

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	12 July 2019
Title:	Governance: ACCESS business plan
Report From:	<i>Director of Corporate Resources – Corporate Services</i>

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Purpose of this Report

1. To present the 2019/20 ACCESS business plan for approval by the Panel and Board.

Recommendations

2. That the Panel and Board approves the ACCESS business plan for 2018/19 and the share of costs that the Hampshire Pension Fund will pay.

Executive Summary

3. The Pension Fund Panel and Board has received a number of reports on the progress of forming the ACCESS pool and in addition receives the minutes of the ACCESS Joint Committee meetings.
4. Hampshire is a member of the ACCESS pool alongside the following ten other LGPS funds:

Cambridgeshire	Kent
East Sussex	Norfolk
Essex	Northamptonshire
Hertfordshire	Suffolk
Isle of Wight	West Sussex
5. According to the terms of the ACCESS Inter-Authority Agreement (IAA) the ACCESS Joint Committee is required to agree a business plan for the forthcoming year which it recommends to the individual ACCESS authorities for their agreement.

6. The 2018/19 business plan was agreed by the ACCESS Joint Committee for recommendation to the member authorities at its meeting in March 2019 and is contained in Appendix 1. The business plan sets out ACCESS' workplan of activities for the current year and the estimated budget to complete the work which is a total of £1.2m, of which Hampshire's one eleventh share would be £109,000.

2018/19 activities

7. ACCESS has continued to establish itself and move into a business as usual phase. The key activities completed in 2018/19 were:
 - Access Support Unit (ASU) – contract manager and support officer recruited.
 - ASU functions were mainly undertaken by third parties with contract management transferred to permanent staff in Q1 2019
 - Tranche 1 and 2 sub funds launched by Link (8 sub-funds with over £8bn of assets, of which Hampshire is invested in 3)
8. Actual costs in 2018/19 were £1.25m, £0.18m lower than the approved revised budget. The charge to each ACCESS authority for 2018/19 was £113,409.

2019/20 business plan

9. The main activities for ACCESS in 2019/20 will be:
 - Completion of the ASU recruitment, including the appointment to the Director role.
 - ASU functions mainly undertaken by ASU officers and technical leads following transfer from commissioned third parties.
 - Review the IAA and any required changes are approved by member authorities.
 - Continuation of the launch of sub-funds by Link, with tranches 3, 4 and 5 planned
 - Consideration of the best means of pooling illiquid (alternative) assets.
10. Work is also planned to bring forward the business planning and budget setting cycle within ACCESS to enable the member authorities to approve the business plan prior to the start of the financial year.

REQUIRED CORPORATE AND LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because: For the ongoing management of the Hampshire Pension Fund.	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not directly affect scheme members.

ACCESS Strategic Business Plan		
Key Milestone	2018/19	Anticipated 2019/20
Consider Legal Entity Consider the benefits and drawback of legal entity model for ACCESS pool.	Completed	N/A
Complete Governance Manual Work with external advisers to reflect decision making principles, communication strategy, policies and procedures, code of conduct etc in the Governance Manual	Substantially Completed	Will have residual cost relating to training.
Complete Review of Inter Authority Agreement Work with external advisers to reflect any changes resulting from the completion of the Governance Manual and review	Initial redrafting undertaken	Further redrafting required to reflect changes; mainly to the current operational elements of the Pool
Agree and establish ACCESS Support Unit Identify ASU resource requirements, roles and responsibilities for activities, scope and run recruitment activity and appoint	Third party providers appointed as interim ASU	ASU functions will be mainly undertaken by ASU Officers and Technical Leads
ASU Operation and BAU ASU Operation plus professional advice and support	Third party providers of interim ASU Contract manager recruited	ASU functions will be mainly undertaken by ASU Officers and Technical Leads ASU support officer recruited ASU Director to be appointed
Determination of Reporting Framework Reflecting investments within the sub-funds work with Link to ensure that reporting meets Authority, Pool, CIPFA and Government requirements		Work to be undertaken by the ASU officers and Technical Leads
Development of Reporting for the Joint Committee in respect of funds in the ACS - Quarterly investment performance - Information on investment and operational costs including the annual review of investment manager costs		Work to be undertaken by the ASU officers and Technical Leads
Agreement to joint policies Including communication, environmental social and governance and responsible investment.	N/A	Work to be undertaken by the ASU Officers and technical Leads
Approval and launch of Tranche 1 Sub-Fund	Completed with overspend on legal due diligence and	N/A



Ensure sub-fund meets Link's due diligence requirements and ACCESS Authorities' value for money criteria (including transition activity). Work with Link to submit application to the FCA for approval of the ACCESS ACS and sub-fund set-up. Launch.	consultancy advice	
Approval and launch of Tranche 2 Sub-Funds As above	Completed	N/A
Approval and launch of Tranche 3 Sub-Funds As above	Substantially completed	2 sub-funds - transition activity Q1.
		Other sub-funds - some further due diligence required.
Establish Stock Lending Programme for ACCESS ACS Commission work from third party experts on the appropriate balance between risk and income for Link to implement for the ACCESS ACS sub-funds	Completed following appointment of Mercer. Programme in place.	N/A
Determine, approve and launch tranche 4 Sub-Funds As above and to include WSPF Baillie Gifford balanced mandate		Further due diligence required
Determine, approve and launch tranche 5 Sub-Funds As above but to also include manager search and selection activity by Russell.	Work commissioned from Russell	Further due diligence required
Consideration of approach to illiquid investments Consideration of requirements and implementation options for ACCESS Authorities' current and proposed investments in illiquid asset classes, including infrastructure.	Joint Committee agreed initial scope of work to be undertaken by Officers	Work to be undertaken by the ASU and Technical Leads using third party suppliers as required
Communication with MCHLG Providing updates to Government and responding to consultations	Completed	Work to be undertaken by the ASU using third party suppliers as required
Pool Wide Activities Professional support in relation to ACCESS Governance Structure includes JC, S151 and OWG and workstream meetings	Work commissioned from Hymans	Work to be undertaken by the ASU using third party suppliers as required

