

Business Plan, Budget & Risk Summary

Quarterly Update



ACCESS Joint Committee

Date: 7 September 2020

Report by: Officer Working Group

Subject:	Business Plan, Budget & Risk Summary – Quarterly Update
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 proposed amendment of the meeting schedule for 2020/21;• the Business Plan update;• the current forecast variances against the 2020/21 budget; and• summary Risk Register.
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1. Background

- 1.1. The Business Plan for 2020/21 was agreed by the Joint Committee (JC) in December 2019 prior to being referred to the ACCESS Authorities.
- 1.2. At that meeting the JC also determined the budget necessary to implement this years' plan and to be charged to the relevant Authorities.

2. COVID-19 and lockdown

- 2.1. Details of how ACCESS Authorities, ACCESS Support Unit (ASU) and service providers have operated in the light of COVID-19 were highlighted in the Business Plan update provided at the Committee's last meeting on 17 July 2020. These arrangements broadly continue, and it is anticipated that meetings will be held on a virtual basis for the foreseeable future.

3. Schedule of Joint Committee meetings for the remainder of 2020/21

- 3.1. The volume of work on a number of milestones within the current years' Business Plan is significant, which in turn puts a degree of pressure on the size of the agendas being prepared for each of the Committee's meetings. In view of this, and following dialogue with the Chairman and Vice Chairman, proposals have been developed for a revised schedule for 2020/21 which would see the number of meetings remaining (including 7 September) increase from three to four.
- 3.2. Proposals for the amended meeting schedule, which would increase the total number of meetings in the 2020/21 municipal year from four to five, involve the cancellation of the planned 7 December meeting and the calling of additional meetings in early-mid November and early-mid January. Meeting arrangements will be finalised by the Clerk, in consultation with the Chair and the ASU, and Members will be notified.

4. Business Plan Update

- 4.1. Activities shown in the Business Plan (at Appendix A to this report) that are also the subject of separate items on the Committee's agenda include:
 - Communications
 - ESG/RI
 - MHCLG pooling submission
 - Risk Register
 - Insurance / Sub fund implementation
 - Contract Management update
 - Scheduled BAU evaluation

Activities of note not covered elsewhere on the agenda are described below.

Governance theme: operational protocols milestone

- 4.2. Monitoring Officers (MO) from each of the ACCESS Authorities have been sent a copy of the revised Inter Authority Agreement (IAA) in June 2020. At the time of publication, the process of receiving confirmation of agreement from all MOs was being concluded. It is therefore expected that progression to the formal approval of the updated IAA by each Authority will commence shortly. A memo from Clifford Sims at Squire Patton Boggs (ACCESS's legal advisers) summarising the key changes accompanied by both the revised IAA and a marked up version highlighting the changes since the Committee last saw a draft will be circulated to Joint Committee Members. This memo will also invite individual Authorities to commence their internal governance processes to enable the adoption of the revised IAA. Authorities are asked to liaise with the Clerk of the Joint Committee on progress.
- 4.3. The Officer Working Group has considered the recommendations of the (now ceased) Governance sub-group. Part of this entails work underway developing Terms of Reference for the sub-group structure that supports OWG in delivering key elements of the Business Plan. The Committee will be kept informed of progress.

Alternative / non-listed assets theme: determine approach milestone

- 4.4. In shaping the development of recommendations on the pooling of alternative assets, Bfinance met with OWG on 18 June 2020. Following this Bfinance met with each Authority individually in a series of meetings throughout July to allow discussion of how the recommendations aligned against existing plans. An update from Bfinance was then given to the OWG on 30 July. Subsequently each Authority was asked to provide their own preferred priority ranking for each of the sub asset classes (Real Estate, Infrastructure, Private Debt and Private Equity). At the time of writing these results were being assessed. It is anticipated that recommendations on pooling alternative assets will be brought to the Committee's next meeting.

5. 2020/21 budget

- 5.1. At its December 2019 meeting, the JC determined a budget of £1,080,000 to support the 2020/21 Business Plan. Details are included in the table overleaf.

	Agreed Budget 2020/2021 £	Actual Costs plus forecast 2020/2021 £	Overspend / (Underspend) 2020/2021 £
ASU			
ASU Salaries (incl. on cost)	300,261	292,050	(8,211)
ASU Operational	20,580	5,587	(14,993)
ASU Host Authority Recharge	42,725	42,725	(0)
ASU JC Secretariat Support	14,000 *	-	(14,000)
Technical Lead Recharge Costs	89,747	77,041	(12,706)
ASU Total	467,313	417,403	(49,910)
Professional Costs			
<i>Internal Professional Costs</i>			
JC Secretariat	5,000 *	21,761	16,761
Procurement	60,000	60,000	0
<i>Internal Professional Costs</i>	<u>65,000</u>	81,761	16,761
<i>External Professional Costs</i>			
Strategic & Technical	344,000	344,000	(0)
Legal & Governance	203,450	168,094	(35,356)
<i>External Professional Costs</i>	<u>547,450</u>	512,094	(35,356)
Professional Costs Total	612,450	593,855	(18,595)
Total Costs per 2020/2021	1,079,763	1,011,258	(68,505)
<i>Check</i>			
Cost Per Authority	98,160	91,933	(6,228)

5.2. Current forecast variances against the planned budget are currently expected within the following areas:

- ASU Operational: This budget line includes the travel expenses (typically train fares) incurred by the ASU. The current reliance on virtual, rather than physical meetings means that there is a significant underspend against budget forecast.
- * ASU JC Secretariat & Internal Professional Costs (JC Secretariat): The Committee's agreement of a recommendation at the 17 July 2020 meeting, to extend the Clerking arrangements undertaken by colleagues at Kent County Council for a further 12 months results in a reprofiling of expenditure against these two lines. The additional costs of the technical support for virtual meetings and a further Committee meeting have also been included.

- **Technical Lead Recharges Costs:** This area of spend is also subject to ongoing discussion in the context of ensuring appropriate support for the volume of work on a number of milestones within the current years' Business Plan.
- **Legal & Governance:** Data from the initial months of the current financial year shown an underspend against budget. This coincided with the initial months of lockdown.
- **Strategic & Technical:** The level at which this budget was set assumed a programme of procurements, commencing at the start of 2020/21, to enable the pooling of illiquid assets. Whilst progress towards finalising illiquid recommendations continues, implementing the procurement programme in full will not occur in the current financial year. As a consequence of this delay, at this time, it is considered that no additional budget provision is required to resource the proposal for the procurement included within the agenda item on Communications advice along with advice highlighted within the agenda item on ESG/RI matters. The developing profile of Strategic & Technical advice required by the pool is being monitored and further updates will be brought to future meetings.

6. Risk Summary

6.1. A summary of the risk profile is shown below. Further detail is contained within a separate item within this agenda.

	June 20	Sept 20
Red	2	2
Amber	16	15
Green	5	7

7. Recommendations

7.1. The Committee is asked to note:

- the Business Plan update
- the current forecast variances against the 2020/21 budget; and
- the summary risk register