



PAPER D

Purpose: For Noting

Committee report

Committee	PENSION FUND COMMITTEE
Date	6 SEPTEMBER 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 July 2019 committee meeting.
2. Members are asked to note the report, and items to be discussed at the joint committee meeting on 9 September 2019.

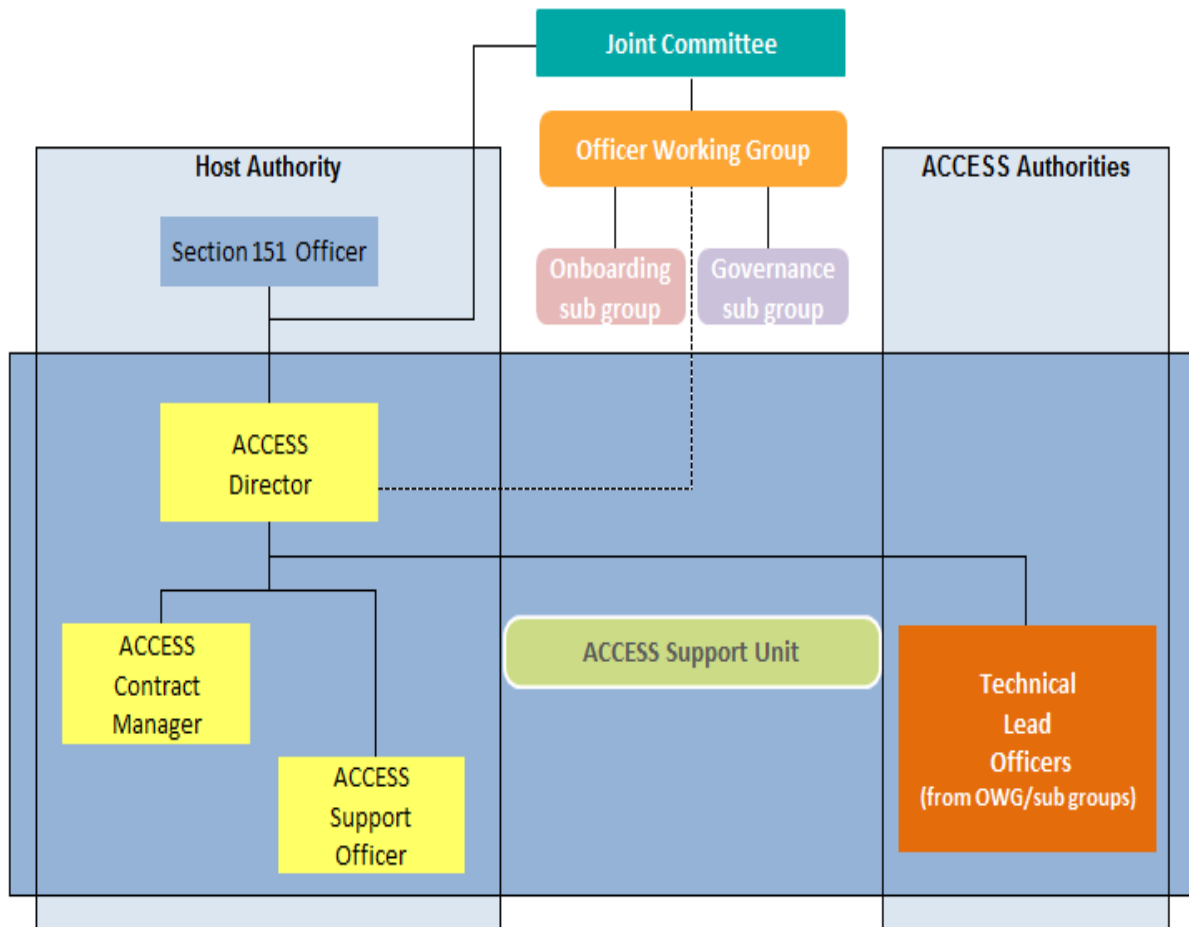
CONFIDENTIAL / EXEMPT ITEMS

3. It is not proposed that this report be presented as an exempt paper, as there is no sensitive information provided. However, if members wish to discuss the report in more detail, it may be necessary for the committee to exclude public and press from the meeting.
4. Some of the items to be considered as part of the agenda for the joint committee meeting on 9 September 2019 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.
5. For information, these items are deemed exempt by the ACCESS Joint Committee.

BACKGROUND

6. At a previous meeting of this committee, members asked for clarification of the various roles and responsibilities within the ACCESS pool.

7. The structure diagram below sets out the agreed operational structure for the ACCESS Support Unit.



JOINT COMMITTEE MEETINGS

8. The last joint committee (JC) meeting was held on 11 June 2019, attended by Councillor Churchman. The minutes for this meeting, presented at Appendix 1 to this report, are currently in draft, subject to approval at the forthcoming JC meeting.
9. The agenda for the forthcoming JC meeting on 9 September 2019, to be attended by Councillor Brading, is presented at Appendix 2.
10. Specific items which will be considered in public session by the joint committee are covered in detail below

ACCESS SUPPORT UNIT

11. The appointment of the interim director of the ACCESS Support Unit has now been confirmed as Kevin McDonald, formerly of the Essex Pension Fund. His appointment was ratified by the Essex County Council *Committee to Determine the Terms and Conditions of Employment of Chief and Deputy Chief Officers* at its meeting on 24 July 2019.
12. Mr McDonald has been invited to attend the 15 November 2019 meeting of this pension fund committee to introduce himself and to provide that meeting's update on ACCESS activities.

SCHEME MEMBER REPRESENTATION

13. As reported at the last committee meeting, six ACCESS funds, including the Isle of Wight, had received a letter from UNISON requesting that consideration be given to providing seats on the joint committee to scheme member representatives.
14. Subsequently, a similar letter was sent to the joint committee chairman and vice-chairman, copied to all JC members, from UNISON representatives on all 11 local pension fund committees.
15. This report was discussed by ACCESS fund section 151 officers at their meeting on 22 August, and their views have been incorporated into the final JC report, which is presented at Appendix 3 to this report.

ACCESS GOVERNANCE

16. The ACCESS pool is constituted through an inter authority agreement (IAA) which was agreed by Full Council in March 2017. The pool has been operating under that agreement since July 2017.
17. The proposed changes to the IAA, to reflect the “business as usual” operation of the pool, have been drafted by Squire Patton Boggs, and have been reviewed by the monitoring officers of each of the 11 participating funds.
18. The revised draft IAA has been reviewed by the deputy monitoring officer, who has confirmed his acceptance to the amendments.
19. His view is that the proposed changes, as drafted, are updating amendments as result of experience and are not a material change in the methods of governance approved by Full Council in March 2017. Accordingly, authority to make amendments to the IAA is delegated to the section 151 officer, and to the monitoring officer to make any necessary changes to the constitution.

STRATEGIC CONTEXT

20. The primary objective of the fund is 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) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
21. 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.
22. 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.
23. 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

24. The budget for the ACCESS pool is managed by Essex County Council, as host authority for the ACCESS support unit.
25. Regular reports on the ACCESS budget are presented to joint committee meetings.
26. Costs for the setup of the ACCESS pool, and ongoing costs of the ACCESS Support Unit, are shared equally between the 11 participating funds.
27. The cost of the operator and the investment sub-funds will be shared by the participating funds in proportion to their assets under management.
28. 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.

LEGAL IMPLICATIONS

29. 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".
30. 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.
31. Throughout the ACCESS project, the 11 participating funds have been advised by Squire Patton Boggs, to ensure that appropriate legislative requirements are followed.
32. The council's monitoring officer and section 151 officer have also been engaged in the project as required.

EQUALITY AND DIVERSITY

33. 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.
34. There are no implications for any of the protected characteristics as a result of participation in the ACCESS pool.

RISK MANAGEMENT

35. The 11 participating funds within the ACCESS pool are currently 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 officer working group and JC meeting.
36. Included within appendix 4 to this report is a summary of the key risks for the ACCESS project, specifically those risks which have an amber or red status.

RECOMMENDATION

37. That the committee notes the update on ACCESS activities.

APPENDICES ATTACHED

38. [Appendix 1](#): Minutes of Joint Committee meeting 11 June 2019
39. [Appendix 2](#): Agenda Joint Committee meeting 9 September 2019
40. [Appendix 3](#): Joint Committee report – Scheme Member Representation
41. Appendix 4: Joint Committee report – ACCESS Risk Register (Confidential)

BACKGROUND PAPERS

42. Pension fund pooling: Inter Authority Agreement Full Council 15 March 2017, Paper C

<https://www.iow.gov.uk/Meetings/committees/mod-council/15-3-17/Paper C.pdf>

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Chair of Pension Fund Committee