



AGENDA

ACCESS JOINT COMMITTEE

Monday, 7th March, 2022, at 11.00 am
Bevin Hall – 18 Smith Square, LGA,
London, SW1P 3HZ

Ask for: **Joel Cook**

Telephone **03000 416892**

Any press or public wishing to attend the open section of the meeting are requested to contact the clerk (details above) to assist in confirming requirements at the meeting venue.

Membership

Chair: Cllr Mark Kemp-Gee (Hampshire CC), **Vice-Chair: Cllr Susan Barker** (Essex CC), **Cllr Gerard Fox** (East Sussex CC), **Cllr Jeremy Hunt** (West Sussex CC), **Cllr Chris Jarman** (Isle of Wight), **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/Substitutes
2. Declaration of interests in items on the agenda
3. Chair's remarks
4. Minutes of the meeting held on 6 December 2021 (Pages 1 - 6)
5. Local Pension Board observation of Joint Committee meetings (Pages 7 - 10)
6. Internal Audit of the ACCESS Support Unit (ASU) (Pages 11 - 30)
7. Business Plan, Budget and Risk Summary (Pages 31 - 42)

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

8. Exempt Minutes - Meeting held on 6 December 2022 (Pages 43 - 46)
9. Communications update (Pages 47 - 70)
10. Alternative Investments Implementation Advisor (Pages 71 - 78)
11. Draft Responsible Investment Guidelines (Pages 79 - 82)
12. Performance report (Pages 83 - 114)
13. Sub-fund implementation (Pages 115 - 130)
14. Contract and Supplier Relationship Management (Pages 131 - 152)
15. Risk Management (Pages 153 - 158)
16. Business As Usual evaluation (Pages 159 - 170)
17. Link Presentation

Joel Cook
Clerk to the Joint Committee
03000 416892

Friday, 25 February 2022



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Bevin Hall - 18 Smith Square, LGA Offices, London on Monday, 6th December, 2021.

PRESENT: Cllr Mark Kemp-Gee (Hampshire), Cllr Susan Barker (Essex), Cllr Charlie Simkins (Kent), Cllr Debbie Andre (Isle of Wight), Cllr Jeremy Hunt (West Sussex), Cllr Judy Oliver (Norfolk), Cllr Andrew Williams (Hertfordshire), Cllr Charles Morton (West Northants)

ALSO PRESENT: Kevin McDonald (ASU), Mark Paget (ASU), Paul Tysoe (ASU), Dawn Butler (ASU) Clifford Sims (Squire Patton Boggs), John Wright (Hymans Robertson) and David Crum (Minerva).

OFFICERS: Alison Mings (Kent), Andrew Bouflower (Hampshire), Glenn Cossey (Norfolk), Jo Thistlewood (IoW), Jody Evans (Essex), Mark Whitby (West Northants), Patrick Towey (Hertfordshire), Rachel Wood (West Sussex), Sharon Tan (Suffolk), Sian Kunert (East Sussex), Katherine Eberhart (West Sussex), Alexander Younger (Norfolk), Kay Goldsmith (Kent) and Joel Cook (Clerk)

UNRESTRICTED ITEMS

18. Apologies/Substitutes.
(Item. 1)

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

RESOLVED apologies be noted.

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

None.

20. Minutes of the meeting held on 6 September 2021.
(Item. 3)

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

21. Chair's remarks.
(Item. 4)

1. The Chair noted that Kemi Badenoch MP was the new Minister for the Department for Levelling Up, Housing and Communities.
2. He highlighted the importance of Members sending substitutes to meetings when they were unable to attend.

RESOLVED that the Chair's remarks be noted.

22. Business plan, budget and risk summary.
(Item. 5)

1. Mr McDonald provided an update to the Committee. He commented that a number of workstreams included in the Business Plan would be discussed in more detail in later agenda items.
2. The Committee asked if the figures on expenditure and savings (para 1.3 in agenda) could be compared with other Pools. Mr McDonald offered to follow-up on a dialogue with other pools that he had already started.
3. Mr McDonald expressed that the timing of consultations in relation to climate related disclosures and LGPS Pooling remained unclear but would likely be in the new year.
4. In response to a question about the additional budget allocated to "external professional costs", Mr McDonald agreed to provide a breakdown of the figures sitting under that budget line. He confirmed that any third-party review of the ACCESS Support Unit (ASU) would be brought to the Joint Committee before it commenced.

RESOLVED that

1. The 2020/21 outturn, Business Plan update, the 2021/22 budget update, and summary risk register be noted.
2. The 2022/23 business plan be recommended to the ACCESS Authorities; and the recommendation of the s151 Officers from ACCESS Authorities to determine the 2022/23 budget totalling £1.366m to support the proposed business plan be accepted.

23. Communications update.
(Item. 6)

1. Mr McDonald provided an update, explaining that the partnership with Engine MHP was almost one year into a two-year contract. They would attend the March 2022 meeting with a review of the first year.
2. Following the appointment of ACCESS spokespeople at the last meeting, media training had been completed. Mr McDonald confirmed that the ACCESS website had been updated in line with Engine's recommendations, but that further work was due to take place.

3. Mr McDonald explained that Engine MHP had been kept apprised of developments around the draft Responsible Investment (RI) guidelines so that they could prepare statements and communications ready for when the guidance was approved. He confirmed that the intention was for individual authorities to agree the RI policy before any communications were finalised.

RESOLVED that the report be noted.

24. Motion to Exclude the Press and Public.
(Item. 7)

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.

25. Draft RI Guidelines and governance next steps.
(Item. 8)

1. Mark Whitby (Northamptonshire) provided an update on the ACCESS Responsible Investment guidelines.
2. The proposed guidelines were scheduled to be on the 7 March 2022 agenda. However, Members commented that in view of the significance of this work it was important for all Administering Authorities to have time to give them further consideration before any decisions were made by the Joint Committee. It was agreed that inter-authority communication would be delegated to the Officer Working Group (OWG) and a final document would come to the June 2022 meeting. A workshop or webinar would also be held between March – June 2022 allowing for further discussion on the draft.
3. A Member sought clarification over the status of the guidance, and it was confirmed that the document was not statutory but an internal document that would be agreed by individual ACCESS Authorities. It was intended to provide an overarching set of common principles for ACCESS authorities.

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

26. Implementation Adviser procurement.
(Item. 9)

1. Mr Paget updated the Committee on the procurement of an Implementation Advisor.

RESOLVED that the report be noted.

27. Performance Report.
(Item. 10)

1. Sharon Tan (Suffolk) 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 £32.915bn at the

end of September 2021 (up from £31.602bn in June 2021). Pool aligned assets represented 55% of total assets.

RESOLVED that the report be noted.

28. Response to EM review: Protocol for new sub-funds.
(Item. 11)

1. Mr McDonald provided an update on the responses to the recommendations of the Emerging Markets review, particularly in relation to the creation of a protocol for the establishment of future sub-funds and how this was to be adopted as guiding principles rather than set criteria.
2. It was noted that the guiding principles now proposed, had been developed through detailed work at the Officer Working Group, and had been discussed in depth by s151 Officers prior to their recommendation to the Joint Committee.

RESOLVED that

1. the sub-fund criteria proposed by the Officer Working Group (OWG) in August 2021 (paragraphs 3.6 - 3.9) be adopted, not as criteria, but as guiding principles; in recognition of the concepts of both self-regulation and peer review.
2. The revised protocol flowchart be adopted.
3. The impact of the guiding principles and the protocol on ACCESS sub-funds be monitored by the OWG and the ASU, kept under review at future s151 meetings and subject to formal review by s151 Officers at a meeting in November 2022.

29. Sub-fund implementation.
(Item. 12)

1. Mr Tysoe provided an update on the progress with sub-funds. Three Multi-Asset Credit sub-funds were included in tranche 5b, and the ASU was working closely with Link to prepare for this. Mr Tysoe was invited to provide an update on those conversations at the next meeting.
2. Members discussed and acknowledged some areas where issues had negatively impacted individual Authorities. It was highlighted that areas of key learning for the future were being finalised.

RESOLVED that

- 1) the report be noted.
- 2) the creation of two emerging market equity sub-funds, reflecting growth and value investment styles, be approved.

30. Contract Management.
(Item. 13)

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

RESOLVED that the report be noted.

31. Risk Management.

(Item. 14)

1. Mr Paget updated the Committee on the current risk profile of the Pool. He agreed to provide a more detailed commentary on the elevated risks in future reports.

RESOLVED that the risk register update be noted.

32. BAU evaluation next steps.

(Item. 15)

1. John Wright (Hymans Robertson) provided an update from the Business As Usual Evaluation.
2. Members discussed the recommendations and asked a range of questions for clarification. John Wright and Mr McDonald provided answers and information to support the consideration of the recommendations regarding future operating arrangements for the ACCESS Pool as part of Business As Usual.

RESOLVED that the proposed timetable be noted.

33. Date of next meeting - Monday 7 March 2022

(Item. 16)

This page is intentionally left blank

**Local Pension Board
observation of ACCESS Joint
Committee meetings**



ACCESS Joint Committee

Date: 7 March 2022

Report by: Officer Working Group

Subject:	Local Pension Board observation of ACCESS Joint Committee meetings
Purpose of the Report:	To propose the basis for Scheme Member representation with ACCESS governance arrangements
Recommendations:	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • note the report; • agree to 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 this report; • agree that the Committee will undertake a review of these arrangements after a full year following their implementation; and • agree that ACCESS Support Unit liaise with Councils as necessary in order to establish and progress the requisite changes to the Inter Authority Agreement.
Enquiries to:	<p>Name – Kevin McDonald E-mail – kevin.mcdonald@accesspool.co.uk</p>

1. Background

- 1.1. In May 2018 the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) issued an updated policy statement on pool governance which included the following (revised wording in bold):

*“The board recognises that strategic decisions on asset allocations and responsible investment will remain at the local level and therefore the involvement via local pension boards of those employers beyond the scheme manager along with member representatives in those areas would continue. However the **Board would expect that** scheme managers involve those same employers and member representatives in assisting with the assurance of transparent reporting from pools and ensuring the effective implementation of strategies by pools. Such involvement should include the consideration of provision of direct representation on oversight structures. **In line with the UK Corporate Governance Code principle of ‘comply or explain’, any pool making a decision to exclude member representatives from their formal oversight structures should publish this decision and formally report the reasons to the local pension boards which the pool serves.**”*

- 1.2. At its meeting on 9 September 2019, the Joint Committee considered a detailed report on Scheme Member representation and agreed a recommendation from s151 Officers that no change be made to the existing arrangements. In accordance with SAB’s policy statement the decision and its rationale were communicated to the Local Pension Boards (LPBs) of each Authority within the ACCESS pool. The report was also made available to the SAB.
- 1.3. In August 2021, in an email to Cllr Kemp-Gee and Cllr Barker, UNISON representatives on the LPBs and s101 Committees within Pension Fund Boards and Committees within the ACCESS Pool re-presented their request for scheme member representation on the ACCESS Joint Committee.
- 1.4. In September 2021, a reply on behalf of the the Chairman and Vice-Chairman stated that *“the matter of Scheme Member Representation has been the subject of informal discussions”* adding that *“the topic of Scheme Member Representation will be discussed at a future meeting of the ACCESS Joint Committee.”*
- 1.5. In a December 2021 statement expressing its view on ACCESS’s current position, the SAB suggested that ACCESS had not complied with the 2018 policy statement (para 1.1 above). Following representations by Cllr Kemp-Gee, the SAB corrected the record on its website on 25 January 2022.
- 1.6. In January 2022, following consultation with both the Vice-Chairman, and Cllr Oliver, (nominated spokesperson for governance) Cllr Kemp-Gee circulated a draft proposal to Members of the Joint Committee along with s151 Officers.

2. Proposal: Local Pension Board observation of ACCESS Joint Committee meetings

2.1. The ACCESS Pooling arrangement has been established to:

- (i) enable the Councils to execute their fiduciary responsibilities to LGPS stakeholders including scheme members and employers as economically as possible;
- (ii) provide a range of asset types necessary to enable those participating authorities to execute their locally decided investment strategies as far as possible, and
- (iii) enable the Councils to achieve the benefits of pooling investments, preserve the best aspects of what is done locally, and create the desired level of local decisionmaking and control.

2.2. To further assist with the assurance of transparent reporting and to demonstrate the effective implementation of local investment strategies by the Joint Committee on behalf of the Councils, it is proposed to facilitate observation of each Joint Committee meeting by ACCESS Scheme Managers' Local Pension Boards (including scheme member, employer and independent members representatives).

2.3. Local Pension Board representatives will be invited to observe each meeting of the ACCESS Joint Committee (including any items from which the press and public are excluded).

2.4. Observers will be invited 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.

Meeting	Invited Local Pension Boards	Observers per Local Pension Board	Total observers
A	Cambridgeshire, East Sussex, Essex	2	6
B	Hampshire, Hertfordshire, Isle of Wight	2	6
C	Kent, Norfolk, Suffolk	2	6
D	West Northamptonshire, West Sussex, Cambridgeshire	2	6
E	East Sussex, Essex, Hampshire	2	6
F	Hertfordshire, Isle of Wight, and Kent	2	6
G	Norfolk, Suffolk, West Northamptonshire etc	2	6
H	etc..		

2.5. It will be for each Local Pension Board to agree the observers from their Local Pension Board who will attend a Joint Committee meeting. Whilst the observers can be drawn from the scheme member representatives, the employer representatives,

and independent members of a Local Pension Board, it is desirable that at least one of the observers from a Local Pension Board is a scheme member representative.

- 2.6. In order to establish the formal observation arrangements for Local Pension Boards of Joint Committee meetings, consideration will be given to any changes necessary to the Inter Authority Agreement (IAA), including the development of Terms of Reference for observation of Joint Committee meetings by members of Local Pension Boards, and including appropriate controls, e.g. confidentiality and conflict management.
- 2.7. After a full year following the implementation of these arrangements (by which time each Council will have had the opportunity to nominate observers to at least one meeting) the Joint Committee will undertake a review of the arrangements.

3. Recommendation

3.1. The Committee is asked to:

- note the report;
- agree to 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 this report;
- agree that the Committee will undertake a review of these arrangements after a full year following their implementation; and
- agree that ACCESS Support Unit liaise with Councils as necessary in order to establish and progress the requisite changes to the Inter Authority Agreement.

Internal Audit of the ASU**ACCESS Joint Committee****Date: 7 March 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.
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

Reasons why this report is not for publication

This report is not for publication as it contains exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, being information relating to the financial or business affairs of any particular person (including the Authority holding the information).

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 evidences 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 2021 and the s151 officers on 18 February 2021.
- 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:

Page 21

Good Assurance

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

This page is intentionally left blank

Business Plan, Budget & Risk Summary



ACCESS Joint Committee

Date: 7 March 2022

Report by: Officer Working Group

Subject:	Business Plan, Budget & Risk Summary
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:</p> <ul style="list-style-type: none"> • the Business Plan update; • the 2021/22 budget update; and • summary risk register.
Enquiries to:	<p>Kevin McDonald</p> <p>Email: kevin.mcdonald@accesspool.co.uk</p>

1. Business Plan update

- 1.1 The Business Plan for **2021/22** 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.
- 1.2 Activities within this year's **2021/22** Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:
 - Communications
 - Responsible Investment
 - Implementation Adviser appointment
 - Sub-fund performance and implementation
 - Contract Management
 - BAU evaluation next steps

2. DLUHC LGPS consultation

- 2.1 On 2 February 2022, the Department for Levelling Up, Housing & Communities (DLUHC) published a white paper entitled "Levelling Up the United Kingdom".
- 2.2 The Local Government Pension Scheme (LGPS) features within the Government's levelling up ambitions and the white paper made specific reference to:
 - potential institutional investment support across "*infrastructure, housing, regeneration and [small and medium sized enterprises] SME finance*";
 - £16bn worth of investment were all LGPS funds to allocate 5% to "*local investing*"; and
 - "*to ensure that all LGPS funds play their full part, the UK Government is asking LGPS funds, working with the LGPS asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas.*"
- 2.3 It is understood that by "local investment" the Government mean UK investment (as opposed to counties or unitary areas).
- 2.4 It is further understood that a DLUHC consultation, incorporating Climate Related Disclosures, LGPS Pooling and the LGPS implications of the Levelling Up White Paper is now expected in summer 2022.
- 2.5 On 23 February, a House of Commons amendment was successfully incorporated during the third reading of the Public Service Pension & Judicial Officers Bill. This amendment introduces a power for the Secretary of State to issue guidance or direction on investment decisions "*which it is not proper for the scheme manager to make in light of UK foreign and defence policy*".

- 2.6 The amendment therefore appears to address an area previously thought likely to be covered within the Government's forthcoming plans for a Boycotts, Divestment and Sanctions Bill, which had been announced in the May 2021 Queen's speech.
- 2.7 At the time of writing, the National LGPS Scheme Advisory Board (SAB) had indicated that, pending the amended bill passing all parliamentary stages and gaining royal assent, guidance would be expected to be subject to consultation. It is therefore possible that this matter may also form part of the anticipated LGPS consultation on the matters highlighted at paragraph 2.4 above.

3. 2021/22 budget update

- 3.1 At its January 2021 meeting the Committee determined a budget of £1,247,019 to support the 2021/22's (current year's) business plan. Details are included within the table below .

	Agreed Budget 2021/2022 £	6/12/21 JC Forecast 2021/2022 £	7/3/22 JC Forecast 2021/2022 £	Overspend / (Underspend) 2021/2022 £	Agreed Budget 2022/23
ASU					
ASU Salaries (incl. on cost)	460,261	419,484	415,474	(44,787)	465,000
ASU Operational	20,580	14,865	17,628	(2,952)	23,000
ASU Host Authority Recharge	64,087	30,000	30,000	(34,087)	35,000
Technical Lead Recharge Costs	40,000	38,752	38,144	(1,856)	45,000
ASU Total	584,928	503,101	501,246	(83,682)	568,000
Professional Costs					
<i>Internal Professional Costs</i>					
JC Secretariat	21,761	16,322	16,322	(5,439)	22,000
Procurement	45,000	27,000	12,000	(33,000)	60,000
<i>Internal Professional Costs</i>	66,761	43,322	28,322	(38,439)	82,000
<i>External Professional Costs</i>					
Strategic & Technical	433,000	355,500	335,698	(97,302)	546,000
Legal & Governance	162,330	160,320	167,002	4,672	170,000
<i>External Professional Costs</i>	595,330	515,820	502,700	(92,630)	716,000
Professional Costs Total	662,091	559,142	531,022	(131,069)	798,000
Total Costs per 2020/2021	1,247,019	1,062,243	1,032,268	(214,751)	1,366,000
Cost Per Authority	113,365	96,568	93,843	(19,523)	124,182

3.2 Key forecast variances against the planned budget are expected 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. The budget reflects a full year's cost;
- ASU Host Authority recharge: the overhead charged by Essex County Council has been reviewed and reduced;
- JC Secretariat: the budget includes contingency for an additional 5th JC meeting in the year; and
- Procurement; Phase 2 of Responsible Investment (reporting) is now expected to commence in 2022/23.

3.3 At the December 2021 Joint Committee further detail was requested in relation to the budget for Strategic & Technical advice. This has been provided in the Part II annex B to this report.

4. Risk Summary

4.1 A summary of the risk profile is shown below, and a more detailed report, including the revised approach to risk scoring, appears elsewhere on this agenda.

	Sept 2021	Dec 2021
Low	4	4
Medium	14	16
High	1	0
Elevated	2	2
Risk Index	123	124

5. Recommendations

5.1 The Committee is asked to note:

- the Business Plan update;
- the 2021/22 budget update; and
- summary risk register.

Legacy milestones noted where applicable

Theme	Milestone	2021/22 activity	March 2022 comment
<p>Actively managed listed assets</p>	<p>Launch remaining Tranche 4b sub-fund (legacy milestone)</p>	<p>One UK equity sub-fund</p>	<p>Launched July 2021</p>
	<p>Launch of Tranche 5b</p>	<p>Three fixed income sub-funds</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Launch of Tranche 5c</p>	<p>Two fixed income sub-funds and one global equity sub-fund.</p>	<p>The fixed sub-funds were launched on 26 October and 1 December 2021. The global equity sub-fund was due to be launched on 23 February 2022.</p>
	<p>Determine, approval & launch of Tranche 6</p>	<p>Two Emerging Market sub-funds.</p>	<p>An update on this matter appears elsewhere on this agenda.</p>

	<i>Ensure sub-funds meet Link's due diligence requirements and ACCESS Authorities' Value for Money criteria (including transition activity). Manager search and selection activity where required. Work with Link to submit application to the FCA for approval of the sub-fund set up. Launch.</i>		
Theme	Milestone	2021/22 activity	March 2022 comment
Actively managed listed assets continued	Establish a process for transitioning between sub-funds. (legacy milestone)		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.

Alternative / non-listed assets	Commence implementation of approach to pool illiquid assets	The initial implementation of pooled alternative assets will commence in 2021/22.	An update on this matter appears elsewhere on this agenda.
Passively managed assets	Ongoing monitoring of assets managed on a passive basis.	Engagement with UBS will continue throughout the year.	Dialogue with those Authorities adopting passive management investment took place at an Investor User Group in July. UBS are also scheduled to appear at a further IUG meeting in March.
Governance	Meetings and oversight	Arrangements will be made to support meetings of the Joint Committee (usually each quarter). Meetings of s151 Officers will also be held.	The final scheduled JC meeting during 2021/22 is 7 March 2022. Virtual meeting of s151 Officers were held on 3 February and 18 February. Further meetings will be held in advance of the JC meetings in future.

Theme	Milestone	2021/22 activity	March 2022 comment
Governance continued	Operational protocols Engagement with HM Government	<p>Further development of protocols around key processes associated with the pool's day-to-day operation will take place during 2021/22.</p> <p>Participate in pooling related consultations.</p> <p>ACCESS will liaise with the Scheme Advisory Board as appropriate.</p>	<p>Work on a redrafted Governance Manual continues and nears completion.</p> <p>A DLUHC consultation, incorporating Climate Related Disclosures, LGPS Pooling and the LGPS implications of the <i>Levelling Up</i> White Paper is now expected in summer 2022.</p> <p>Following representations by the JC Chairman, the SAB amended their December statement on scheme member representation.</p> <p>The annual return was provided to DLUHC in September. Officers from the ASU met with DLUHC Civil Servants on 27 October.</p>

	Agreement to Joint Polices & guidelines	<p>Periodic reports will be provided to DLUHC (formerly MHCLG) as required.</p> <p>The Joint Committee will review its Communications Policy.</p> <p>Work will be undertaken to finalise joint guidelines on ESG / RI.</p>	<p>An update on this matter appears elsewhere on this agenda.</p> <p>An update on this matter appears elsewhere on this agenda.</p>
Theme	Milestone	2021/22 activity	March 2022 comment
ACCESS Support Unit (ASU)	Review of ACCESS Support Unit	The outcomes of the size and scope review of the ASU will be reviewed.	<p>Implementing the outcomes of the ASU review concluded with Paul Tysoe (formerly of Northants) commencing his role as Client Manager on 1 July.</p> <p>Scoping work is in progress on the ASU review planned for 2022/23.</p>

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 9

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 14

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 16

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank