or policies of each Administering Authority."

- 3.4 At the March 2022 meeting the Committee agreed proposals on Local Pension Board observation which also requires amendments to the IAA.
- 3.5 During April 2022 the Officer Working Group considered drafting covering the above points, along with two further changes brought to the attention of the ASU by ACCESS Authorities:

- in instances whereby the Vice Chairman of an s101 Committee is an Elected Member, but not of the Administering Authority; it is currently not possible for that individual to substitute for the regular Joint Committee Member (who is generally the s101 Chairman). An amendment to the IAA enabling an Elected Member from an associated Authority who is a s101 Committee Member to be a JC substitute, has been drafted.
 - it is currently possible for Members of a s101 Committee who are Elected Members of the Administering Authority to attend the Joint Committee as observers. However, such rights do not apply to Members of s101 Committees who are not Elected Members of the Administering Authority. An amendment to the IAA enabling Members of s101 Committees who are not Elected Members of the Administering Authority to observe JC meetings, *at the discretion of the JC Chairman*, has been drafted.
- 3.6 As a consequence, a proposal from Suffolk County Council to amend the IAA was circulated to Monitoring Officers on 22 April. Comments have been invited by 20 June. The Suffolk proposal, if agreed, would:
- introduce an express provision for the Joint Committee to have the ability to make recommendations to the Councils about the adoption and content of guidelines for the Pool;
 - allow for observers from nominated Local Pension Boards to attend the Joint Committee meetings; and
 - make the rules around Councils nominating substitutes for Joint Committee members, and s101 Committee Member attendance more flexible.
- 3.7 Governance arrangements to approve the proposed IAA revisions will vary across the pool. Some Authorities require the change to be agreed at Full Council whilst others have delegations in place (for example to the s101 Committee). A verbal update on progress will be given at the meeting, however it is possible that not all Authorities will have been able to schedule the appropriate governance by the time of the Committee's next meeting on 12 September 2022.
- 3.8 The ASU are exploring what informal options are open to the Committee in order for the September Committee to commence the Local Pension Board observation arrangements agreed at the last meeting.

Governance Manual Review

- 3.9 As highlighted in previous updates, work has been undertaken on updating the Governance Manual. Following agreement from s151 Officers, Technical Lead officers from West Sussex (Rachel Wood and Vickie Hampshire) reviewed the Manual, identified themes and launched a project to highlight the areas of highest risk to the delivery of the ACCESS Business Plan. This work formed the basis of the revised Governance Manual which has been comprehensively updated. The draft revision was taken to the Officer Working Group in early April. It was then presented at a special meeting of ACCESS s151 Officers on 6 May 2022. The ASU will continue to work to develop and embed the protocols around the processes set out in the revised Governance Manual. The Manual will be circulated to JC Members for information.

DLUHC LGPS Consultation

- 3.10 A Department for Levelling Up, Housing and Communities (DLUHC) consultation is anticipated on investment related LGPS matters. This is expected to cover Climate Related disclosures, LGPS Pooling and the LGPS implications of February 2022's Levelling Up White Paper.
- 3.11 The timing of the commencement of the consultation is not yet known. Although publication later in June is not considered likely, it would be prudent to ensure that appropriate arrangements are agreed, should the timing of the consultation fall between the Committees meeting on 6 June and 12 September 2022, or the consultation period be less than 12 weeks. As a consequence, it is therefore recommended that the Committee agree:
- that should the deadline for responses not align with the Committee's schedule of meetings, the Director for the ACCESS Support Unit will make necessary arrangements to ensure that the Members of the Committee may consider and comment on the DLUHC Consultation; and that authority be delegated to the ASU Director to finalise and submit a response, in consultation with the ACCESS Joint Committee Chair.

4. 2021/22 outturn and 2022/23 Budget

- 4.1 At its January 2021 meeting the Committee determined a budget of **£1,247,019** to support the 2021/22 business plan. Details are included within the table overleaf:

	Agreed Budget 2021/2022 £	7/3/22 JC Forecast 2021/2022 £	Outturn 2021/2022 £	Overspend / (Underspend) 2021/2022 £	Agreed Budget 2022/23
ASU					
ASU Salaries (incl. on cost)	460,261	415,474	408,255	(52,006)	465,000
ASU Operational	20,580	17,628	15,575	(5,005)	23,000
ASU Host Authority Recharge	64,087	30,000	34,000	(30,087)	35,000
Technical Lead Recharge Costs	40,000	38,144	35,821	(4,179)	45,000
ASU Total	584,928	501,246	493,651	(91,277)	568,000
Professional Costs					
<i>Internal Professional Costs</i>					
JC Secretariat	21,761	16,322	18,090	(3,671)	22,000
Procurement	45,000	12,000	12,000	(33,000)	60,000
<i>Internal Professional Costs</i>	66,761	28,322	30,090	(36,671)	82,000
<i>External Professional Costs</i>					
Strategic & Technical	433,000	335,698	357,668	(75,332)	546,000
Legal & Governance	162,330	167,002	165,221	2,891	170,000
<i>External Professional Costs</i>	595,330	502,700	522,889	(72,441)	716,000
Professional Costs Total	662,091	531,022	552,979	(109,112)	798,000
Total Costs per 2021/2022	1,247,019	1,032,268	1,046,630	(200,389)	1,366,000
Cost Per Authority	113,365	93,843	95,148	(18,217)	124,182

4.2 The final expenditure for the financial year **2021/22** was **£1.047m** against a total agreed budget of **£1.247m**, giving rise to an underspend of **£0.200m**. The final position was largely driven by underspends within the following areas:

- ACCESS Support Unit (ASU) salaries (incl. on cost): the new Client Manager joined the ASU part way through the current year;
- ASU Host Authority recharge: the overhead (including finance, information technology, human resource and property services) charged by Essex County Council was reviewed and reduced at the start of the year;

- JC Secretariat: the budget included contingency for an additional (fifth) JC meeting in the year which was not required; and
- Procurement; Non-listed procurements and the second phase of Responsible Investment (reporting) are now expected to commence in 2022/23.

4.3 Further detail in relation to the budget for Strategic & Technical advice has been provided in the Part II Annex B to this report.

5. Risk Summary

5.1 A summary of the risk profile is shown below, and a more detailed report, appears within the Part II Annex C to this report.

	March 2022	June 2022
Low	4	4
Medium	18	17
High	0	2
Elevated	2	1
Risk Index	134	134

6. Recommendations

6.1 The Committee is asked to note the:

- 2021/22 Business Plan summary;
- 2022/23 Business Plan update;
- 2021/22 financial outturn; and
- matters highlighted on risk management.

6.2 The Committee is also asked to note:

- the variations to the IAA set out in paragraphs 3.3-3.6 noting that comments have been invited from Monitoring Officers by 20 June 2022.

6.3 The Committee is asked to agree that:

- should the deadline for responses not align with the Committee's schedule of meetings, the Director of the ACCESS Support Unit will make necessary arrangements to ensure that the Members of the Committee may consider and comment on the DLUHC Consultation; and that authority be delegated to the ASU Director to finalise and submit a response, in consultation with the ACCESS Joint Committee Chairman.

Theme	Milestone	2022/23 activity	June 2022 comment
Actively managed listed assets	Launch of Tranche 5b	Three fixed income sub-funds.	An update on this matter appears elsewhere on this agenda.
	Launch of Tranche 5c	Two fixed income and one global equity sub-funds were launched during 2021/22.	No action required.
	Launch of Tranche 6	Two Emerging Market sub-funds.	An update on this matter appears elsewhere on this agenda.
	Launch of Tranche 7	Three fixed income sub-funds and one Global Equity sub-fund.	An update on this matter appears elsewhere on this agenda.
	Scheduled BAU evaluation	Implementation of outcomes.	An update on this matter appears elsewhere on this agenda.

Theme	Milestone	2022/23 activity	June 2022 comment
Alternative / non-listed assets	Initial implementation of approach to pool illiquid assets.	The first pooled illiquid vehicles will be launched.	An update on this matter appears elsewhere on this agenda.
Passively managed assets	Ongoing monitoring of assets managed on a passive basis.	Further engagement and exploration with UBS will continue throughout the year.	Dialogue with those Authorities adopting passive management investment will take place at Investor User Group during the year. An update on the value of Authorities' passive holdings appears elsewhere on this agenda.
Governance	Meetings and oversight. Operational protocols.	Arrangements will be made to support meetings of the Joint Committee (usually each quarter). Meetings of s151 Officers will also be held. The implementation of the revised Governance Manual.	JC meetings during the remainder of 2022/23 are scheduled for: 12 September 2022; 5 December 2022; 6 March 2023. Virtual meeting of s151 Officers were held on 6 May and 18 May 2022. Further meetings will be held in advance of future JC meetings. The revised Governance Manual was agreed by s151 Officers at a specially convened meeting on 6 May 2022. The ASU will update and maintain the Manual.

Theme	Milestone	2022/23 activity	June 2022 comment
Governance continued	Operational protocols (contd.)	The implementation of the revised Governance Manual (contd.)	Work on drafting a specification for an independent review of both the Pool's governance arrangements and the ASU is underway.
	Engagement with HM Government	ACCESS will liaise with the Scheme Advisory Board (SAB) as appropriate.	Any SAB liaison will be brought to the Committee's attention.
		Periodic reports will be provided to DLUHC (formerly MHCLG) as required.	An annual return is required in September.
	Joint Policies & guidelines.	The Joint Committee will actively participate in any Cabinet Office/DLUHC pooling-related consultations.	A DLUHC consultation, incorporating Climate Related Disclosures, LGPS Pooling and the LGPS implications of the <i>Levelling Up</i> White Paper is expected in summer 2022.
Continued activity will take place on implementing the Communications plan.		A workshop will be arranged prior to the launch of the ACCESS LinkedIn page in July. Revisions to the ACCESS website are expected to be concluded in July.	
		A procurement will take place for Communications Support.	This procurement is scheduled for autumn 2022, and a report will be brought to Committee's September meeting. The current arrangement with MHP expires at the end of 2022.

Theme	Milestone	2022/23 activity	June 2022 comment
Governance continued	Joint Policies & guidelines (contd.).	<p>The implementation of revised Environmental Social and Governance /Responsible Investment (ESG/RI) guidelines.</p> <p>A procurement will be completed for RI reporting.</p>	<p>An update on this matter appears elsewhere on this agenda.</p> <p>Scheduled to commence once clarity established on climate related reporting requirements (anticipated to arise out of the DLUHC consultation).</p>
ACCESS Support Unit (ASU)	Review of ACCESS Support Unit	A third-party review of the ASU will be undertaken.	Work on drafting a specification for an independent review of both the Pool's governance arrangements and the ASU is underway.

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Agenda Item 10

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Agenda Item 12

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