



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	11 JANUARY 2019
Title	ACCESS UPDATE
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report provides the committee with an update on activity within the ACCESS pool since the last report provided at the November 2018 committee meeting.
2. Members are asked to note the report.

CONFIDENTIAL / EXEMPT ITEMS

3. Some of the appendices are exempt from disclosure by virtue of paragraph 3 of part 1 of schedule 12A of the Local Government Act 1972 (as amended) as it “relates to financial or business affairs of any particular person”, (including the authority holding that information). The public interest in maintaining confidentiality outweighs the public interest in disclosing it. Disclosing the information could place the council at risk of legal challenge from individuals or other bodies identified in the report.
4. The agenda for the ACCESS Joint Committee (JC) meeting held on 10 December 2018 is considered non-confidential, all other appendices are considered exempt, as described above. For information, these appendices were deemed exempt by the ACCESS Joint Committee.

ACCESS JOINT COMMITTEE 10 DECEMBER 2018

5. The agenda for the Joint Committee meeting held on 10 December 2018, and attended by Cllr Abraham, is attached for information at appendix A to this report.
6. Information about the agenda items discussed will be provided at the meeting or are discussed in more detail below.

INVESTMENT SUB-FUND LAUNCH – PHASE ONE

7. At the last meeting in November, members were informed that the first sub-fund had been launched, but that there had been delays in the first investments being made. All three funds involved in the Baillie Gifford Long Term Global Growth sub-fund have transferred investments into the pool.
8. The seven sub-funds within tranche two of phase one were authorised by the Financial Conduct Agency (FCA) on 10 December 2018, and action is now underway from the funds involved to transition assets into those sub-funds during January and February 2019.
9. The fund managers involved in those sub-funds are listed in the JC report included at appendix B.
10. Work is now beginning on the FCA approvals for the third tranche of phase one sub-funds. It is anticipated that the FCA submission will be made in late January 2019, with the sub-funds available for investment in April or May 2019.

INVESTMENT SUB-FUND LAUNCH – PHASE TWO

11. The exempt appendix B to this report also includes the decision by the JC to develop the next phase of sub-funds for fixed income and diversified growth portfolios.
12. Global and UK equity funds proposals for phase two will be discussed at officer meetings in late January 2019 for onwards recommendation to JC in March 2019.

ACCESS SUPPORT UNIT

13. The report presented to the JC on 10 December 2018 in relation to the progress made in recruiting the key roles within the ACCESS Support Unit (ASU), namely the Programme Director, the Contract Manager, Technical Support Lead Officers and support assistants, is included as appendix C to this report.
14. Further updates, including discussions with the ACCESS section 151 officers at their meeting on 12 December 2018, and outcomes from the Officer Working Group (OWG) held on 20 December 2018, will be provided at the meeting.

GOVERNANCE UPDATE

15. The JC report of 10 December 2018, providing an update on progress within the governance workstream is attached to this report as appendix D.
16. Further information, including information arising from the section 151 officers meeting on 12 December 2018 will be provided at the committee meeting.

STRATEGIC CONTEXT

17. The key objectives of the fund are:
 - (a) to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulation and statutory provisions;
 - (b) to ensure sufficient assets are held to meet the assessed cost of the benefits; and
 - (c) to maintain an appropriate balance between stable, affordable employer contributions and investment risk.
18. The ACCESS pool will support the fund's investment strategy by ensuring that appropriate investment sub-funds are available to fulfil the fund's strategic investment requirements, generating savings in investment manager fees without compromising investment performance.
19. Robust governance arrangements within the ACCESS pool will be reflected in the governance and reporting arrangements for each of the participating pension funds.

FINANCIAL / BUDGET IMPLICATIONS

20. The budget for the ACCESS pool is currently managed by Kent County Council. This will ultimately transfer to Essex County Council as the permanent support unit is developed. Regular reports on the ACCESS budget are presented to Joint Committee meetings.
21. Costs for the setup of the ACCESS pool, and ongoing costs of the ACCESS Support Unit, are shared equally between the eleven participating funds.
22. The cost of the operator and the investment sub-funds will be shared by the participating funds in proportion to their assets under management.
23. The Isle of Wight Pension Fund's share of all the cost of the ACCESS pool will be borne by the pension fund, rather than the council's budget.
24. An element of the business planning recommendation from the fund's governance review is that a budget for the pension fund is created. The costs of the ACCESS pool, both central and investment related, will be included in the budget. Costs will be evaluated to ensure that value for money is achieved by the fund.
25. It is anticipated that the draft 2019-20 budget for the pension fund will be presented to this committee in February 2019.

LEGAL IMPLICATIONS

26. The Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
27. The Pension Fund Committee is a committee under section 101 of the Local Government Act 1972, with delegated authority to discharge the council’s statutory duties in respect of the LGPS.
28. Throughout the ACCESS project, the 11 participating funds have been advised by Squire Patton Boggs, to ensure that appropriate legislative requirements are followed.
29. The council’s monitoring officer and section 151 officer have also been engaged in the project as required.

EQUALITY AND DIVERSITY

30. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
31. There are no implications for any of the protected characteristics as a result of participation in the ACCESS pool.

RISK MANAGEMENT

32. The 11 participating funds within the ACCESS pool are supported in the management of this project by Hymans Robertson LLP. A very detailed project risk register is maintained by Hymans, and is reported at each OWG and JC meeting.
33. A copy of the updated high-level risk report which was presented to the joint committee meeting on 10 December 2018 is attached to this report as appendix E.

RECOMMENDATION

34. The committee is asked to note the progress with the ACCESS project.

APPENDICES ATTACHED

35. [Appendix 1: ACCESS Joint Committee Agenda 10 December 2018](#)
36. Appendix 2: ACCESS JC Paper – Sub Fund Implementation (Exempt Item)
37. Appendix 3: ACCESS JC Paper – ACCESS Support Unit (Exempt Item)
38. Appendix 4: ACCESS JC Paper – Governance Update (Exempt Item)
39. Appendix 5: ACCESS JC Paper – Risks And Issues Log (Exempt Item)

Contact Point: Jo Thistlewood, Technical Finance Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance
and section 151 officer*

COUNCILLOR ADRIAN AXFORD
Chairman of Pension Fund Committee