

**HERTFORDSHIRE COUNTY COUNCIL**

**PENSION BOARD (LGPS)**

**TUESDAY, 6 DECEMBER 2016 AT 10:00AM**

**Agenda Item No:**

**6**

**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 recent ACCESS pool developments and the ACCESS Chairmen engagement meeting that took place on 13 October 2016.

**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. The Government was expected to review all pool submissions and inform all pools of their decision in September; however, at the time of writing this report none of the pools have received any formal decision from the Government.
- 2.2 At a National cross pool meeting held on the 20 October a representative from the Department for Communities and Local Government (DCLG) informed the pools that the Minister for Local Government, Marcus Jones MP, would like to meet representatives from each pool to discuss their pool submission, the timetable and progress to delivery of the pool, and the political buy-in to each pool. The Minister, in particular, is keen to meet elected Members; a deputation from the ACCESS pool will meet the Minister at some time in November, and a representative of the Hertfordshire Fund will be present at this meeting. A verbal briefing will be provided to members of this Board if this meeting takes place before this Pension Board meeting.
- 2.2 Following the decision by all ACCESS Funds to rent an operator, with the option to build in the future, the main focus of work by ACCESS has been the development of the governance of the pool and how local Fund asset allocation decisions will be implemented through the pool operator via a Joint Governance Committee (JGC). To enable this JGC to implement local Fund asset allocations, an Inter Authority Agreement will need to be put in place by the end of March 2017 and this will require sign off by each administering authority through their individual constitutional process. The deadline is considered challenging as this change will require approval by full Council, and most of the ACCESS Councils will only have their February budget meetings to agree this constitutional change.

- 2.3 Legal officers representing the Funds in the ACCESS pool have been involved in the process for establishing an inter authority agreement. Eversheds have been appointed to provide the first draft of the heads of terms for this agreement, for discussion and agreement by Fund legal officers prior to the next ACCESS Chairmen meeting in December. The inter authority agreement will be put before the Pension Committee at its meeting on the 24 February 2017 for comment and to recommend its approval by full Council at its meeting on 21<sup>st</sup> March 2017.
- 2.4 At the most recent ACCESS Chairmen meeting on 13 October, the ACCESS Chairmen during its governance discussion considered the establishment of an independent non-voting Chair to sit on the joint governance committee. This was put to a vote by the meeting and the proposal was rejected by 9 votes to 2. Hertfordshire were one of the only two authorities in favour of an independent Chair.
- 2.5 ACCESS officers will hold engagement days with potential operators in November to understand the depth of the operator marketplace and to inform the specification for the Official Journal of the European Union (OJEU) procurement. The Hertfordshire Fund is leading on the procurement of a legal advisor to assist the ACCESS pool in the procurement of a regulated third party provider, the operator, and specific legal advice on the establishment of tax efficient sub-funds for the management of Fund assets. The legal advisor will also be asked to provide advice on new or replacement contracts with investment managers and transition plans for the phased transfer of assets to the pool. The procurement process will take up to 8 weeks.

### **3. Recommendations**

- 3.1 That the Pensions Board notes the content of this report.