

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

4th October 2019

Report by: Head of Pensions

Subject:	ACCESS Asset Pooling Update
Purpose of the Report	To update the Pension Fund Board on asset pooling.
Recommendations	The Pension Fund Board: 1 Note the asset pooling update; 2 Note the attached minutes from the ACCESS Joint Committee meeting of the 21 st June 2019;
Enquiries to:	Name – Paul Tysoe, Investment and Fund Accounting Manager Tel – 07867902436 E-mail – phtysoe@northamptonshire.gov.uk

1. Background

- 1.1 The Northamptonshire Pension Fund has been working collaboratively with ten other Funds in the ACCESS pool to jointly meet the Government’s published criteria on asset pooling.
- 1.2 This report updates the Pension Fund Board on the Access Joint Committee (AJC) meeting of the 9th September 2019.
- 1.3 Appendix A of this report contains the approved minutes of the 11th June 2019 AJC meeting.

2. ACCESS Joint Committee of 9th September 2019.

- 2.1 The agenda for the AJC of the 9th September 2019, attached at appendix B is summarised in the table below.

ACCESS Joint Committee Agenda – 9 th September 2019	
Part I items	Part II items
Election of Chairman	Risk Register
ACCESS Support Unit (ASU) update	MHCLG meeting update
Scheme Member Representation	ACS Implementation update
Governance Update	Contract Management update
2019/2020 Business Plan and Budget update	Link Presentation
	Items for information or advice

3. Part I items.

- 3.1 Councillor Andrew Reid (Suffolk) the incumbent Chairman was unanimously re-elected as Chairman of the joint Committee for a period of two years.
- 3.2 The ASU update confirmed the appointment of the Interim ASU Director on 1st August 2019 and noted that the Host Authority (Essex) had appointed a new s151 Officer on the same date.
- 3.3 A report considered Scheme member representation following correspondence from UNISON and pressure from Local Pension Boards, which set out:-
- 3.3.1 the relevant background;
 - 3.3.2 UNISON's correspondence;
 - 3.3.3 the current local governance and transparency arrangements at each ACCESS Fund;
 - 3.3.4 the guidance and draft guidance from tPR, SAB, MHCLG and CIPFA (section 6); and
 - 3.3.5 the s151 Officers':
 - 3.3.5.1.1 consideration of ACCESS's objective to enable Authorities *"to execute their fiduciary responsibilities to LGPS stakeholder including scheme members and employers..."*;
 - 3.3.5.1.2 their conclusions that existing Authority representation on the AJC (via Elected Members) is appropriate and that scheme member & employer involvement in Authorities' discharging their fiduciary duty (including asset pooling) is a matter for each Authority to determine locally; and
 - 3.3.5.1.3 their recommendation that no change be made to the current arrangements.
- 3.4 The report was considered by the Committee, and following discussion, a vote on the above recommendation was taken and the recommendation (*no change to current arrangements*) was agreed.
- 3.5 The Governance update reported on the progress on the review of the Inter Authority Agreement which is being led by respective Funds' Monitoring Officers. Currently, the feedback from a consultation exercise across all Monitoring Officers is being digested with a final version expected at the end of September 2019.
- 3.6 The Business plan and Budget update the AJC on the activities undertaken since the June 2019 meeting and associated spend. The revised budget forecast was noted.

4. Part II items.

- 4.1 The Committee noted the risk register and where appropriate, agreed the proposed changes to the ratings of the risks specified.
- 4.2 Representatives of ACCESS met with civil servants from the Ministry of Housing, Communities and Local Government on the 4th July 2019, to review the progress of the ACCESS asset pool against the original objectives of the asset pooling initiative. ACCESS representatives presented a progress update which was well received with positive feedback concluding that progress was “comfortably in line with other pools”. The recently issued MHCLG reporting template was also noted.
- 4.3 In respect of the informal consultation response from ACCESS, civil servants thanked the representatives for a well-reasoned and constructive response. Civil servants informed that a revised “formal” consultation on asset pooling was still pending and would not be drawn on the content.
- 4.4 The ACS implementation update fed back on the progress in regard to launching the liquid active sub funds and the options for the investment pooling of the illiquid asset classes. Progress is positive with the majority of the expected sub funds being materially in place by the end of this/next financial year. The AJC approved an additional Global Equity sub fund focussed on value style investments. The AJC were updated on the progress to appoint an adviser to assist in determining the best option for asset pooling the illiquid investment asset classes. Finally the details of the asset pools first investor day where a number of equity managers that have been appointed to the asset pool will meet with representatives of all partner funds, including both Pension Committee and Local Pension board members.
- 4.5 The contract management update provided an update on the Operator contract. This included details of current issues upon which the ASU and colleagues on the Officer Working Group are engaging with Link. Details of contract and supplier relationship management arrangements and activity was also included.
- 4.6 Link representatives gave a presentation highlighting positive progress in regard to onboarding sub funds to date and plans for future launches along with the forthcoming inaugural investor day. The process and timescales for the procurement of investment consultancy for the means and process for pooling illiquid assets were noted.
- 4.7 The meeting closed following informal discussions on items for information or advice.

5. Recommendations

- 5.1 Note the asset pooling update;
- 5.2 Note the attached minutes from the ACCESS Joint Committee meeting of the 11th June 2019;

6. Relevant Pension Fund Objectives

<p>Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.</p> <p>Objective 2</p>

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. Objective 3
Continually monitor and measure clearly articulated objectives through business planning. Objective 4
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. Objective 17
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. Objective 18
Maximise investment returns over the long term within agreed risk tolerances. Objective 19

7. Finance & Resources Implications

7.1 The 2019/2020 ACCESS Business Plan and Budget update is included in section 3.6.of this report.

6. Risk Management

6.1 The Pension Fund Committee and Pension Fund Board has a responsibility to ensure the ACCESS pool meets the Government's published criteria on asset pooling with in the Local Government Pension Scheme universe.

6.2 The risks associated with this report have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
16	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

6.3 The risk register covers other risks that are directly associated to Northamptonshire Pension Fund's investments.

6.4 The full version of the Fund risk register can be found – <https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

7. Communication Implications

7.1 N/A

8. Legal Implications

8.1 Not applicable.

9. Consultation with Key Advisers

9.1 Not applicable.

10. Alternative Options Considered

10.1 Not applicable.

11. Background Papers

11.1 Not applicable.

12. Appendices

14.1 Appendix A – minutes of the AJC meeting of 11th June 2019.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 19 th September 2019



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Islington Town Hall on Tuesday, 11th June, 2019.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Susan Barker (Essex CC), Cllr Paul Bartlett – substitute (Kent CC), Cllr Vanessa Churchman – substitute (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerrard Fox (East Sussex CC), Cllr Mark Kemp-Gee (Hampshire CC), Cllr Judy Oliver (Norfolk), Cllr Terry Rogers (Cambridgeshire CC), Cllr Ralph Sangster (Hertfordshire CC) and Dr James Walsh - substitute (West Sussex)

ALSO PRESENT: Dawn Butler (ASU), Clifford Sims (Squire Patton Boggs), John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Nicola Mark (Norfolk), Kevin McDonald (Essex), Alison Mings (Kent), Ola Owolabi (East Sussex), Matthew Nendick (Hertfordshire), Paul Finbow (Suffolk), Sharon Tan (Suffolk) Jo Thistlewood (Isle of Wight), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), Glenn Cossey (Norfolk) and Joel Cook (Kent - Clerk)

UNRESTRICTED ITEMS

133. Membership.

(Item. 2)

1. The Committee was advised of the following changes:
2.
 - Cllr Jonathan Ekins has replaced Cllr Graham Lawman as the Northamptonshire County Council representative.
 - Cllr Gerard Fox has replaced Cllr Richard Stogdon as the East Sussex County Council representative.
2. The Chairman requested that previous Joint Committee Members Cllr Stogdon and Cllr Lawman be formally thanked for their hard work and commitment.

RESOLVED that the changes to the membership be noted and that Cllrs Lawman and Stogdon be thanked for their contribution to the work of ACCESS.

134. Election of Vice-Chair.

(Item. 3)

1. Cllr Bartlett nominated Cllr Kemp-Gee, seconded by Dr Walsh. No other nominations were made.

RESOLVED that Cllr Kemp-Gee be elected Vice-Chairman.

Agenda Item 4

135. Declaration of interests in items on the agenda.

(Item. 4)

No declarations were made.

136. Minutes of the meeting held on 18 March 2019.

(Item. 5)

1. The committee was advised that, in line with requests made at the previous meeting s151 Officer attendance would take place at future meetings. It was noted that on this occasion, Jo Thistlewood (Isle of Wight) had been asked to attend on behalf of the s151 Officers as none were available.

RESOLVED that the minutes of the meeting on 18 March 2019 be signed as a true and accurate record.

137. Host Authority arrangements [11:10 - 11:15].

(Item. 6)

1. Kevin McDonald (Essex) provided an update on the provision of Secretariat services to the Joint Committee.
2. He explained that, whilst the ultimate goal was for the Secretariat function to be included within the ASU, it was proposed that it remain with Kent for a further 12 months.
3. The proposal recognised that the ASU establishment was not yet complete and it would be beneficial to continue with the clerking support provided by Kent due to the comprehensive knowledge built up by colleagues there.
4. Officers confirmed that there would be no additional budgetary implications.

RESOLVED that:

- The content of the report be noted;
- the current Clerking / Secretariat service provided by Kent be extended for 12 months.

138. ACCESS Annual Report [11:15 - 11:30].

(Item. 7)

1. Sharon Tan (Suffolk) introduced the draft format for the ACCESS Annual Report to the Joint Committee.
2. Members requested the following:
 - a. Passive Investments be mentioned in the Report;
 - b. the final Report be available by 15 July and that it be published on the ACCESS website;
 - c. the addition of an executive summary which highlighted the successes of the Fund.

RESOLVED that:

- the format and approach to ACCESS annual report be approved (subject to the inclusion of the above requests);

- approval and publication of final version be delegated to Sharon Tan (Suffolk) in consultation with the Chair & Vice-Chair.

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139. 2018/19 Out-turn & 2019/20 Business Plan Update [11:30 - 11:45].

(Item. 8)

1. Alison Mings (Kent) provided an update on the activities undertaken since the last Joint Committee and associated spend.
2. The 2018/19 outturn had a total spend of £1.427m, and arrangements were in place to collect each Authority's share (£113.4k).
3. There had only been minor changes to the ACCESS Strategic Business Plan since the last Joint Committee meeting.
4. In response to questions from Members, Alison Mings confirmed that the Strategic Business Plan would be updated to show that work on joint policies was underway and that the Communications Strategy would be included in the Business Plan as it was already underway.
5. Members asked for clarity around the significant reduction in the 2019/20 budget for "strategic and technical costs" (from £395k to £189k). It was confirmed that the fees were lower due to the ASU taking over some of the work previously provided by Hymans. In addition, officers were able to provide a more realistic forecast due to their increasing knowledge of the ACCESS costs.
6. Responding to questions regarding the increased budget for "advice re new structures" (from £92k to £175k), Officers explained that this change reflected the need for additional commissioned services to review and plan future illiquid options, as per previous Joint Committee resolutions.
7. To provide further clarity on these points, it was agreed that future budget and outturn updates would include more explanatory notes.
8. Alison Mings (Kent) presented the risk register and explained there were no substantial changes since the last update. A Member raised a technical question about one of the sub-funds and following a brief discussion, Andrew Boutflower (Hampshire) assured Members the on-going issue was being addressed.

RESOLVED that the 2018/19 outturn position and updated Business Plan be noted.

140. Motion to Exclude the Press and Public.

(Item. 9)

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.

141. MHCLG Consultation update [11:45 - 12:00].

(Item. 10)

1. Kevin McDonald (Essex) updated the Joint Committee on the submission of the consultation response.
2. Nicola Mark (Norfolk) advised the Joint Committee that a meeting with the Minister, Rishi Sunak MP, had been requested. A meeting with the civil servant Theresa Clay had been offered, and this was under negotiation.
3. Members restated their desire for an elected representative from the Joint Committee to be present at the meeting.
4. Members noted their disappointment that no formal written response had been received to confirm that the points made by ACCESS were being considered.

RESOLVED that Elected Members and OWG Officers should meet with Theresa Clay – dates to be confirmed.

142. ACS Implementation update [12:00 - 12:20].

(Item. 11)

1. Andrew Bouflower (Hampshire) update the Joint Committee on the progress of launching the ACS, the sub-funds that will be created within it and the options for pooling illiquid investments.

RESOLVED that

- The progress in launching the ACS investment sub-funds be noted;
- The progress in identifying options for pooling illiquid investments be noted.

143. Contract Management update [12:20 - 12:40].

(Item. 12)

1. Kevin McDonald (Essex) provided an update on the ACS Operator contract on behalf of Mark Paget (ASU).
2. The Joint Committee discussed the Key Performance Indicators (KPIs) used to measure Link's performance. Members asked to see those KPIs and that they be reviewed to ensure they were still fit for purpose.
3. The Chairman requested that Link be invited to the next meeting to discuss performance.

RESOLVED that the report be noted.

144. Access Support Unit update [12:40 - 13:00].

(Item. 13)

1. Jo Thistlewood (Isle of Wight) provided an update to the Joint Committee on the development of the ACCESS Support Unit (ASU).
2. Following the update from the previous meeting, Members were notified that the appointment to the post of Director (following the commissioning of a specialist recruiter) had not been successful.
3. Following careful evaluation of the available options, the Officer Working Group had developed a recommendation to the Joint Committee that an ASU Director to be appointed on a secondment or permanent basis, from within the pool of officers already participating in the ACCESS funds.
4. Members were presented with a revised timetable for the recruitment of the Director post, though cautioned that it was subject to review and change.

RESOLVED that;

- ASU Director post to be recruited / sought from ACCESS Pool officers (secondment or permanent) on a full-time basis;
- updated timeline supported with intention of allowing for a decision by Essex appointment committee on 24 July;
- candidates not be interviewed by any representative of their own authority.

145. Governance arrangements [13:30 - 13:50].

(Item. 14)

1. Nicola Mark (Norfolk) updated the Joint Committee on the progress of the Phase 3 Governance work, previously outlined at the meeting on 13 March 2019. She highlighted the progress that had been made over the past two years, despite confronting a number of challenges, and the view from the Auditors that the Governance Manual had been extremely useful to them.
2. The Chairman highlighted to good work of Nicola Mark in leading the Governance work.
3. Clifford Sims (Squire Patton Boggs) updated the Joint Committee on the amendments that had been made to the Inter Authority Agreement (IAA).
4. Engagement with Monitoring Officers (MOs) via webinar was scheduled for 12 June.
5. Members queried the status and planning for the training that would be provided around ACCESS's governance arrangements. Sharon Tan (Suffolk) affirmed that she would be bringing a paper on this to the next meeting as part of a wider training update.

RESOLVED that

- The Governance manual be approved for adoption and ongoing management by the ASU; and that

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- The IAA be endorsed for referral to MOs for further consideration and progression through the Administering Authorities' relevant governance processes.

146. Items for information or advice from the committee [13:50 - 14:00].

(Item. 15)

1. Updates on the following were discussed briefly:

- Scheme Member representation (to be considered at future meeting)
- Plans for informal meetings to be held for ACCESS Members
- Woodford investment fund
- MHCLG meeting