

ACCESS Joint Committee

Date: 9 March 2020

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, associated spend and risk summary.
Recommendations:	<p>The Committee is asked to note:</p> <ul style="list-style-type: none">• the 2019-20 updated Business Plan;• 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 Business Plan for 2019-20 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 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. In addition, a summary of the Risk Register is included.
- 1.4 The JC have subsequently agreed their Annual Strategic Business Plan for the Pool for 2020-21 and this will form the basis of future reporting to the JC.

2. 2019-20 Business Plan Update

- 2.1 The key activities for 2019-20 are as follows:
 - ACCESS Support Unit (ASU) recruitment completion
 - ASU functions transitioned from external advisers to ASU officers and technical leads
 - Review of the Inter Authority Agreement (IAA)
 - Tranches 3, 4 and 5 sub funds onboarding
 - Consideration of non-listed / illiquid assets (including the appointment of bfinance)
 - Procurement of legal adviser for ACCESS
 - Consideration of a collective custodian procurement on behalf of ACCESS Authorities
 - Commencement of the Review of ESG / RI guidelines
- 2.2 The table shows progress against key items delivered since the last Joint Committee as well as the activities in 2020-21 agreed by the JC in December 2019.
- 2.3 Some external advisers have been engaged in relation to the work on the Governance arrangements for the ACCESS Pool, and others have commenced work on the approach towards pooling illiquid assets.
- 2.4 Activities shown in the Business Plan below that are also the subject of separate items on the Committee's agenda include:
 - Governance update
 - Risk Register
 - Sub-fund implementation
 - Contract Management update
 - Engagement with the SAB
 - Non listed / alternative assets

Key Milestone	End of Year Position 2019-20	Anticipated 2020-21	Change from previous report
<p>Complete Governance Manual</p> <p>Work with external advisers to reflect decision making principles, communication strategy, policies and procedures, code of conduct etc in the Governance Manual</p>	<p>Training on Governance delivered to JC in December 2019. Timeline extended to complete Governance Manual to ensure that there was opportunity to receive and reflect all feedback from Monitoring Officers and s151 Officers before finalising.</p> <p>Will have residual cost relating to training.</p>	<p>Complete post IAA Governance manual update.</p>	<p>Change</p>
<p>Complete Review of Inter Authority Agreement</p> <p>Work with external advisers to reflect any changes resulting from the completion of the Governance Manual</p>	<p>At the time of writing it is expected that an updated IAA would shortly be circulated to Monitoring Officers.</p>	<p>Complete execution by participating Authorities.</p>	<p>Change</p>
<p>Agree and establish ACCESS Support Unit</p> <p>Identify ASU resource requirements, roles and responsibilities for activities, scope and run recruitment activity and appoint</p>	<p>ASU Officers employed by Essex as the Host Authority following successful recruitment activity (December 2018 – August 2019).</p> <p>ASU functions have been mainly undertaken by ASU Officers and Technical Leads.</p> <p>Hymans Robertson no longer provide project management support and technical input reduced.</p>	<p>BAU established</p>	<p>No change</p>
<p>ASU Operation and Business as usual (BAU)</p> <p>ASU Operation plus professional advice and support</p>	<p>ASU functions have been mainly undertaken by ASU Officers and Technical Leads.</p> <p>Hymans Robertson no longer provide project management support and technical input reduced.</p>	<p>BAU established</p>	<p>No change</p>

<p>Determination of Reporting Framework</p> <p>Reflecting investments within the sub-funds work with Link to ensure that reporting meets Authority, Pool, CIPFA and Government requirements</p>	<p>Work progressed to develop reporting arrangements as required on a periodic basis by Authorities – including for the purpose of their Annual Reports and Accounts. The most recent Reporting sub-group was held on 7 February 2020.</p>	<p>Framework established & monitored</p>	<p>Change</p>
<p>Development of Reporting for the Joint Committee in respect of funds in the ACS</p> <ul style="list-style-type: none"> - Quarterly investment performance - Information on investment and operational costs including the annual review of investment manager costs 	<p>Investment performance information is contained within a separate report in this agenda.</p> <p>Investment costs are contained within the Contract Management report elsewhere in this agenda.</p>	<p>BAU established</p>	<p>Change</p>
<p>Agreement to joint policies & guidelines</p> <p>Including communication, environmental social and governance and responsible investment.</p>	<p>Initial officer discussions have commenced on developing joint guidelines re ESG / RI.</p> <p>A Communications item appears elsewhere on this agenda.</p>	<p>Work continuing to finalise joint guidelines re ESG / RI in H1 2020.</p> <p>Implementation of agreed approach to Communications.</p>	<p>Change</p>
<p>Approval and launch of Sub-Funds</p> <p>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.</p>	<p>By the end of calendar year 2019 a total of 13 sub-funds had been launched following Link's due diligence. 5 of these sub-funds were launched in 2019-20. Total assets in the ACS at 31 December 2019 had reached £12.074m. A further 3 sub-fund launches are scheduled to complete by early March 2020.</p> <p>Individual tranche details are described below.</p> <p>A full update report appears elsewhere on this agenda</p>	<p>Link to continue to undertake due diligence to submit applications to the FCA for approval of sub-funds which meet ACCESS Authorities requirements</p>	<p>Change</p>

	covering these items.		
Approval and launch of Tranche 3 Sub-Funds As above	2 sub-funds - transition completed May 2019		No change
Approval and launch of Tranche 3a Sub-Fund As above	1 sub-fund - transition completed September 2019		No change
Determine, approve and launch tranche 4a Sub-Funds As above	5 sub-funds – 3 of which completed separate transitions in November 2019 December 2019 & January 2020 respectively.	Remaining 2 sub-fund launches rescheduled for after 1 April 2020	Change
Determine, approve and launch tranche 4b Sub-Funds As above	2 sub-funds – 1 transition completed in late February and 1 scheduled completion in early March 2020		Change
Determine, approve and launch tranche 5a Sub-Funds As above	5 sub-funds - preparation activity	5 sub-funds – transition activity May 2020	Change
Determine, approve and launch tranche 5b Sub-Funds As above	3 sub-funds – preparation activity	3 sub-funds – transition activity July 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	No change
Sub-funds (all)	Establish arrangements enabling transitions between sub-funds within	Initial implementation and move to BAU	New

	the ACS.		
<p>Consideration of approach to illiquid investments</p> <p>Consideration of requirements and implementation options for ACCESS Authorities' current and proposed investments in illiquid asset classes, including infrastructure.</p>	<p>Work commissioned from bFinance to advise on suitable pooled structure in October 2019.</p> <p>A report appears elsewhere on this agenda.</p>	<p>Work to be undertaken by the ASU and Technical Leads using third party suppliers as required</p>	<p>Change</p>
<p>Communication with MCHLG</p> <p>Providing updates to Government and responding to consultations</p>	<p>A meeting with MHCLG took place in July 2019 to discuss the revised pooling guidance.</p> <p>First report submitted under new MHCLG reporting template in October 2019.</p> <p>ACCESS has engaged with the Scheme Advisory Board regarding representation, which appears elsewhere on the agenda.</p>	<p>Work to be undertaken by the ASU using third party suppliers as required</p>	<p>Change</p>
<p>Pool Wide Activities</p> <p>Professional support in relation to ACCESS Governance Structure includes JC, S151, OWG and workstream meetings</p>	<p>A full review of arrangements with third-party providers has been completed and agreements have been transferred to the host authority as appropriate or re-tendered (an update on the legal services procurement appears elsewhere on the agenda).</p>	<p>Work to be undertaken by the ASU using third party suppliers as required</p>	<p>Change</p>

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 The original budget for 2019-20 and latest forecast based on actual costs for 1 April 2019 – Mid February 2020 are included in the table.

- 3.3 The 2019-20 Business Plan and Budget anticipated that with the establishment of the ASU work would transfer from Hymans Robertson to the ASU.
- 3.4 In September 2019 one of the five Technical Lead Officers indicated that they could no longer continue in that role. Her responsibilities have been assumed by the Interim Director. The work undertaken by the Technical Leads since April 2019 is expected to cost £38k for the year.
- 3.5 The external professional costs cover Hymans Robertson, Squire Patton Boggs and *bFinance* support for the ACCESS pool through strategic, technical and legal advice. This includes the completion of the IAA review and Governance Manual as well as the delivery of governance training in addition to work on proposals for pooled structures for illiquid assets.
- 3.6 The following table was reviewed at the 21 February meeting of ACCESS Authority s151 Officers and includes details of the 2020-21 budget agreed at the Committee's December meeting.

	Outturn 2018/2019	Budget 2019/2020 £	February forecast 2019/2020 £	Variance 2019/2020 £	Budget 2020/21 £
ASU					
Interim ASU Support	328,734	-	70,247	70,247	
ASU Salaries (incl. on cost)	31,649	295,000	228,814	(66,186)	300,261
ASU Operational	53,375	20,500	11,958	(8,542)	20,580
ASU Host Authority Recharge	7,830	42,000	42,000	-	42,725
ASU JC Secretariat Support	-	-	-	-	14,000
Technical Lead Recharge Costs	9,599	93,000	38,131	(54,869)	89,747
Interim ASU / ASU Total	431,187	450,500	391,150	(59,350)	467,313
Professional Costs					
Internal Professional Costs	20,018	24,800	13,793	(11,007)	65,000
<i>External Professional Costs</i>					
Strategic & Technical	286,115	364,000	286,131	(77,869)	344,000
Legal & Governance	341,680	207,250	203,836	(3,414)	203,450
Project Management	168,500	156,000	64,337	(91,663)	0
<i>External Professional Costs</i>	796,295	727,250	554,304	(172,946)	547,450
Professional Costs Total	816,313	752,050	568,097	(183,953)	612,450
Total Costs per 2019/2020	1,247,500	1,202,550	959,247	(243,303)	1,079,763
Cost Per Authority	113,409	109,323	87,204	(22,118)	98,160

4. Summary risk register

- 4.1 The Pool's key risks are considered on a quarterly basis. An overview of the current (as proposed) and previous quarters' risks is set out below:

	March 20	December 19
Red	2	2
Amber	12	9
Green	6	7

- 4.2 Full details are set out in the Risk Register item elsewhere on this agenda.

5. 2020-21 Business Plan and Budget

- 5.1 Key activities anticipated for the 2020-21 include:

Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).

Alternative / non listed assets: the initial implementation of pooled alternative assets.

Passive assets: ongoing monitoring and engagement with UBS.

Governance: the application of appropriate forms of governance throughout ACCESS.

ACCESS Support Unit (ASU): the size and scope of the ASU will be reviewed.

- 5.3 The full Business Plan along with a Budget totalling £1.080m for 2020-21 was agreed at the Committee's last meeting in December 2019.

6. Recommendations

- 6.1 The Committee note:

- 2019-20 updated Business Plan;
- the Revised Outturn; and
- Summary Risk Register.

7. Consultation with Key Advisers

7.1 Squire Patton Boggs provide legal advice to the ACCESS pool.