

Governance update



Joint Committee

Date: 9 March 2020

Report by: Officer Working Group

Subject:	Governance update
Purpose of the Report:	<p>The purpose of this paper is to update the Joint Committee (JC) on:</p> <ul style="list-style-type: none">• the progress of the Phase 3 Governance work, and the subsequent associated extension of timescales for the delivery of this work; and• recent discussions regarding the structure of officer sub-groups.
Recommendations:	<p>The Joint Committee is invited to note:</p> <ul style="list-style-type: none">• the revised timetable for completion of phase 3 governance deliverables• that the revised IAA will take effect upon execution by all participating authorities, completion of this process to be confirmed in writing by the Clerk to the Committee; and• recent discussions on the structure of officer sub-groups
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1. Purpose

- 1.1. The purpose of this paper is to update the Joint Committee (JC) on:
- the progress of the Phase 3 Governance work, and the subsequent associated extension of timescales for the delivery of this work;
 - recent discussions regarding the structure of officer sub-groups specifically the planned cessation of the Governance sub-group (GSG) and consideration of future sub-group requirements; and
 - initial planning for the Annual Report.

2. Background: Phase 3 Governance work

- 2.1. In June 2018 the JC agreed to Phase 3 of the Governance Workstream, which included reviewing the Inter Authority Agreement (IAA) alongside the completion of the Governance Manual, with a primary focus on ensuring consistency and clarity.
- 2.2. At its meetings throughout 2019, the JC were advised of progress and next steps for the finalisation of the key governance documents.
- 2.3. Section 151 Officers (s151) have discussed and contributed to the development of this workstream at each of their five meetings between December 2018 and November 2019. An update was also given at their February 2020 meeting.
- 2.4. Squire Patton Boggs held a webinar on 11 June 2019 for Monitoring Officers to enable the rationale behind proposed changes to the IAA to be explained in detail. It also introduced the Governance Manual. Following comments received, a revised draft IAA was circulated to the Monitoring Officers for approval during October and November 2019. This raised one matter - ensuring that references to Operator Agreement(s) are generic rather than specific - which required a number of presentational changes.
- 2.5. Two training sessions on governance arrangements were delivered in late 2019: to the s151 Officers on 27 November, and after the last JC meeting on 9 December.

3. Progress since Joint Committee meeting on 9 December 2019

- 3.1. The changes highlighted in 2.4 were finalised in February 2020, and at the time of writing an updated IAA was in preparation for re-circulation to Monitoring Officers.
- 3.2. As a result of the ongoing engagement with Monitoring Officers, the timetable has been redrafted and is shown below. The expectation is now that Authorities will commence executing the revised IAA from April 2020.

Task	Revised Date	Responsible party(ies)
Final draft IAA circulated to Monitoring Officers members	Early March 2020	ACCESS Support Unit (ASU)
Final draft IAA circulated to members of the Joint Committee (including tracked changes)	Late March 2020	ACCESS Support Unit
Final version produced and signed off by OWG	April 2020	ACCESS Support Unit Squire Patton Boggs
Individual Authorities commence internal governance processes	April 2020	Monitoring Officers
Authorities to confirm approval of revised IAA to Clerk to the Joint Committee – Clerk will then issue the revised IAA for execution.	TBC	Officers from participating Authorities Clerk

4. Officer Working Group (OWG) & Officer Sub-groups

- 4.1. The revised IAA incorporates Terms of Reference (ToR) for both the JC and the s151 Officers of the participating Authorities.
- 4.2. The 2020-21 Business Plan agreed at the Committee's meeting in December 2019 included the following extract:

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 initial implementation of pooled alternative assets.

Passive assets: ongoing monitoring and engagement with UBS.

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

ACCESS Support Unit (ASU): the size and scope of the ASU will be reviewed.

- 4.3. The Terms of Reference of OWG (as set out in the original IAA) are shown below:
- *The Officer Working Group is a working group of officers appointed by the Councils whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee (and also if requested for the Councils as a collective group of investors in the Operator).*
 - *The Officer Working Group will work with the Joint Committee to support the functions of the Joint Committee as set out in the Joint Committee's Terms of Reference.*
 - *The Officer Working Group will provide technical support at meetings of the Joint Committee, for example by proving and delivering performance management reports for the Joint Committee on all aspects relating to the provision of services by the Operator.*
 - *The Officer Working Group will act as a conduit for the Joint Committee to communicate back to the respective Councils and/or direct to the Operator. It will do so in liaison with the [ACCESS] support unit established by the Councils to oversee the Contract and the Service.*

- 4.4. Against a backdrop of the issues highlighted in paragraphs 4.1 and 4.2, the ASU and officers have recently commenced a review of sub-groups. The intention is to enable officer engagement to appropriately reflect the current stage of ACCESS's development.
- 4.5. In this context it is considered that the Officer Working Group (OWG) itself remains pivotal to how ACCESS operates. It gathers together LGPS professionals from each of the eleven LGPS Authorities every month to discuss progress, make recommendations to support the JC and engage with the ASU. It promotes governance, as each participating Authority is represented at the pool's operational core.
- 4.6. Recognising both the time pressure on OWG and that a project / undertaking of this nature has many aspects, space has been created for sub-groups. Whilst there have been several sub-groups from time to time around particular phases of the project (e.g. procurements, recruitment), the enduring sub-groups have been the Governance sub-group (GSG), the Onboarding sub-group (OBSG) and (more recently) the Reporting sub-group (RSG). The intention was to enable expertise to be focused on specific areas whilst ensuring OWG was sighted on all relevant areas.
- 4.7. The range and complexity of ACCESS's development has been considerable. This was typified last month when it was deemed necessary to combine the scheduled OBSG on 23 January, as an opportunity to meet bfinance to discuss alternatives. A session on Good Governance immediately followed. This encapsulates where LGPS Authorities within ACCESS currently find themselves: parallel priorities on active assets and alternative assets within an evolving governance framework.
- 4.8. In view of the current stage of ACCESS's development and the themes within the 2020-21 Business Plan the implications of the following proposals are being explored:
1. the continuation of the OWG meeting on a monthly basis to provide XX on behalf of participating Authorities – as delegated by the s151 Officer.
 2. the cessation of the GSG with officer consideration of governance matters to reside within OWG;
 3. the replacement of OBSG with 2 sub-groups:
Active Listed sub-group (ALSG) & Non-Listed sub-group (NLSG);
 4. formalising existing practice as Passive Assets sub-group (PASG); and
 5. maintaining the Reporting sub-group (RSG).
- 4.9. The next steps in developing these proposals include dialogue with s151 Officers and drafting/updating sub-group ToRs.
- 4.10. Finalising sub-groups will bring clarity to the 2020-21 Business Plan's scheduled review of the ASU clarity on the shape of the officer structure the ASU is to support.
- 4.11. The ToR for the Officer Working Group and sub-groups will be incorporated within the revised Governance Manual

5. Recommendations

- 5.1. The Joint Committee is invited to note:
- the revised timetable for completion of phase 3 governance deliverables.
 - that the revised IAA will take effect upon execution by all participating Authorities, completion of this process to be confirmed in writing by the Clerk to the Committee
 - recent discussions on the structure of officer sub-groups;

6. Consultation with Key Advisers

6.1. Squire Patton Boggs are providing legal advice.