

# Business Plan, Budget & Risk Management



## ACCESS Joint Committee

Date: 5 June 2023

Report by: Director of ACCESS Support Unit (ASU)

<b>Subject:</b>	<b>Business Plan, Budget &amp; Risk Management</b>
<b>Purpose of the Report:</b>	To provide an update on the activities undertaken since the last Joint Committee, associated spend and risk summary.
<b>Recommendations:</b>	<p>The Committee is asked to note the:</p> <ul style="list-style-type: none"><li>• 2022/23 Business Plan summary;</li><li>• 2022/23 financial outturn;</li><li>• 2023/24 Business Plan update; and</li><li>• matters highlighted on risk management.</li></ul> <p>The Committee is asked to agree to:</p> <ul style="list-style-type: none"><li>• extend the existing arrangements with MHP Mischief as Communication Partner until 31 December 2023.</li></ul>
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## 1. Background

- 1.1 The Joint Committee (JC) have a role to keep the performance against the strategic business plan agreed by the Councils under review.
- 1.2 The Section 151 Officer Group are responsible for making recommendations to the Joint Committee on budget and business plan matters, reviewing / advising on budget variations throughout each financial year and advising the Committee on the identification of, and mitigation of, any risk to the operation or success of the Pool. In response to decisions made by the Joint Committee, the Section 151 Officers should ensure appropriate resourcing, support, advice and facilitation to the Joint Committee.
- 1.3 The ACCESS Support Unit (ASU) have a responsibility to manage the development and implementation of the strategy, business plan and budget including the identification and management of risks.
- 1.4 This report was prepared by the ASU following consultation with the Officer Working Group (OWG). In draft form, it was presented to Section 151 Officer Group at their meeting on 12 May 2023 and their feedback has informed this final version.

## 2. 2022/23 Business Plan

- 2.1 The Business Plan for **2022/23** (last year) was agreed by the Joint Committee (JC) in December 2021 prior to being recommended to the Councils. 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.
- 2.2 The activities within last year's **2022/23** Business Plan, along with commentary on the status of each milestone at the end of the year are shown in the table below. The ongoing nature of a number of areas result in milestones spanning different years.

Theme / Milestone	2022/23 activity	2022/23 Joint Cttee report reference	Year-end status	2023/24 milestone
<b>Actively managed listed assets</b>				
Launch of Tranche 5b	3 Fixed income sub-funds	) Item 11, 6 June	In progress	Yes
Launch of Tranche 5c	2 Fixed income sub-funds; 1 global equity sub-fund	) Item 12, 6 Oct	Complete	-
Launch of Tranche 6	2 Emerging Market sub-funds	) Item 14, 5 Dec	In progress	Yes
Launch of Tranche 7a	2 Fixed income sub-funds	) Item 12, 6 Mar	In progress	Yes
Launch of Tranche 7b	1 Fixed income sub-fund; 1 global equity sub-fund	)	Complete	Yes
Scheduled BAU evaluation	Ongoing dialogue	Item 13, 6 June; Item 14, 6 Oct; Item 7, 5 Dec; Item 7, 6 Mar	In progress	Yes
<b>Actively managed non-listed assets</b>				
Implementation of approach	Procurement for property mandates	Item 9, 6 June; item 9, 5 Dec; Item	Complete	Yes
<b>Passively managed assets</b>				
Ongoing monitoring of passive assets	Ongoing dialogue with UBS		Complete	Yes
<b>Governance</b>				
Meetings and oversight	3 Joint Committees held; 3 Member briefings held 5 ACCESS s151 Officer meetings held		Complete Complete	Yes Yes
Operational protocols	Review of Governance Manual completed Revisions to IAA Completed Third party review commissioned	Item 6, 6 June Item 6, 6 June; item 5, 6 Oct; item 5 5 Dec; Item 8, 6 Oct; Item 10, 5 Dec;	Complete Complete In progress	- - Yes
Engagement with HM Government	Annual Report to DLUHC submitted Autumn 2021 Response submitted to TFCD consultation	Item 11, 6 Oct; Item 12, 5 Dec	Complete Complete	Yes Yes
Joint Policies & guidelines Communications ESG / RI	Comms partner re-procurement commenced Revised RI guidelines recommended to Councils	Item 9, 6 Oct; item 11, 5 Dec; item 14, 6 Mar Item 8, 6 June; item 12, 5 Dec; item 10, 6 Mar	In progress Complete	Yes Yes
<b>ASU</b>				
ACCESS Support Unit	Third Party Review commissioned Internal Audit undertaken	Item 8, 6 Oct; Item 10, 5 Dec; Item 5, 6 June	In progress In progress	Yes Yes

### **3. Business Plan**

- 3.1 The Business Plan for 2023/24 was agreed by the JC in December 2022 prior to being recommended to the Councils. 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.
- 3.2 Activities within this year's 2023/24 Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:
- BAU Evaluation
  - Alternative / non-listed assets
  - Implementation Advisor update
  - Investment performance
  - Sub-fund implementation
  - Contract and supplier relationship management

### **4. Investment Pooling consultation by Department for Levelling Up Housing & Communities (DLUHC)**

- 4.1 At the time of writing the ASU's understanding was that this consultation is likely to be published prior to the summer Parliamentary recess. A verbal update will be given at the meeting. The next JC is scheduled for 4 September 2023.
- 4.2 At its June 2022 meeting the Committee agreed the following:
- should the deadline for responses not align with the Committee's schedule of meetings, the Director for the ASU will make necessary arrangements to ensure that the Members of the Committee may consider and comment upon the DLUHC consultation and that the authority be delegated to the ASU Director to finalise and submit a response in consultation with the ACCESS Joint Committee and the Chairman and Vice Chairman.
- 4.3 It is envisaged that if the above arrangements prove to be necessary then a virtual briefing for JC Members would be arranged to discuss a draft consultation response.

## **5. Third Party Review**

- 5.1 A procurement using National LGPS Frameworks for a consultant to undertake this review was held, with Barnett Waddingham identified as the preferred supplier. This was reported to the Committee at its March 2023 meeting after which Jeff Houston from Barnett Waddingham was invited to observe the remainder of proceedings.
- 5.2 The review is currently in its research phase and, in order that all parties are afforded the appropriate opportunity of contributing, the intention is that the Consultant will present their final report to the Committee at its meeting on 4 September 2023.

## **6. Responsible Investment Phase II procurement**

- 6.1 The procurement for Phase II of RI support to the pool (reporting) is currently underway. The outcome is expected to be brought to the Committee's meeting on 4 September 2023.

## **7. Communications re-procurement**

- 7.1 At the Committee's December 2022 meeting it was agreed that Hampshire County Council be the Procurement Lead Authority for the communications partner re-procurement.
- 7.2 Preparations for this tender are progressing alongside the other procurement demands ACCESS is taking forward with procurement colleagues at Hampshire County Council. In view of current priorities, it is considered prudent that the planned Communications re-procurement concludes to enable the outcome to be brought to the December 2023 meeting. As a consequence, it is also necessary to request a further extension of the existing arrangements with MHP Mischief until 31 December 2023. Under this approach a progress update would be included at the September Committee meeting.
- 7.3 As highlighted to the Committee previously, it is anticipated that Officer volunteers from OWG and the ASU will participate in assessing and evaluating the submissions from prospective suppliers and any clarification interviews that might be considered necessary. Section 151 Officers and Elected Members will also be afforded the opportunity to participate in this process.

## **8. ACCESS Support Unit staffing**

- 8.1 Alistair Coyle joined the ASU on 9 May 2023 following the recruitment process which was reported to the March 2023 meeting.
- 8.2 Paul Tysoe retired from the role of Client Manager at the end of April 2023. In view of current workloads and following dialogue with the s151 Officer Group arrangements have been made to undertake a part-time role as additional Client Manager on a temporary basis, prior to the outcomes of the Third Party Review being reported to the Committee.

## 9. 2022/23 Budget outturn

9.1 At its December 2021 meeting, the Committee determined a budget of **£1,366,000** to support the 2022/23 business plan. Details are shown within the following table.

	Agreed Budget 2022/2023 £	Actual Costs as at 31 Jan plus forecast 2022/2023 £	Outturn 2022/2023 £	Overspend / (Underspend) 2022/2023 £	Agreed Budget 2023/2024 £
<b>ASU</b>					
ASU Salaries (incl. on cost)	465,000	465,736	458,404	(6,596)	499,833
ASU Operational	23,000	16,983	16,104	(6,896)	23,000
ASU Host Authority Recharge	35,000	34,000	34,000	(1,000)	35,700
Technical Lead Recharge Costs	45,000	44,599	49,357	4,357	40,000
<b>ASU Total</b>	<b>568,000</b>	<b>561,318</b>	<b>557,865</b>	<b>(10,135)</b>	<b>598,533</b>
<b>Professional Costs</b>					
<i>Internal Professional Costs</i>					
JC Secretariat	22,000	22,768	23,028	1,028	23,100
Procurement	60,000	52,000	42,000	(18,000)	145,000
<i>Internal Professional Costs</i>	82,000	74,768	65,028	(16,972)	168,100
<i>External Professional Costs</i>					
Strategic & Technical	546,000	408,906	333,854	(212,146)	602,000
Legal & Governance	170,000	223,796	218,405	48,405	190,400
<i>External Professional Costs</i>	716,000	632,702	552,259	(163,741)	792,400
<b>Professional Costs Total</b>	<b>798,000</b>	<b>707,470</b>	<b>617,287</b>	<b>(180,713)</b>	<b>960,500</b>
<b>Total Costs for the Financial Year</b>	<b>1,366,000</b>	<b>1,268,788</b>	<b>1,175,152</b>	<b>(190,848)</b>	<b>1,559,033</b>
<b>Cost Per Authority</b>	<b>124,182</b>	<b>115,344</b>	<b>106,832</b>	<b>(17,350)</b>	<b>141,730</b>

9.2 The ASU Host Authority recharge includes finance, information technology, human resource and property services.

9.3 An overspend £4,357 was incurred in relation to Technical Lead Support, primarily as a consequence of increased reporting undertakings.

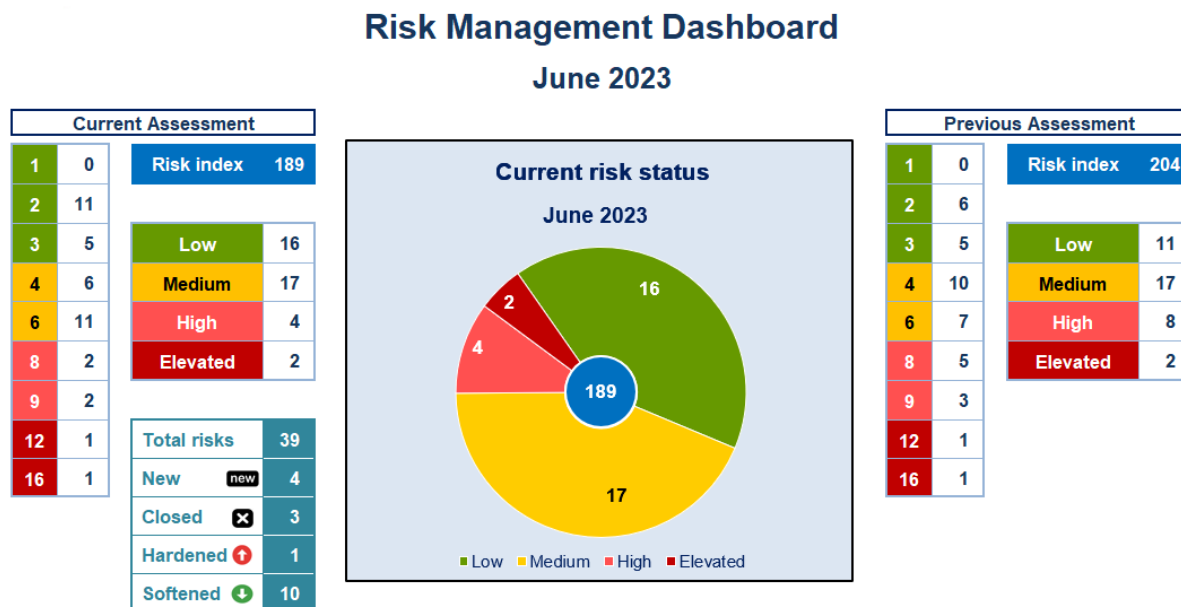
9.4 The rescheduling of the Committee's September 2022 meeting owing to the period of national mourning following the death of HM Queen Elizabeth II overspend incurred some modest additional expenditure resulting in a small overspend of £1,028.

9.5 Procurement expenses were £18,000 lower than anticipated primarily due to the scheduled completion of procurements during 2023/24 (originally scheduled for 2022/23) in relation to the re-procurement of a Communications partner and RI Phase II.

9.6 Further detail in relation to External Professional costs have been provided and shown in the Part II Annex B to this report.

## 10. Risk Summary

10.1 A summary of the current risk profile is shown below. A more detailed report appears within the Part II Annex C to this report.



## 11. Recommendations

11.1 The Committee is asked to note the:

- 2022/23 budget outturn;
- 2023/24 Business Plan update; and
- current risk assessment.

11.2 The Committee is asked to agree to:

- extend the existing arrangements with MHP Mischief as Communication Partner until 31 December 2023.