

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 8 September 2017

Subject: **ACCESS POOLING UPDATE**

Classification: Unrestricted

Summary: To update on progress on pooling.

FOR DECISION

INTRODUCTION

1. This report is to update on progress on pooling.

JOINT COMMITTEE

2. The Joint Committee (JC) met for the first time on 31 July. Cllr. Andrew Reid from Suffolk was elected as Chairman and Cllr. Richard Stogdon from East Sussex as Vice Chairman. Minutes of the meeting will be circulated to the Committee. A further meeting is being arranged for late September / early October. Commencing meetings of a decision making body is a major step forward.

COMMUNICATION WITH DCLG

3. All the pools were asked to provide an update to DCLG in July on the progress being made with the pooling arrangements and a copy of the response from Marcus Jones is attached at appendix 1.

PASSIVE INVESTMENT MANAGER PROCUREMENT

4. The latest position is that the preferred supplier has been identified and the contract award will be reported to the JC at its next meeting. The contract award will then be recommended to the individual ACCESS Funds. It is anticipated that once the contract has been signed (the Corporate Director of Finance has delegated authority to sign on behalf of the Kent Fund) assets will be transferred by March 2018.

INVESTMENT MANAGER RATIONALISATION

5. As reported to the last meeting of the Committee the ACCESS Funds agreed to commission a piece of work to review the current investment manager structures of the 11 Funds in order to better identify areas of cross-over and areas where there are significant differences of approach.

6. bfinance was commissioned to:
 - Prepare a “map” of existing holdings,
 - Assess those holdings for suitability within the sub-fund structure,
 - Make recommendations on the initial population of sub-funds, and
 - Consider the impact on fees.
7. The OWG has received the bfinance report and used it to inform the CIV Operator Procurement.
8. It is anticipated, given advice received from Squire, Patton, Boggs (SPB) the legal adviser to the Operator procurement exercise, and previously reported to the Committee, that the initial sub-fund structure will be based on existing investment manager mandates of individual Funds. Over the next few months the report’s recommendations will be further reviewed as Funds will need to agree on the most appropriate mandates.
9. The bfinance report is highly supportive of the current Kent Fund manager roster and the Committee at its next meeting in November will be asked to agree the Kent investment in the initial sub-funds.
10. The intention is that the sub-fund structure will be agreed by all ACCESS Funds by 1 February 2018, when the Operator’s contract commences, so that they can go ahead and seek authorisation from the FCA for the establishment of the sub-funds.

OPERATOR PROCUREMENT

9. The Invitation to Tender (ITT) and OJEU notice is due to be issued on 4 September with responses due by 6 October 2017. Responses will be evaluated by a panel of officers and members in October / November. The Joint Committee is scheduled to approve the recommended supplier on or around 20 November and to recommend the contract award to individual Funds for their approval during late November / early December. The 17 November meeting of this Committee will be too early to make this decision.
10. The Committee is asked to agree to delegate to the Corporate Director of Finance in consultation with the Chair of the Superannuation Committee the approval of the contract.

RECOMMENDATIONS

11. Members are asked:
 - a) to note the report;
 - b) to agree the delegation to the Corporate Director of Finance in consultation with the Chairman of the Superannuation Committee the approval of the contract with the Operator;

- c) that once the contract for the Operator has been prepared the Kent County Council seal can be affixed to the legal documents.

Nick Vickers
Business Partner (Pension Fund)
Tel: 07920 428575
E-mail: nick.vickers@kent.gov.uk

Alison Mings
Treasury & Investments Manager
Tel: 03000 416488
E-mail: Alison.mings@kent.gov.uk