

Business Plan and Budget Quarterly Update



ACCESS Joint Committee

Date: 9 September 2019

Report by: Officer Working Group

Subject:	2019-20 Business Plan Update and revised outturn
Purpose of the Report:	To provide an update on the activities undertaken since the last Joint Committee and associated spend
Recommendations:	The Committee is asked to note the 2019-20 updated business plan, the ASU workstream progress report, the revised outturn and summary risk register
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1. Purpose

- 1.1 The Joint Committee is required to make recommendations to the ACCESS Authorities about the annual strategic business plan for the Pool. The strategic plan was agreed by the Joint Committee in March 2019 and referred to the relevant ACCESS Authorities.
- 1.2 The Joint Committee also determined the budget necessary to implement the business plan during 2019-20 (insofar as the costs will not be paid by ACCESS Authorities direct to the Operator) at their meeting in March 2019 and this has been charged to the relevant ACCESS Authorities.
- 1.3 This report updates the Joint Committee on the work undertaken to date and costs incurred in 2019-20.

2. Business Plan Update

2.1 The key activities to be undertaken in 2019-20 are as follows:

- ASU recruitment completes
- ASU functions mainly undertaken by ASU officers and technical leads
- Review of the IAA completes
- Tranches 3, 4 and 5 sub funds onboarding
- Consideration of non-listed / illiquid assets

2.2 The table below shows progress against key items delivered since the last Joint Committee as well as the proposed activity in 2020-21.

2.3 As previously advised, in 2019-20 ACCESS Support Unit (ASU) Officers employed by Essex as the Host Authority, together with the Technical Leads, will be taking over most of the functions of the ASU from the third-party providers.

2.4 It is anticipated that external advisors will be engaged in relation to the further work on the Governance arrangements for the ACCESS pool, in relation to the set-up of further ACS sub-funds as well as arrangements for the pooling of illiquid assets.

Key Milestone	Planned 2019-20	Anticipated 2020-21	Change from previous reports
Complete Governance Manual Work with external advisers to reflect decision making principles, communication strategy, policies and procedures, code of conduct etc in the Governance Manual	Will have residual cost relating to training. Governance manual update to be completed once IAA agreed.	N/A	change
Complete Review of Inter Authority Agreement Work with external advisers to reflect any changes resulting from the completion of the Governance Manual and review	Further redrafting required to reflect changes; mainly to the current operational elements of the Pool. Discussion ongoing re role of S151 officers	N/A	change
Agree and establish ACCESS Support Unit Identify ASU resource requirements, roles and responsibilities for activities, scope and run recruitment activity and appoint	With effect from 1 April ASU functions have been mainly undertaken by ASU Officers and Technical Leads. Hymans have continued to provide project management support. Support officer and ASU Interim Director recruited	BAU established	change

Key Milestone	Planned 2019-20	Anticipated 2020-21	Change from previous reports
ASU Operation and Business as usual (BAU) ASU Operation plus professional advice and support	ASU support officer recruited April 19 and ASU Interim Director recruited August 19	BAU established	change
Determination of Reporting Framework Reflecting investments within the sub-funds work with Link to ensure that reporting meets Authority, Pool, CIPFA and Government requirements	Work being undertaken by the ASU officers and Technical Leads to develop the reporting framework. Reports developed as required for the investing Funds' annual reports.	Framework established & monitored	Change
Development of Reporting for the Joint Committee in respect of funds in the ACS - Quarterly investment performance - Information on investment and operational costs including the annual review of investment manager costs	ASU officers and Technical Leads working with Link to provide ACCESS wide reports	BAU established	change
Agreement to joint policies & guidelines Including communication, environmental social and governance and responsible investment.	Work to be undertaken by the ASU Officers on developing joint guidelines re ESG / RI in H1 2020	Work continuing to finalise joint guidelines re ESG / RI in H1 2020	change
Approval and launch of Tranche 3 Sub-Funds Ensure sub-fund meets Link's due diligence requirements and ACCESS Authorities' value for money criteria (including transition activity). Work with Link to submit application to the FCA for approval of the sub-fund set-up. Launch.	2 sub-funds - transition completed May 2019		no change
Approval and launch of Tranche 3a Sub-Fund As above	1 sub-fund - transition activity September 2019		change
Determine, approve and launch tranche 4a Sub-Funds As above	7 sub-funds – transition activity November / December 2019		change

Key Milestone	Planned 2019-20	Anticipated 2020-21	Change from previous reports
Determine, approve and launch tranche 4b Sub-Funds As above	3 sub-funds – transition activity February 2020		change
Determine, approve and launch tranche 5a Sub-Funds As above		4 sub-funds – transition activity April / May 2020	change
Determine, approve and launch tranche 5b Sub-Funds As above but to also include manager search and selection activity.	JC to agree additional sub-fund and Link to complete due diligence on equity sub-funds.	Fixed income manager search to be undertaken by Link. Transition activity June 2020	change
Determine, approve and launch tranche 6 Sub-Funds As above but to also include manager search and selection activity	ACCESS Authorities to determine further local requirements for equity / fixed income sub-fund	Timing for approval and launch TBC	change
Consideration of approach to illiquid investments Consideration of requirements and implementation options for ACCESS Authorities' current and proposed investments in illiquid asset classes, including infrastructure.	Work to be undertaken by the ASU using third party suppliers as required. Procurement of an advisor re suitable pooled structure due to complete October 2019.	Work to be undertaken by the ASU and Technical Leads using third party suppliers as required	change
Communication with MCHLG Providing updates to Government and responding to consultations	Meeting with MHCLG July 19. New draft reporting requirements under consideration. No date yet published for formal pooling consultation. Work to be undertaken by the ASU using third party suppliers as required	Work to be undertaken by the ASU using third party suppliers as required	change
Pool Wide Activities Professional support in relation to ACCESS Governance Structure includes JC, S151 and OWG and workstream meetings	Work to be undertaken by the ASU using third party suppliers as required	Work to be undertaken by the ASU using third party suppliers as required	No change

- 2.5 Stemming from the Business Plan a series of workstreams have been identified. These are highlighted at appendix 1, along with progress since the Committee's last meeting. The nature of the work involved means that some workstreams in appendix 1 feature in other items on this agenda.

3. 2019-20 Budget Update

- 3.1 In agreeing the strategic business plan for 2019-20 the Joint Committee determined the budget necessary to implement the outcomes of the plan and meet the expenses of undertaking the Specified Functions. The costs set out in the 2019-20 budget were indicative based on the understanding of the resource requirements at the time.
- 3.2 For the Committee's information the original budget for 2019-20 and latest forecast based on actual costs for Q1 April – June 2019 are included in the table below.
- 3.3 It is anticipated that both ASU costs and external professional fees will be less than budget and actual costs for 2018-19.
- 3.4 The 2019-20 business plan and budget anticipated that with the establishment of the ASU work would transfer with effect from April 2019 from Hymans Robertson to the ASU. Additional governance work has been required re the update of the IAA and the recruitment of the ACCESS Director was delayed and therefore more fees have been paid to Hymans Robertson for interim ASU support than were originally anticipated. These higher costs are offset in 2019-20 by savings on ASU salaries due to the delayed recruitment of the Director.
- 3.5 Going forward it is anticipated that now the ASU is fully staffed we will rely less and less on Hymans for ongoing support as ASU staff pick up the work.
- 3.6 The work undertaken by the technical leads since April 2019 as detailed in the report at appendix 1 is expected to cost £76k for the year.
- 3.7 The external professional costs relate to Hymans support for the ACCESS pool in particular for the Joint Committee as well as technical and legal advice in relation to the establishment of a pooled structure for illiquid assets and the completion of the IAA review and Governance manual as well as the delivery of governance training.

ACCESS 2019-20 Budget and latest forecast

	Actual 2018/2019 £	Original Budget 2019-20 £	Sept Forecast 2019-20 £	Notes
ASU				
Interim ASU Support	328,734	-	62,086	
Internal Costs				
Internal Professional Costs	20,018	8,000	22,102	(1)
ASU Salaries (incl. on cost)	31,649	295,000	225,140	
ASU Operational	53,375	20,500	16,795	
ASU Host Authority Recharge	7,830	42,000	42,000	
ASU JC Secretariat Support		16,800		(1)
Technical Lead Recharge Costs	9,599	93,000	76,935	
Internal Costs Total	122,471	475,300	382,972	
Interim ASU / ASU Total	451,205	475,300	445,058	
External Professional Costs				
Strategic & Technical	286,115	364,000	325,272	
Legal & Governance	341,680	207,250	179,869	
Project Management	168,500	156,000	153,493	
Professional Costs Total	796,295	727,250	658,634	
Total Costs	1,247,500	1,202,550	1,103,692	
Cost Per Authority	113,409	109,000		

(1) As agreed at the June JC, Secretariat services will remain with Kent CC.

4. Recommendations

- 4.1 That the Joint Committee notes the progress against the business plan including the ASU workstreams and the revised outturn for 2019-20.

5. Consultation with Key Advisers

- 5.1 Hymans Robertson has been appointed to provide general / project support and technical advice to the ACCESS pool.

6. Background Papers

- 6.1 None