



BCPP Joint Committee

Date of Meeting: 6th June 2017

Report Title: Update on Project Delivery and Implementation Budget

Report Sponsor: Programme Lead – Fiona Miller

1.0 Executive Summary:

- 1.1 This report updates Members on the high level activities undertaken since the last meeting towards the delivery of phase three of the BCPP implementation plan, i.e. to establish a fully regulated asset management company that is ready to accept the transition of assets.
 - 1.2 The paper outlines the high level activity across the three key work streams, i.e. the three member sub-groups. A more detailed analysis of activity is provided where appropriate through the individual work-stream update reports elsewhere on today's agenda.
 - 1.3 As agreed at the last meeting, the spring update (copy attached at Appendix 1) was submitted to DCLG on 21st April. A follow up call between Officers from DCLG and BCPP workstream leads is scheduled for the 1st June, due to report publication timings a verbal update will be given as to the content and any outcomes from that call at today's meeting.
 - 1.4 The current project implementation focus is on key deliverables over the next 12 weeks through to September 2017, including the procurement and initial engagement with the asset service adviser around the target operator modelling, executive recruitment, procurement of banking services, appointment of auditors and property/ICT requisition.
 - 1.5 In addition, the paper provides the Joint Committee with the current high level Risk Register, highlighting by exception any key areas for consideration by Members. The changes since the last report to Members being the
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appointment Operator and Property Advisory Services, and revised timescales for executive recruitment.

- 1.6 There are no changes to the projected implementation budgetary outturn as reported at the last meeting. As per the last meeting, currently the only area where it is anticipated there may be a budgetary overspend is for the Executive / Non-Executive recruitment. Once there is greater line of sight as to when individuals may commence their roles this will be revised accordingly.

2.0 Recommendation:

2.1 That Members:-

- 2.1.1 approve the attached high level BCPP Project Implementation Risk Register and mitigating actions proposed by the Project Team.
- 2.1.2 note the increase in the projected implementation budgetary outturn.
- 2.1.3 following the changes to the Joint Committee Membership following the Local Government elections, confirm the proposed allocation of Members to each work streams or agree a realignment of positions.
- 2.1.4 note the high level project activity during this period, and
- 2.1.5 approve the proposed activities to be completed by the project team and sub-groups over the next period.

3.0 Background:

PROJECT PLAN – ACTIVITY DURING THE PERIOD (FEBRUARY TO MAY 2017)

- 3.1 As agreed at the last meeting, the spring update (copy attached at Appendix 1) was submitted to DCLG on 21st April.
 - 3.2 As agreed at the last meeting of the Member Steering Group, the BCPP spring update informed DCLG that the implications of the late receipt of confirmation of the BCPP proposal from the Minister have now been fully worked through. Working with our implementation advisors (Eversheds, Alpha and Deloitte) the key activities and inter-dependencies have been realigned and the project implementation timetable has now been revised to reflect the resultant rescheduled operational “go-live” of June 2018.
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- 3.3 Officers at DCLG with GAD, Treasury and Cabinet Office have reviewed the submissions.
- 3.4 Whilst Officers were informed that we should not expect a response from the Minister, Officers at DCLG have made a general comment on all the submissions that “It has been good to see that senior appointments are beginning to be made and it is encouraging developments on infrastructure investment continue”.
- 3.5 Officers at DCLG have requested a follow up call with Officers of each pool in order to enable them to provide “an up to date briefing to new Ministers following the outcome of the national elections”. Specifically DCLG have requested that the call cover any changes following the local elections. Due to timing of this call a verbal update will be given at today’s meeting as to the content and any outcomes.
- 3.6 A number of key activities have been completed since the last meeting, and good progress has been made by the work teams on agreed tasks.
- 3.7 As reported at the last meeting some activity was delayed due to receipt of Government support to ensure effective control of project risks and costs, i.e. procurement of advisory services. All advisory services are now in place so the pace of the work has significantly increased during the current period. The High Level Project Plan is shown in Appendix 2.

<i>Agreed Activity to be undertaken in the period to the 19th May 2017</i>	<i>Progress of Activity Against Project Plan</i>
Target Operating Model (TOM)	<p>Following the appointment of the final advisor, Alpha Financial Advisory Consultants, detailed scoping and analysis is underway to define the high level TOM and FCA requirements.</p> <p>Paper at item 8 on today’s agenda provides the detail of the work progressed during the period in this area.</p>
Set up of the BCPP Ltd company	<p>This will proceed immediately following the receipt of all authorised establishment documentation from the Partner Funds.</p> <p>As agreed four statutory officers are to be appointed as interim directors to facilitate the company being incorporated, these are :-</p> <ul style="list-style-type: none"> • Gary Fielding – North Yorkshire • Julie Crellin – Cumbria • Caroline Lacey – East Riding • Mike Harding – Tyne and Wear <p>Further detail on this is included at item 5 on today’s agenda.</p>
Premises Search	A property agent has been appointed to assist in securing the required premises for BCPP Ltd. operations.

	<p>Further work has been undertaken during the period to refine both short and medium term staffing and operational requirements which will be used to further inform the property design and fit out now a shortlist of properties has been established.</p> <p>A shortlist of potential properties in the Leeds area against this BCPP Ltd operational specification has been formulated and full details of the work undertaken and the shortlisted properties are given at item 7 on today's agenda for Members consideration.</p>
<p>Member appointment of the senior company Executive and Non-Executive Director (Chairman and Chief Executive Officer).</p>	<p>Job roles; responsibilities; remuneration and contracts have all been finalised during the period.</p> <p>Adverts for the Chair and CEO have been placed in the FT with a closing date for applications of the 2nd June with expected interview dates of:-</p> <ul style="list-style-type: none"> • Chair June, • CEO July <p>Appointed recruitment advisors have progressed with the initial shortlisting activities for both roles. Paper at item 12 on today's agenda gives greater detail on progress against this Workstream activity.</p>

UPDATE ON MEMBERSHIP OF BCPP JOINT COMMITTEE (JC) AND SUB-GROUPS FOLLOWING MAY LOCAL COUNCIL ELECTIONS

- 3.8 Due to local elections in May, in seven of the twelve Authorities, there are some changes to the membership of the MSG / Joint Committee (JC) and therefore its sub groups.
- 3.9 The Membership of the BCPP JC is shown below (para 3.10), with proposed allocations to sub-groups (para 3.11) based on those in place prior to the elections. Members are asked to consider these and agree any changes they wish to make.

AUTHORITIES REPRESENTATION ON THE BCPP JOINT COMMITTEE

3.10

- Bedfordshire - Doug McMurdo
 - Cumbria - TBC
 - Durham – Mark Davidson
 - East Riding – John Holtby
 - Lincolnshire - Eddie Strengiel
 - North Yorkshire - John Weighell
 - Northumberland – Jeff Watson
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- South Yorkshire - Sue Ellis
- Surrey – Tim Evans
- Teesside – Steve Bloudelle
- Tyne & Wear – Eileen Leask
- Warwickshire – Bob Stevens

3.11

GOVERNANCE SUB-GROUP		
Members	North Yorkshire	John Weighell
	Tyne & Wear	Eileen Leask
	South Yorkshire	Sue Ellis
	Cumbria	TBC
Officers	Tyne & Wear	David Hayward
	Cumbria	Fiona Miller
PEOPLE		
Members	Bedfordshire	Doug McMurdo
	Durham	Mark Davidson
	East Riding	John Holtby
	Northumberland	Jeff Watson
Officers	Durham	Nick Orton
	South Yorkshire	Steve Barrett
OPERATING MODEL		
Members	Teesside	Steven Bloudelle
	Warwickshire	Bob Stevens
	Surrey	Tim Evans
	Lincolnshire	Eddie Strengiel
Officers	East Riding	Mark Lyon
	Lincolnshire	Jo Ray
	Tyne & Wear	Tom Morrison

KEY PROJECT IMPLEMENTATION ACTIVITIES UPDATE

3.12 The table below shows the key activities being progressed and the updated high level timeline for the project implementation identifying any time critical dates / key milestones.



Outcome	Current Status	Risks / mitigations to project implementation	Revised Timeline (March 2017)
Overall Project Delivery "Go Live"	<p>MSG agreed go-live revised date of June 2018.</p> <p>All project plans re-profiled to new date.</p> <p>Reported to DCLG 21st April in spring up-date report, feedback expected 1st June.</p>	<p>All project time contingency removed.</p> <p>Minimal impact on implementation budget.</p> <p>Risk of adverse comment from DCLG.</p>	June 2018
Establish Joint Committee (JC)	<p>All documentation being sealed.</p> <p>First JC scheduled for 6th June 2017.</p>	<p>One authority fails to meet signing date.</p> <p>Project proceeds under MSG guidance.</p> <p>Company formation proceeds.</p>	6 th June 2017
Design TOM and Appoint Asset Servicing Provider	<p>On-going full update at item 8 on today's agenda.</p> <p>Template TOM and associated documents.</p>	<p>This is the core project requirement to establish BCPP Ltd as a functioning FCA asset manager – as such any slippage will have implications to overall go-live date.</p> <p>Successful appointment and implementation of the asset servicing provider will be the core driver of future operating cost base for the business and as such all decisions are being taken with full support of the</p>	<p>Design TOM July 2017</p> <p>Tender for asset servicer published July 2017</p> <p>Appoint Asset Servicer - Sept 2017.</p> <p>Complete implementation and data population of systems - March 2017</p>

		<p>appointed advisors.</p> <p>Mitigation – tight project management with extensive external professional support to ensure BCPP can position itself as an educated client in procurement and implementation activities.</p>	
<p>FCA regulatory approval process.</p>	<p>Work commenced in April following the appointment of Alpha.</p> <p>Initial contact with FCA undertaken by Alpha on our behalf.</p> <p>Submission pack to FCA in initial stages of being populated.</p>	<p>Resourcing issues at FCA due to Mifid II opt up processes hamper FCA approval processes.</p> <p>Mitigation early engagement and delivery of proposal in Sept 2017 to FCA.</p>	<p>Agreement by JC of FCA submission pack Sept 2017.</p> <p>Submission of proposals to FCA Sept 2017.</p> <p>Receipt of FCA Approval Dec 2017</p>
<p>Remuneration and recruitment process for Senior Exec. and Non-Exec.'s</p>	<p>Knock on of government delays in approval have hampered securing Members to fill recruitment panels due to Local elections.</p> <p>Terms and conditions agreed.</p>	<p>If revised timetable not met FCA application will be delayed.</p> <p>In the absence of the executives, decisions need to be made by the project team that will be prohibitively expensive to revise at a later date should the execs wish to do so.</p> <p>Mitigation – decisions taken are on receipt of advice from advisors and confirmed by input from sub-groups and OOG</p>	<p>Anticipated start date September 2017 (Chair / CEO)</p> <p>NEDS Sept 2017</p> <p>October 2017 (CIO / COO / Compliance)</p>

	Revised schedule shown in paper 12		
Agree Asset Template Offering	<p>Proceeding per plan.</p> <p>Outline template in paper 8 on today's agenda.</p> <p>OOG meeting scheduled for 20th June to finalise detail in initial offering.</p>	<p>Initial template offering required to inform asset servicing procurement – delays will prevent FCA application.</p> <p>Mitigation – involvement by OOG and Fund Advisors to ensure initial offering meets Fund's needs.</p>	<p>Outline template agreed by JC. June 2017.</p> <p>Detailed template required July 2017 to inform asset servicing tender.</p>
Acquire BCPP Premises	<p>BCPP project Leads and external property agent have undertaken an initial shortlisting listing process.</p> <p>Further refinement of operational requirements to enable spatial planning at shortlisted premises on going.</p> <p>Paper 7 on today's Agenda.</p>	<p>Delays to securing appropriate accommodation space will delay project implementation.</p> <p>Too much space is acquired, incur unnecessary cost.</p> <p>Too little space is acquired, does not allow for planned expansion & results in additional costs to move.</p>	<p>JC agree premise (plus alternative) Sept 2017.</p> <p>Contract negotiations, leading to signing of lease agreement Nov 2017.</p> <p>Premises available for fit out Dec 2017</p> <p>Occupation for testing and team integration from April 2018.</p>
Establish Corporate Services	Ongoing Procurement Exercises in this	All these are corporate enabling services and delays will inhibit core interdependencies elsewhere in the project	April 2018

<p>Functions</p>	<p>period :-</p> <ul style="list-style-type: none"> • Banking Services • External Auditors • Payroll / HR • Web provider • Interim Corporate ICT <p>Future Periods:-</p> <ul style="list-style-type: none"> • Operational ICT • premises servicing (utilities; cleaning; catering; confidential waste; • Office supplies, • Photocopiers/M FD, • Investment research • Brokers • Office furniture / fit out • Recruitment Services 	<p>delivery.</p> <p>Mitigation – detailed project planning to ensure all independencies are tracked and realigned as required.</p>	
<p>Acquire Corporate</p>	<p>Scoping and specification for</p>	<p>Execs. will be hampered from working effectively due to limited IT. Mitigation</p>	<p>Interim solution for Execs Aug 2017.</p>

ICT	<p>interim executive requirements underway.</p> <p>Specification for permanent solution to commence in July/Aug 2017.</p>	<p>council resource would be used as a short term measure.</p> <p>Company cannot go-live without full corporate ICT. Mitigation - early work being undertaken with regular updates to Workstream of any potential slippage or blockages.</p>	Full solution March 2018
Complete Asset Transition Planning	<p>Work currently progressing ahead of schedule.</p> <p>OOG scheduled for June 20th to progress build of the more complex asset classes.</p>	Ahead of plan.	Dec 2017
Start TUPE transfer of staff from existing Funds	<p>Initial information and legal advice received.</p> <p>Initial written communications with staff & information sessions undertaken.</p> <p>Funds affected undertaking work required to ensure their processes / legal requirements are met.</p> <p>Work undertaken to</p>	On schedule	June 2018

	collate all T&C's from each Fund.		
Recruit additional investment and operational staff	Discussions on going re terms and conditions prior to initiating recruitment processes. Paper 9 on today's agenda	Proceeding per revised plan	Members agree company ethos of content of general staff T&C's to enable officers to progress detailed costings etc. June 2017 Approve final T&C;s Sept 2017 Start additional recruitment from September 2017



PROJECT IMPLEMENTATION – ACTIVITY IN THE NEXT PERIOD

3.13 There are a number of key activities during the next period, with the main focus being on building the Target Operator Model which will shape the Depository/Custodian and ICT investment systems procurement process, and feed the FCA submission. Key work stream activity planned in the next period:

- Registration of Company following the first Joint Committee on 6th June 2017.
- Continuation of the BCPP Executive and Non-Director Appointment processes and remuneration as per revised project plan.
- Working with Operator Advisers to accelerate work to define the high level Target Operating Model and FCA submission requirements.
- Build the Asset Servicer and Depository specification in readiness for procurement.
- Working with the Premises Advisers to refine operational requirements and shortlist potential properties against a detailed specification which will allow Member to consider final property options.
- Development and delivery of interim corporate ICT solution to allow BCPP executives to function once appointed.
- Development of draft corporate ICT specification document.
- Continue activity on general T's and C's for workforce, specifically decide on pensions offering for new staff.
- Continue to engage with transferring staff as the project continues.
- Procure corporate banking services; external auditors; interim corporate ICT solutions and payroll / HR service providers.

HIGH-LEVEL PROJECT IMPLEMENTATION TIMETABLE

3.14 As agreed at the last MSG and SOG the project implementation target “go-live” date has been delayed to June 2018.

3.15 All project implementation activities and inter-dependencies have now been realigned to this date and the revised high level project plan is attached at appendix 2.

PROJECT RISKS

3.16 Appendix 2 provides the high level project Risk Register for the BCPP, Members input is welcomed on items they would like added or expanded on. Key risks surrounding current milestones are:

- Impact of proposed changes to MiFID across both the Pool and Funds.
- Risk that company infrastructure is not established within launch timeline, e.g. ICT, Premises.
- Impact on key deliverables if executive recruitment process encounters delays.
- Impact of revised operational live date of June 18.

Mitigating controls in place by Officers are detailed in Appendix 3.

PROJECT EXPENDITURE

- 3.17 The project budget including any predicted overspends is shown below. As reported to the last meeting, current planning expectations to deliver the project up to the proposed go-live date of June 2018 are showing a predicted overspend of £0.175m on the total agreed implementation budget of £4.2m (£0.350m per Partner Fund). The increase from the last report to MSG is to accommodate the increase in the salaries approved by Members for the NED's, the appointment of an advisor to assist with the interviews and the additional national advert costs for the Chief Risk Officer. However, due to the level of uncertainty regarding appointment dates of the executives and other areas of the budget where there is potential underspends it is not proposed at this stage to seek additional budgetary provision from the Partner Funds. If required this will amount to £14.5k per Fund.
- 3.18 A full update on projected spend will be presented to the next meeting and to the monthly SOG update calls scheduled to start from June onwards.
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	Working Budget (£'000)	Predicted Outturn (£'000)	Variance to Budget (£'000)
People			
Salaries - Executives (including Compliance Officer)	675	675	-
Non-executives	-	95	95
Project management costs (inc. officer secondments)	500	500	-
Recruitment of executives and non-executives	150	230	80
Recruitment of other staff	150	150	-
Governance			
Legal advisers	350	350	-
Procurement support	30	30	-
Operating Model			
Tax and Operating Model advisers	850	850	-
Asset Servicer appointment	150	150	-
External rather than internal Project Support	325	325	-
Legal costs for regulation and fund documents - ACS	100	100	-
Other legal agreements - ACS	200	200	-
Tax and operational advice - ACS	80	80	-
Procurement support	70	70	-
ICT and Infrastructure	500	500	-
FCA fees	25	25	-
Other costs	45	45	
TOTAL SPEND	4,200	4,375	175
Total Implimentation Budget £350k per Partner Fund			
Potential additional for charge per Fund £14.5k			

PROJECT EXPENDITURE

3.20 Project spend up to 31 May 2017 is shown in the table below

Payment to	Description	Which Fund paid the bill / incurred the expenditure?	Amount (£)
Squire Patton Boggs	Advice - Period to 26 May 2016 (SPB)	Tyne and Wear	1,222.35
	Advice - 30/11/2016 to 21/12/2016		16,063.75
Eversheds Sutherland	Advice (to 31/01/2017)	Tyne and Wear	23,060.00
Deloitte	Cost Benefit Analysis (Deloitte)	Tyne and Wear	61,000.00
Tyne and Wear PF	Legal officer's time (to 16/9/2016)	Tyne and Wear	1,000.00
Surrey PF	Initial legal spend	Surrey	21,770.00
Surrey PF	Logo design	Surrey	450.00
Cumbria PF	Project officer's time (to 16/9/2016)	Cumbria	2,000.00
Tyne and Wear PF	Member Steering Group meeting 29 / 30 September	Tyne and Wear	3,168.33
Tyne and Wear PF	Member Steering Group meeting 18 November	Tyne and Wear	567.17

Payment to	Description	Which Fund paid the bill / incurred the expenditure?	Amount (£)
Various Funds	Chargeable officer time (to 10/11/2016)		5,400.00
	Chargeable officer time (11/11/2016 to 21/01/2017)		32,024.00
	Chargeable officer time (22/01/2017 to 31/03/2017)	Various Funds	43,122.00
	Chargeable officer time (01/04/2017 to 31/05/2017)		41,852.00
	Chargeable officer travel/expenses (01/04/2017 to 31/05/2017)		2,246.00
Odgers Berndtson	Retainer payment	Tyne and Wear	29,925.00
	Adverts for CEO/Chair and NEDs		20,265.00
Total Spend to Date			305,135.60
Budget			4,200,000.00
Remaining Budget			3,894,864.40

Note: expenditure is only shown that has been invoiced for as at 26th May 2017. Further work incurred (and not invoiced) by advisers is not included. Officer time for the final week of May 2017 is estimated.

4.0 Conclusion:

- 4.1 The Partner Funds of BCPP gave their support to the project approach and approved the detailed project plan at their meeting on 18th November 2016, which is supported by dedicated internal funded project co-ordination resource.
- 4.2 The project team is now heavily supported by industry experts from three disciplines Legal (Eversheds Sutherland), Tax and financial planning (Deloitte and TOM), asset servicing and investment ICT procurement and FCA registration (Alpha FMC)
- 4.3 Key activities, milestone timescales, and risks are now being delivered operationally by the three Sub-Groups within the project methodology to the revised project “go-live” date of June 2018.

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Local Government Pension Scheme pooling: progress report

Please report against each of the areas outlined below as at 31 March 2017, highlighting significant changes since your final proposal.

The deadline for submission is Friday 21 April 2017. We will follow up any questions or concerns with individual pools as necessary.

Pool: Border to Coast Pension Partnership

Date: 21st April 2017

Criterion A: Scale

For pools in development

- Scale – please state the estimated total value of assets included in your transition plan for investment through the pool structure, with date of estimate
 - *Estimated value at December 2016 – c. £41.2bn.*
 - Assets outside the pool - please state the estimated total value of assets to be invested outside of the pool structure by participating funds
 - *Once transition is fully complete, the assets in excess of the above to remain outside of the pool are (as previously agreed this excludes passive mandates which are to be managed collectively):*
 - *Cash – c. £0.4bn (held for transactional purposes).*
 - *Agriculture investments directly held by South Yorkshire Pensions Authority: c. £0.2bn.*
 - *Assets held to support a bespoke liability-driven investment strategy held by South Yorkshire Passenger Transport Fund: c. £0.1bn.*
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- Progress towards go live by April 2018
 - please provide an updated high level project plan to achieve delivery by April 2018 including progress with operator procurement/build, design of sub funds, recruitment of core team, appointment of depository and FCA authorisation
 - *See Appendix A – The appointment of the various advisors to BCPP was later than expected as a result of the approval from Government not being received until December 2016. Having now appointed all of the advisors, and following discussions with them, the Member Steering Group, and the Statutory Officers Group, the expected go live date is now June 2018. This will ensure that all appropriate due diligence can be completed in the creation of BCPP Limited. Following the go live date it is envisaged that c. £9 – 10bn of assets can be transferred into the pool relatively quickly.*
 - *please identify risks or issues which may delay delivery by April 2018, and any plans to mitigate risks and/or manage issues*
 - **Key Risks and Mitigations**
 - *Risk – Failure to appoint suitable senior Executives and Non-Executives in a timely manner.*
 - *Mitigation – recruitment consultant appointed, timetable considerations of local elections.*
 - *Risk – FCA authorisation process being more complicated and time consuming than expected.*
 - *Mitigation – Advisors appointed to assist with process.*
 - *Risk – Adverse regulatory changes having an impact on investment opportunities – e.g. MiFIDII as currently proposed could prevent Funds from investing in Infrastructure.*
 - *Mitigation – Continuing discussions with FCA, LGA, DCLG and investment managers.*
 - *Risk – MiFIDII requiring project staff to be re-diverted back into their Funds to deal with opt up processes.*
 - *Mitigation – Standardised templates to be agreed with Investment Management Association.*
 - *Risk – Timetable pressures resulting in sub-optimal structure being developed and therefore incurring additional costs at a later stage, or savings not being fully realised.*
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- *Mitigation – Appointing appropriate levels of external advice and under that advice adjusting the timetable as required.*

Criterion B: Governance

For pools in development

- Progress with governance arrangements - please provide an updated high level project plan for the implementation of governance arrangements.
- *See appendix A – As at 31st March 2017 all Funds have approved arrangements for joining BCPP. All shareholder documentation is expected to be signed by the end of April 2017 and the first Joint Committee meeting and Shareholder Group meeting is expected to be held in June 2017.*

Criterion C: Reduced costs and value for money

For all pools:

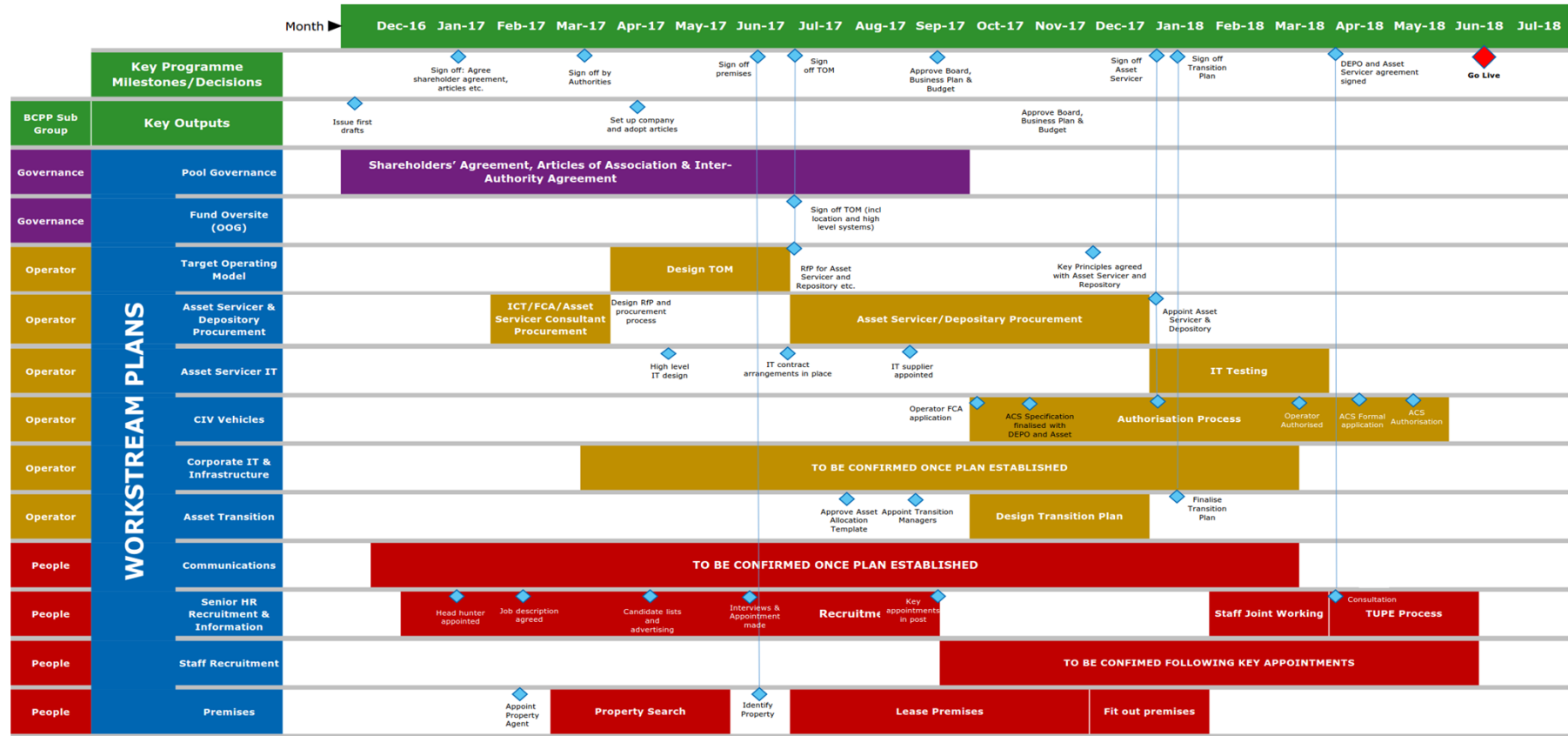
- Update on costs/savings estimates – please state current high level estimates for implementation costs and eventual annual savings
 - *Savings remain as based on the assumptions, set out in the July submission. However, due to the increase in asset values, total savings will be higher.*
 - *Implementation costs are expected to be marginally higher than proposed in the July submission due to the requirement to meet higher than anticipated senior executive salaries.*
 - Plans for delivering savings – please set out your high level plan and timescales for delivering the annual savings above
 - *As per the July submission.*
 - Plans for reporting including on fees and net performance in each listed asset class against an index – In particular please set out how the pool will report fees to participating funds on a fully transparent basis and using comparative performance and/or cost data.
 - *As stated in the July submission, there will be full transparency in reporting performance and costs at each sub-fund, in line with industry best practice, and this will be available to all partner funds, and published on the BCPP website.*
 - *Detailed design and layout of reporting templates is currently being undertaken in the detailed target operating model design.*
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Criterion D: Infrastructure

For all pools:

- Progress on infrastructure investment – please state your target allocation for infrastructure and committed funds at the pool level and/or across pools. Please also set out your plans for the platform/product/and/or external manager arrangements to achieve that target
 - *Long term target allocation and plans to achieve it are as per the July submission. Current strategic allocations to Infrastructure as a separate asset class across the Funds total 2.7% (£1.13bn) and committed funds total 2.3% (£0.96bn). When the wider definition of Infrastructure, which was agreed for the July submission, is used the amount committed is 5.9% (c. £2.5bn) compared to 4.1% included in the July submission.*
 - *Following completion of the triennial valuation cycle many Funds will be entering strategic asset allocation reviews and an update on this position will be given in the Autumn progress report.*
 - *BCPP is an active member on the Infrastructure Cross Pool Sub-group which is exploring the opportunities for joint infrastructure investing. Discussions are continuing across the various pools as to the most appropriate structure to adopt and a further update will be given in the Autumn progress report.*
 - Timetable to achieve stated ambition – please provide a high level project plan for the implementation of the platform/product/and/or external manager arrangements described above
 - *The ambition of BCPP remains per the July submission on building the capability and capacity within BCPP Ltd to service an ambition of up to 10%. The Partner Funds retain strategic asset allocation choice in regard to this and all other asset classes.*
 - *There will be one or more Infrastructure sub-funds available to partner funds once BCPP is fully operational, with the intention that a part of this offering will be satisfied by the solution identified within the Infrastructure Cross Pool Sub-Group.*
 - *To ensure that we can be an active participant in any cross pool solution we continue to both Chair and have senior investment professionals on the Cross Pool Infrastructure sub-group. The group continues to make steady progress towards the creation of an effective solution. The group continues to develop its thinking by learning from solutions currently being developed within the LGPS and through wider engagement with industry participants, to ensure that we access Infrastructure investments in the most effective manner. The intention remains for operational delivery of a solution in line with the go-live dates of the pools.*
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APPENDIX 2



Appendix 3

BCPP Project Delivery Risk Register													
Responsibility		BCPP Officer Operations Group											
Date last reviewed		17th May 2017											
Reviewed by		Steve Halford - BCPP Programme Manager											
Version		Version 9											
No	Risk	Risk Type	Risk description	Risk Rating without control			Controls in place	Responsible Officer	Work Stream	Risk rating with control			Risk Closed Date
				L	I	O				L	I	O	
GM1	Govt Approval Not Received	External	Risk of BCPP proposal being rejected by government.	2	5	10	Outside BCPP's control	Fiona Miller & David Hayward	Governance & Monitoring	2	5	10	12/12/2016
GM2	Funds choose to withdraw from BCPP Project	Internal	Risk of a Fund(s) withdrawing from the BCPP	1	5	5	1. Clear governance within the Member OSG. 2. Commitment by funds to the BCPP. 3. Pool value estimated at £42bn, threshold £25bn so formation of pool not dependent on any fund. 4. Secure contribution agreements for all costs.	Fiona Miller & David Hayward	Governance & Monitoring	1	5	5	
GM3	Delays in decision by government on Pooling	External	Impact of delay in the formal approval by government to proceed on 1st April 2018 deliverable	4	5	20	1. Project Planning and procurement ongoing to mitigate the impact of delays on reviewing formal approval. 2. All funds schedule meetings to the end of March 17.	Fiona Miller & David Hayward	Governance & Monitoring	3	5	15	12/12/2016
GM4	Unexpected costs	Financial, Project & Deliverables	Risk that programme implementation costs will exceed budget due to unexpected costs.	4	4	16	1. Ensure VFM is gained from every 3 rd party contract. 2. Expenditure reported quarterly against initial estimated at MSG.	Fiona Miller	Operating Model	3	4	12	
GM5	April 18 Government Deadline	External	Implications for late delay to recommended deadline.	4	5	20	1. Proposed delivery date of June 18 being proposed by BCPP. 2. Potential for government disapproval of revised delivery date	Fiona Miller & David Hayward	Governance & Monitoring	3	3	9	



BCPP Project Delivery Risk Register

BCPP Project Delivery Risk Register													
Responsibility		BCPP Officer Operations Group											
Date last reviewed		17th May 2017											
Reviewed by		Steve Halford - BCPP Programme Manager											
Version		Version 9											
No	Risk	Risk Type	Risk description	Risk Rating without control			Controls in place	Responsible Officer	Work Stream	Risk rating with control			Risk Closed Date
				L	I	O				L	I	O	
GM6	Political - May Elections	Internal	Changes to key committee members following the elections	4	3	12	1. Awareness by lead officers of current impact following elections	Fiona Miller & David Hayward	Governance & Monitoring	4	3	12	
GM7	Political - Executive recruitment	Internal	Running executive recruitment over election period	4	3	12	1. Use of members likely to in post pre and post election to ensure consistency and reduce impact of delays.	Ian Bianbridge	Governance & Monitoring	3	2	6	
OM1	Investment Regs Not Laid	External	No formal mechanism to require Funds to pool resulting in delays to implementation	2	5	10	Outside BCPP's control	Mark Lyon	Operating Model	2	5	10	01/11/2016
OM2	Project Resource	Internal & Operational	1. Risk that project resource capacity will not be in place. 2. Risk of non effective project resource.	3	5	15	1. Internal project resource in place, initial consideration regarding alignment to work stream external resource undertaken. 2. Intelligent Client - the procurement of extended resource provision for key activities.	Fiona Miller	Operating Model	1	3	3	
OM3	Delays to Admin Auth Approvals	Internal	Key date of March 2017 for formation of Joint Committee missed resulting in a minimum 6 month delay to implementation due to local elections at some authorities	2	5	10	1. Within BCPP's control but dependent on Partner Funds meeting the required timetable. 2. Regular updates at OOG and MSG meetings to ensure BCPP are aware of potential delays in Funds' governance processes. 3. Ultimate sanction of BCPP continuing with the implementation phase but without those Partner Funds that cannot meet the timetable.	Mark Lyon	Operating Model	2	5	10	24/03/2017



BCPP Project Delivery Risk Register

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Date last reviewed		17th May 2017											
Reviewed by		Steve Halford - BCPP Programme Manager											
Version		Version 9											
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				L	I	O				L	I	O	
OM4	Procurement Delays and Market Capacity	Operational	Risk of delays due to government decision to proceed with pooling agenda.	4	4	16	1. Early activity to procure Legal Advisory, Tax & Accountancy Advisory, Executive Recruitment, and Operator Advisory services have been undertaken and contracts awarded. 2. Specifications for Asset Servicer Advisory tender written, NEPRO approach agreed by Officer Group and will proceed w/c 13th February. 3. Premises Advisory Services appointed and property search underway.	David Hayward	Operating Model	1	4	4	01/05/2017
OM5	FCA Authorisation	External & Reputational	1a) Risk that FCA will delay the CIV application 1b) Risk that FCA will reject the CIV application	3	5	15	1. BCPP using specialist advisors to advise on FCA application process, this work is underway. 2. Senior Executives will provide capacity in this area.	Mark Lyon	Operating Model	1	5	4	
OM6	Not delivering savings	Financial, Reputational & Deliverables	Risk that BCPP will not deliver savings to the funds.	4	5	20	1. Ensure project has clear focus on delivering savings. 2. Effective Monitoring and performance measures to be developed. 3. Effective Delivery Team & Programme Management.	Fiona Miller & Mark Lyon	Operating Model	1	5	5	
OM7	MiFID	External	Impact of proposed changes to MiFID across both the Pool and Funds	4	5	20	1. BCPP responded to the consultation and dialogue with FCA and Government about impacts, and is awaiting a response in June/July 2017. 2. Supplemental legal advice may be required depending on outcome of consultation. 3. BCPP representation on cross pool MiFID group.	Mark Lyon	Operating Model	3	5	15	
OM8	Incomplete Tax Documentation	Internal	Incomplete tax documentation resulting in leakage at pool level.	2	3	6	1. Pool will monitor tax documentation required for each sub fund. 2. Additional share class to avoid contamination of the funds.	Officer Group	Operating Model	2	3	6	



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				L	I	O				L	I	O	
P1	Executive Recruitment	Internal	Risk that key company positions will not be filled in line with FCA application authorisation timeline. Market Availability of key roles a key risk.	4	4	16	1. Executive Recruitment Advisory tender awarded and recruitment ongoing in line with project plan. 2. Appointment of some executive posts has slipped to September.	Ian Bainbridge	People	2	4	8	
P2	TUPE Resource	Internal	Failure to secure effective and sufficient transfer of in house staff to manage service at go live	2	3	6	1. Continued dialogue and communication with existing staff.	Nick Orton	People	2	3	6	
P3	Corporate Infrastructure - Premises	Operational	Risk that Premises are not established in time for both ICT testing, and launch timescale	4	5	20	1. Tender awarded for advisory services, longlisting process complete.	Nick Orton	People	3	4	10	
P4	Pensions Admissions Agreement	Internal & External	Failure to agree route to provide LGPS access to transferring staff, and agree suitable pensions solution for new recruits.	2	5	10	1. taking legal advice, and discussing with DCLG/LGA.	Nick Orton	People	1	5	5	
P5	General External Recruitment	Internal	Failure to recruit adequate staff to company.	2	4	8	1. Ensuring competitive terms and conditions. 2. Premises to be in vibrant financial services district.	Nick Orton	People	1	4	4	
P6	Corporate infrastructure - ICT	Operational	Risk that ICT infrastructure is not established within launch timeline.	4	5	20	1. Project plans in place to deliver corporate infrastructure within timeframe. 2. External advisors advising on interim corporate solution for executives.	Steve Halford	People	1	5	5	