



Direct Dial/Ext: 03000 416892
e-mail: joel.cook@kent.gov.uk
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Dear Member

ACCESS JOINT COMMITTEE - WEDNESDAY, 12 FEBRUARY 2025

Please find enclosed the reports for Item 5 – Business Plan Update, which were not available when the main agenda was published.

Agenda Item No

5 **2024/25 Business Plan Update (Pages 1 - 8)**

Joel Cook
Kent County Council
Clerk to the Joint Committee

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Business Plan 2024/25



ACCESS Joint Committee

Date: 12 February 2025

Report by: Director of ACCESS Support Unit

Subject:	Business Plan 2024/25
Purpose of the Report:	To provide an update on the 2024/25 Business Plan.
Recommendations:	The Committee is asked to note the report.
Enquiries to:	Kevin McDonald Email: kevin.mcdonald@accesspool.co.uk

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.

2. 2024/25 Business Plan

- 2.1 The Business Plan for **2024/25** was agreed by the JC in December 2023 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 Activities within this year's 2024/25 Business Plan (**Annex A**) that are also the subject of separate items on this agenda include:
 - Government Pensions Review
 - Operator re-procurement
 - Alternative / non-listed assets

3. Government Pension Review

- 3.1 The Chancellor of the Exchequer unveiled the Government's response to phase 1 of its own Pension Review in the Mansion House speech on 14 November 2024. This was accompanied by the publication of the consultation entitled *Local Government Pension Scheme (LGPS): Fit for the future*. Within this document Government outlined four "minimum standards" expected of all pools by March 2026. These are:
- I. Authorities to delegate implementation of investment strategy to their pool;
 - II. Authorities to take their principal advice on their investment strategy from the pool;
 - III. Authorities to transfer legacy assets to the management of the pool; and
 - IV. Pools required to be investment management companies authorised and regulated by the Financial Conduct Authority (FCA), with the expertise and capacity to implement investment strategies.
- 3.2 This is a consultation requiring two forms of response:
- A. by 16 January 2025, stakeholders, and other interested parties, were invited to reply to a series of questions specifically posed within the consultation. These included questions on the minimum standards shown above;
 - B. by 1 March all pools are required to provide a submission to Government which "demonstrate a clear path" to meeting the Consultation's requirements.
- 3.3 The ACCESS draft response to the consultation (requirement A above) was discussed with Members of the Committee at a virtual briefing on 15 January 2025, and following Members' feedback the updated response was submitted to Government in accordance with the deadline.
- 3.4 The ACCESS submission to Government re: meeting the Consultation's requirement is the subject of a separate paper on this agenda.

4. Impact of Government Pension Review on 2024/25 Business Plan

- 4.1 In light of the Mansion House speech and accompanying LGPS: Fit for the Future consultation, officers and the ASU reviewed the 2024/25 Business Plan. Two key outcomes of this reviews were then highlighted to Members at their informal briefing on 2 December:
- a) the prioritisation of the exploration of options outlined within the Government Consultation LGPS Fit for the future and, as a consequence; and
 - b) the pausing of a number of activities within the 2024/25 Business Plan.
- 4.2 With regard to a) above, the 2024/24 Business Plan contains an “*Engagement with HM Government*” milestone within the Governance theme. The activities within this milestone have been expanded as detailed below and constitutes the pool’s A1 priority:

Theme	Milestone	Activity
Governance	Engagement with HM Government	EXISTING: The Pool will actively participate in pooling-related consultations
		NEW: The Pool will explore options to meet Government expectations outlined within the “LGPS fit for the future” consultation

- 4.3 The full Business Plan is shown at Annex A to this report and details the actions that are paused and continuing.
- 4.4 An update on the 2024/25 budget appears in a sperate item on this agenda.

5. 2025/26 Business Plan & Budget

- 5.1 Proposals for next year’s budget and business plan will be brought to the Committee’s next meeting on 24 March 2025.

6. Recommendations

- 6.1 The Committee is asked to note the:
- 2024/25 Business Plan update.

Theme	Milestone	2024/25 activity	February 2025 comment
Actively managed listed assets	Launch of Tranche 7b	One fixed income and one global equity sub-fund.	Complete.
	Launch of Tranche 8	One sustainable Global Equity sub-fund.	Continue
	Sub-fund review	The range and scope of sub-fund provision will be reviewed.	Continue
Scheduled BAU Evaluation	The conclusion of the re- procurement of ACS Operator Services in relation to the Pool’s actively managed listed assets.	Completion of the formal re-procurement process	Complete
		Implementation of re-procurement outcome	An update on this matter appears elsewhere on this agenda.
		Commencement of new contractual arrangements	An update on this matter appears elsewhere on this agenda.
Alternative / non-listed assets	Initial investment within real estate mandates	The first investments within the Real Estate mandates	An update on this matter appears elsewhere on this agenda. <i>[Products for Long Lease (AVIVA Lime); Social & Affordable Housing (LGIM) and Impact (Orchard Street) are available to all ACCESS Authorities.]</i>

Theme	Milestone	2024/25 activity	February 2025 comment
Alternative / non-listed assets	The development of pooled asset solutions for other non-listed asset classes	<p>The procurement of pooled asset solutions for private debt and private equity</p> <p>The alignment of investments within infrastructure and timber</p> <p>The exploration of further non-listed investment opportunities</p>	<p>An update on this matter appears elsewhere on this agenda.</p> <p>Infrastructure products from IFM and JPM, along with Timber products from Stafford and JPM are available to all ACCESS Authorities.</p> <p>Continue.</p>
Passively managed assets	Ongoing monitoring of assets managed on a passive basis.	Further engagement and exploration with UBS will continue throughout the year.	Continue (UBS presented to the Investor User Group in June 2024).
Governance	<p>Meetings and oversight</p> <p>Operational protocols</p>	<p>Arrangements will be made to support meetings of the Joint Committee (usually each quarter).</p> <p>Meetings of s151 Officers will also be held.</p>	<p>Five meetings have been scheduled during 2024/25, along with a May workshop, and briefings in September, December & January.</p> <p>Four quarterly meetings have been scheduled during 2024/25 along with a September briefing and an October strategy meeting. Furthermore s151 Officers have held regular meetings throughout Project Castle.</p>

Theme	Milestone	2024/25 activity	February 2025 comment
Governance continued	Operational protocols (continued)	The implementation of the outcomes of the Third-Party Review	Paused.
	Engagement with HM Government	The Pool will actively participate in any Cabinet Office/DLUHC pooling-related consultations.	An update on this matter appears elsewhere on this agenda.
		ACCESS will liaise with the Scheme Advisory Board (SAB) as appropriate.	ACCESS has representation on both the SAB's Cross Pool Working Group on TCFD measures. and the SAB's RI Advisory Group.
		Periodic reports will be provided to DLUHC as required.	The annual DLUHC return was submitted in October 2024.
	Joint Polices & guidelines	The implementation of RI reporting arrangements for the Pool.	Paused. (The pool's Stewardship submission was passed to the FCA in October).
		An annual review will be conducted of the Pool's RI Guidelines.	Paused.
		Communications support to the pool will continue.	Continue.
A review of the Pool's communication Plan will be undertaken.		Paused.	

Theme	Milestone	2024/25 activity	February 2025 comment
ACCESS Support Unit (ASU)	Review of ACCESS Support Unit Annual Audit	The outcome of the third-party review of the ASU will be implemented. An Internal Audit of the ASU will be conducted by Essex CC.	Paused. Rescheduled for commencement in 2025/26