



# Committee report

Committee	<b>PENSION FUND COMMITTEE</b>
Date	<b>27 JULY 2022</b>
Title	<b>ACCESS POOLING UPDATE</b>
Report of	<b>PENSION FUND MANAGER</b>

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## EXECUTIVE SUMMARY

1. This report updates the committee on activity in respect of the ACCESS pool since the last committee meeting on 16 February 2022.
2. Members are asked to note the content of this report, for information only.

## RECOMMENDATION

3. That the committee note:
  - (a) the agenda and summary updates from the joint committee meeting on 6 June 2022;
  - (b) the delay to the agreement of changes to the inter authority agreement;
  - (c) the update on the commencement of scheme member representation at joint committee meetings;
  - (d) that real estate (property) is first asset class to be progressed for alternative investment pooling solution, not private equity as previously reported.

## CONFIDENTIAL / EXEMPT ITEMS

4. This main body of this report is not considered exempt from disclosure, but some of the appendices, specifically Appendix 3 (part II meeting summary) and Appendix 4 (risk register), are deemed to be 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. The information contained within this report and appendices, where appropriate, was also deemed exempt from disclosure when it was presented to the ACCESS Joint Committee meeting on 6 June 2022.

## JOINT COMMITTEE MEETING 6 JUNE 2022

6. The ACCESS Joint Committee (JC) meeting was held in London on 6 June 2022, attended by Councillor Churchman and the Pension Fund Manager.
7. The agenda for this meeting is attached as appendix 1 to this report, and appendices 2 and 3 (exempt) contain a summary of the discussions at the meeting. Significant matters discussed at the meeting or subsequently arising are outlined in the following paragraphs.

## CHANGES TO THE INTER AUTHORITY AGREEMENT

8. As noted at the May 2022 pension fund committee meeting, changes have been proposed to the Inter Authority Agreement (IAA) to allow for the formal implementation of decisions by the joint committee (JC) in respect of scheme member representation as observers at JC meetings and the recommendation of the responsible investment (RI) Guidelines. At that stage it was expected that the approvals from each council necessary to implement the amendments to the IAA would be completed before the September 2022 JC meeting.
9. However, at the JC meeting in June 2022 it was noted that one council had raised concerns on the wording enabling the JC to recommend guidelines to Councils and that further dialogue would need to take place, which would by necessity delay the ability for the JC to act on the changed IAA.

## SCHEME MEMBER REPRESENTATION ON JOINT COMMITTEE

10. While formal agreement to the amendments to the IAA has been delayed, feedback from all monitoring officers to Squire Patton Boggs, the ACCESS legal advisers, is clear that there are no objections to the proposals that relate to scheme member representation (via local pension boards (LPB)) as observers at JC meetings.
11. At the time of writing exploration continues on whether informal arrangements could allow Local Pension Board observers to attend the September JC. A verbal update will be provided at the meeting.
12. The March 2022 JC meeting agreed the following protocol for the selection of observers from Local Pension Boards:

*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.*

## ALTERNATIVE INVESTMENTS

13. The June JC meeting confirmed the recommendation that Hampshire County Council act as lead procurement authority, working with MJ Hudson, as implementation adviser, to develop the pool's solutions for illiquid assets, including real estate (property), private debt, infrastructure and private equity.

14. In May 2022, this committee were incorrectly informed that the decision had been taken at the March 2022 JC meeting to proceed with private equity as the first illiquid asset class to be pooled. The correct information is that the March 2022 JC meeting agreed that real estate would be the first asset class to be progressed.
15. Procurement colleagues from Hampshire County Council are working with MJ Hudson and the ACCESS officers working group to develop the required documentation to progress the OJEU-compliant procurements for UK Core and Global Real Estate; and investment manager searches for UK Alternative products.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

### Corporate Aims

16. There is nothing contained in this report which directly contributes to the priorities contained in the [Corporate Plan 2021 - 2025](#).

### Pension Fund Strategic Aims

17. 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.
18. Providing information to the committee on the work of the ACCESS pool and ensuring that the committee is informed of key strategic and operational decisions considered by the Joint Committee fulfils the fund's Investment Governance belief that "the Committee aim to have a good working relationship with the ACCESS pool."

## FINANCIAL / BUDGET IMPLICATIONS

19. The Isle of Wight Council Pension Fund pays an equal (1/11<sup>th</sup>) share of the ACCESS budget. The net contribution for 2021-22 was approximately £95,148; the contribution for 2022-23, which was paid on 1 July 2022, is £124,182.
20. The costs in respect of the alternative asset pooling solutions, including the costs from Hampshire County Council and MJ Hudson are included in the share of the total budget described above.
21. Costs associated with the investment sub funds, including investment manager and Link fees, are allocated between the investing authorities based on the value of the assets invested in the sub-fund.

## LEGAL IMPLICATIONS

22. 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".

23. 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.
24. Throughout the ACCESS project, the 11 participating funds have been advised by Squire Patton Boggs, to ensure that appropriate legislative requirements are followed.
25. The council's monitoring officer and section 151 officer have also been engaged in the project as required.

#### EQUALITY AND DIVERSITY

26. 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.
27. There are no implications for any of the protected characteristics arising from items covered in the report.

#### RISK MANAGEMENT

28. A detailed risk register is maintained by the ACCESS Support Unit and is presented for review at each Officer Working Group meeting and discussed at each joint committee meeting.
29. The most recent risk report to the joint committee meeting on 6 June is included as confidential appendix 4 to this report.

#### APPENDICES ATTACHED

30. Appendix 1: ACCESS Joint Committee agenda 6 June 2022.
31. Appendix 2: ACCESS Joint Committee 6 June 2022 summary update Part I.
32. Appendix 3 (confidential): ACCESS Joint Committee 6 June 2022 summary update Part II.
33. Appendix 4 (confidential): ACCESS risk register

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000  
e-mail [jo.thistlewood@iow.gov.uk](mailto:jo.thistlewood@iow.gov.uk)

CHRIS WARD  
*Director of Finance  
and Section 151 Officer*

COUNCILLOR CHRIS JARMAN  
*Chairman of the Isle of Wight  
Pension Fund Committee*