

By: Acting Corporate Director of Finance

To: Pensions Board – 19 October 2018

Subject: **ACCESS POOLING UPDATE**

Classification: Unrestricted

Summary: To update on progress on pooling.

FOR INFORMATION

INTRODUCTION

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

JOINT COMMITTEE

2. The Joint Committee (JC) met on 11 June and 19 September 2018 and minutes of these meetings will be circulated to the Superannuation Fund Committee for its next meeting in November 2018.

ESTABLISHMENT OF THE ACS AND SET UP OF SUB-FUNDS

3. FCA approval for the LF ACCESS Pool Authorised Contractual Scheme (ACS) and first sub-fund was given on 9 August and a copy of the ACCESS press release is attached at appendix 1.
4. Efforts are now focused on the set up of the first sub-fund which is due to launch in October 2018.
5. Plans are also in hand for the launch of further sub-funds including the Kent Fund's Schroders UK Equities, Baillie Gifford and M&G Global Equities mandates. Once Kent has invested in these sub-funds it is anticipated that we will have invested a total of £3.56bn in the ACCESS pool representing 62% of total Kent Fund assets available for pooling.
6. The Kent Committee has already agreed it will only transfer funds into the ACCESS ACS if the fee savings offset the additional costs of the ACS structure. It is anticipated that overall the Kent Fund will achieve savings from its investments particularly as a result of the planned restructure of the M&G mandate and reduced manager fees.
7. With Link, the proposed sub-fund investment managers and Northern Trust officers will also be developing plans for the transition of funds into the sub-funds in order to minimise associated costs and to maximise savings. The launch of the second tranche of sub-funds is expected from Q1 2019 onwards.

8. With assistance from professional advisors ACCESS officers have undertaken a review of Funds' existing fixed income, diversified growth and remaining equity mandates as well as their potential future requirements in order to agree proposals for the next phase of sub-funds. It is anticipated that these proposals will be presented to the JC at their meeting in December 2018.

ACCESS SUPPORT UNIT (ASU) ARRANGEMENTS

9. Interim support arrangements have continued to support officers in the Establishment Phase of the project.
10. Essex County Council has offered to host the ASU and plans are in hand for the recruitment of the Programme Director and Contract Manager. After a round of interviews involving both ACCESS officers and members of the JC Essex expect to appoint the Programme Director in early October and the Contract Manager shortly afterwards. The recruitment of an administration officer to take over the responsibility from Kent for the secretariat support to the JC is expected to happen in Q4 2018. The recruitment of 4 seconded part-time technical officers from the ACCESS Funds is expected to happen in 2019.

UPDATES FOR MHCLG

11. MHCLG has been kept informed of the ACCESS pool's progress and a copy of the recent letter from the minister is attached at appendix 2. The JC chair and vice chair will be meeting the minister in early November.

RECOMMENDATION

12. The Board is recommended to note this report.

Alison Mings

Treasury and Investments Manager

Alison.mings@kent.gov.uk