

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 23 June 2017

Subject: **ACCESS LOCAL GOVERNMENT PENSION SCHEME  
POOLING**

Classification: Unrestricted

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Summary: To update the Committee on the progress made on pooling.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. This report updates on progress on pooling since the last report to the Committee in February 2017.

### **DISCUSSIONS WITH THE LOCAL GOVERNMENT MINISTER**

2. Prior to May the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Chairmans group was meeting monthly and a major focus for them was a dialogue with the then Local Government Minister Marcus Jones MP. The Chairmans group concluded that their alternative proposals were not going to be accepted and they therefore agreed to proceed with the operator procurement. Attached in Appendix 1 is the Eversheds summary of the final position reached with DCLG.

### **JOINT COMMITTEE**

3. To establish a Joint Committee required a formal Council decision from each of the 11 participating Councils. Council at KCC agreed the report on 16 March (report attached in Appendix 2) and all Councils have now agreed.
4. KCC is providing committee services to the Joint Committee and are currently organizing a first meeting for July. The Committee will then meet quarterly.

### **INVESTMENT MANAGER RATIONALISATION**

5. To date the main focus of ACCESS has been on governance issues and the Operator role. Discussions within the ACCESS Officer Working Group have identified the need to look in far greater detail at the current investment manager structures of the constituent Funds to better identify areas of cross-over and areas where there are significant differences in approach. The officers are drawing up a

specification for this piece of work and then a selection process to select a supplier.

6. Legal advice from Squires, Patton, Boggs is that existing investment manager mandates of individual funds can be transferred in to the pool by adding the Operator as a signatory to the agreement. This should allow the 11 Funds to transfer in much of their existing manager rosta in to the pool.
7. It has now been decided that this piece of work will take priority over the Operator procurement.

### **OPERATOR PROCUREMENT**

8. The key element of pooling is the procurement of the Operator who will run the Authorised Contractual Scheme (ACS) and other collective investment vehicles. The ACCESS Chairman have decided that ACCESS will initially rent an Operator and in the early part of the procurement process initial discussions have been held with a number of Operators. The Operator will provide the Financial Conduct Authority regulated fund structure, custodian and depository services which the pooled funds will then be invested in.
9. KCC is leading the Operator procurement with the KCC Treasury and Investments Manager as lead officer supported by KCC Procurement. A revised timetable is being prepared as a result of the delay in proceeding with the procurement.
10. In Appendix 3 a suggested split of responsibilities of the respective parties is set out. This reflects the ACCESS Chairmans view of the sovereignty of the individual Funds.

### **RECOMMENDATION**

11. Members are asked to note this report.

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