

Business Plan, Budget & Risk Summary



ACCESS Joint Committee

Date: 6 September 2021

Report by: Officer Working Group

Subject:	Business Plan, Budget & Risk Summary
Purpose of the Report:	To provide an update on the activities undertaken since the last Joint Committee, associated spend and risk summary.
Recommendations:	<p>The Committee is asked to note:</p> <ul style="list-style-type: none">• the Business Plan update;• the 2020/21 outturn;• the 2021/22 budget update; and• summary risk register.
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1. Business Plan update

- 1.1. The Business Plan for **2021/22** (this year) was agreed by the Joint Committee (JC) in January 2021 prior to being referred to the ACCESS Authorities. At the same meeting the JC also determined the budget necessary to implement this year's plan and to be charged to the relevant Authorities.
- 1.2. Activities within this year's **2021/22** Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:
- Communications
 - Responsible Investment
 - Implementation Adviser appointment
 - BAU evaluation next steps
 - Sub-fund performance and implementation
 - Contract Management

2. 2021/22 budget

- 2.1. At its January 2021 meeting the Committee determined a budget of £1,247,019 to support the 2021/22 business plan. Details are included within the table below.

	Agreed Budget 2021/2022 £	Actual Costs 06/08/2021 plus forecast 2021/2022 £	Overspend / (Underspend) 2021/2022 £
ASU			
ASU Salaries (incl. on cost)	460,261	413,597	(46,664)
ASU Operational	20,580	13,698	(6,882)
ASU Host Authority Recharge	64,087	30,000	(34,087)
Technical Lead Recharge Costs	40,000	40,357	357
ASU Total	584,928	497,652	(87,276)
Professional Costs			
JC Secretariat	21,761	16,500	(5,261)
Procurement	45,000	42,000	(3,000)
<i>Internal Professional Costs</i>	66,761	58,500	(8,261)
Strategic & Technical	433,000	384,667	(48,333)
Legal & Governance	162,330	151,510	(10,820)
<i>External Professional Costs</i>	595,330	536,177	(59,153)
Professional Costs Total	662,091	594,677	(67,414)
Total Costs per 2020/2021	1,247,019	1,092,329	(154,690)
Cost Per Authority	113,365	99,303	(14,063)

2.2. Current forecast variances against the planned budget are currently expected in the following areas:

- ACCESS Support Unit (ASU) salaries (incl. on cost): the new Client Manager joined the ASU part way through the current year. The budget reflects a full year's cost.
- ASU Operational: this reflects reduced instances of travel costs, particularly during the first half of the year.
- ASU Host Authority recharge: the overhead charged by Essex County Council has been reviewed and reduced.
- JC Secretariat: the budget includes contingency for an additional 5th JC meeting in the year.
- Strategic & Technical: the budget assumptions were set on a prudent basis prior to the finalisation of external advice appointments. The variance includes favourable procurement outcomes.

3. Risk Summary

3.1. A summary of the risk profile is shown below, and a more detailed report, including the revised approach to risk scoring, appears elsewhere on this agenda.

	June 2021	Sept 21
Low	4	4
Medium	14	14
High	1	1
Elevated	2	2

4. Recommendations

4.1. The Committee is asked to note:

- the Business Plan update;
- the 2020/21 outturn;
- the 2021/22 budget update; and
- summary risk register.

2021/22 Business Plan

Annex A

Legacy milestones noted where applicable

Theme	Milestone	2021/22 activity	September 2021 comment
<p>Actively managed listed assets</p>	<p>Launch remaining Tranche 4 sub-fund (legacy milestone)</p>	<p>One UK equity sub-fund</p>	<p>Launched July 2021 – an update on this matter appears elsewhere on this agenda.</p>
	<p>Launch of Tranche 5b</p>	<p>Three fixed income sub-funds</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Launch of Tranche 5c</p>	<p>One credit sub-fund, one global equity sub-fund, one fixed income sub-fund, one global emerging market sub-fund.</p>	<p>An update on this matter appears elsewhere on this agenda.</p>
	<p>Determine, approval & launch of Tranche 6</p>		<p>An update on this matter appears elsewhere on this agenda.</p>
	<p><i>Ensure sub-funds meet Link’s due diligence requirements and ACCESS Authorities’ Value for Money criteria (including transition activity). Manager search and selection activity where required. Work with Link to submit application to the FCA for approval of the sub-fund set up. Launch.</i></p>		

Theme	Milestone	2021/22 activity	September 2021 comment
Actively managed listed assets continued	Establish a process for transitioning between sub-funds. (legacy milestone) Scheduled BAU evaluation	Implementation of outcomes	An update on this matter appears elsewhere on this agenda. An update on this matter appears elsewhere on this agenda.
Alternative / non-listed assets	Commence implementation of approach to pool illiquid assets	The initial implementation of pooled alternative assets will commence in 2020/21.	An update on this matter appears elsewhere on this agenda.
Passively managed assets	Ongoing monitoring of assets managed on a passive basis.	Engagement with UBS will continue throughout the year.	Dialogue with those Authorities adopting passive management investment took place at an Investor User Group in July.
Governance	Meetings and oversight	Arrangements will be made to support meetings of the Joint Committee (usually each quarter). Meetings of s151 Officers will also be held.	Remaining scheduled JC meetings for 2021/22 are: 6 December 2021 7 March 2022 A virtual meeting of s151 Officers was held on 20 August 2021. Further meetings will be held in advance of the JC meetings in 2021/22.

Theme	Milestone	2021/22 activity	September 2021 comment
Governance continued	Operational protocols	Further development of protocols around key processes associated with the pool's day-to-day operation will take place during 2021/22.	Following s151 agreement in June, a project is in progress focussing on areas of highest risk to the delivery of the ACCESS objectives and the governance, policies and procedures needed to achieve them. Governance protocols / decision pathways have been identified for the milestones noted below, and are reflected within the respective reports on these matters elsewhere on this agenda: <ul style="list-style-type: none"> - Implementation Adviser appointment; - Scheduled BAU evaluation; and - Sub-fund implementation.
	Engagement with HM Government	Participate in pooling related consultations. ACCESS will liaise with the Scheme Advisory Board as appropriate.	MHCLG consultations on Climate Related Disclosures and LGPS Pooling are expected during 2021/22.
		Periodic reports will be provided to MHCLG as required.	An update on this matter appears elsewhere on this agenda.
	Agreement to Joint Policies & guidelines	The Joint Committee will review its Communications Policy. Work will be undertaken to finalise joint guidelines on ESG / RI.	An update on this matter appears elsewhere on this agenda. An update on this matter appears elsewhere on this agenda.

Theme	Milestone	2021/22 activity	September 2021 comment
ACCESS Support Unit (ASU)	Review of ACCESS Support Unit	The outcomes of the size and scope review of the ASU will be reviewed.	Implementing the outcomes of the ASU review concluded with Paul Tysoe (formerly of Northants) commencing his role as Client Manager on 1 July.