

HERTFORDSHIRE COUNTY COUNCIL
PENSIONS BOARD (LGPS)
FRIDAY, 30 SEPTEMBER 2016 AT 10:00AM

Agenda Item
No:

10

PENSION FUND ASSET POOLING – ACCESS UPDATE

Report of the Director of Resources

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1. Purpose of the Report

- 1.1 To provide the Pensions Board with an update on the reports presented to Pensions Committee at their September meeting, and the outcomes of any decisions which were taken at that meeting.

2. Summary

- 2.1 The ACCESS pool proposal for the pooling of assets was submitted to Government by the deadline date of the 15 July 2016. Government civil servants have been reviewing the pool submissions. The Government panel met on 8 September to review the submissions and their decision should follow shortly after this meeting.
- 2.2 The work undertaken by ACCESS since the submission has primarily been focused on whether the ACCESS pool should build and own its own investment company (operator) or rent one from a third party.
- 2.3 An evaluation of the advantages and disadvantages of owning versus renting an operator was presented to the Chairmen of the Pension Committees of the ACCESS group, and the outcomes of this evaluation were considered by Pensions Committee in their September meeting. The report which was presented to Pensions Committee can be found under 'Item 6 – Appendix 1 – Rent vs Build and Own an Operator' at:

<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/525/Committee/11/Default.aspx>

- 2.4 Pensions Committee reviewed the analysis presented to the ACCESS Chairmen and endorsed their recommendation to rent an operator, with the flexibility to move to an owned model if there was a case for doing so in the future. The decision made by members reflected:

- The significant regulatory and operational risk involved in building an operator and that this risk under the rent option would transfer to the operator,

- The shorter timescales for delivering this solution,
- The costs of a rental solution would be lower in the short to medium term,
- The ability of Pension Funds to make investment manager recommendations to the Operator under the rental options thus addressing previous concerns,
- That this does not remove the potential to build an operator at a later stage.

3. Recommendations

- 3.1 That the Pensions Board notes the content of this report, and comments on the decision making process followed by Committee.