

Business Plan, Budget & Risk Summary



ACCESS Joint Committee

Date: 7 March 2022

Report by: Officer Working Group

Subject:	Business Plan, Budget & Risk Summary
Purpose of the Report:	To provide an update on the activities undertaken since the last Joint Committee, associated spend and risk summary.
Recommendations:	The Committee is asked to note: <ul style="list-style-type: none">• the Business Plan update;• the 2021/22 budget update; and• summary risk register.
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1. Business Plan update

- 1.1 The Business Plan for **2021/22** was agreed by the Joint Committee (JC) in January 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.
- 1.2 Activities within this year's **2021/22** Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:
 - Communications
 - Responsible Investment
 - Implementation Adviser appointment
 - Sub-fund performance and implementation
 - Contract Management
 - BAU evaluation next steps

2. DLUHC LGPS consultation

- 2.1 On 2 February 2022, the Department for Levelling Up, Housing & Communities (DLUHC) published a white paper entitled "Levelling Up the United Kingdom".
- 2.2 The Local Government Pension Scheme (LGPS) features within the Government's levelling up ambitions and the white paper made specific reference to:
 - potential institutional investment support across "*infrastructure, housing, regeneration and [small and medium sized enterprises] SME finance*";
 - £16bn worth of investment were all LGPS funds to allocate 5% to "*local investing*"; and
 - "*to ensure that all LGPS funds play their full part, the UK Government is asking LGPS funds, working with the LGPS asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas.*"
- 2.3 It is understood that by "local investment" the Government mean UK investment (as opposed to counties or unitary areas).
- 2.4 It is further understood that a DLUHC consultation, incorporating Climate Related Disclosures, LGPS Pooling and the LGPS implications of the Levelling Up White Paper is now expected in summer 2022.
- 2.5 On 23 February, a House of Commons amendment was successfully incorporated during the third reading of the Public Service Pension & Judicial Officers Bill. This amendment introduces a power for the Secretary of State to issue guidance or direction on investment decisions "*which it is not proper for the scheme manager to make in light of UK foreign and defence policy*".

- 2.6 The amendment therefore appears to address an area previously thought likely to be covered within the Government's forthcoming plans for a Boycotts, Divestment and Sanctions Bill, which had been announced in the May 2021 Queen's speech.
- 2.7 At the time of writing, the National LGPS Scheme Advisory Board (SAB) had indicated that, pending the amended bill passing all parliamentary stages and gaining royal assent, guidance would be expected to be subject to consultation. It is therefore possible that this matter may also form part of the anticipated LGPS consultation on the matters highlighted at paragraph 2.4 above.

3. 2021/22 budget update

- 3.1 At its January 2021 meeting the Committee determined a budget of £1,247,019 to support the 2021/22's (current year's) business plan. Details are included within the table below .

	Agreed Budget 2021/2022 £	6/12/21 JC Forecast 2021/2022 £	7/3/22 JC Forecast 2021/2022 £	Overspend / (Underspend) 2021/2022 £	Agreed Budget 2022/23
ASU					
ASU Salaries (incl. on cost)	460,261	419,484	415,474	(44,787)	465,000
ASU Operational	20,580	14,865	17,628	(2,952)	23,000
ASU Host Authority Recharge	64,087	30,000	30,000	(34,087)	35,000
Technical Lead Recharge Costs	40,000	38,752	38,144	(1,856)	45,000
ASU Total	584,928	503,101	501,246	(83,682)	568,000
Professional Costs					
<i>Internal Professional Costs</i>					
JC Secretariat	21,761	16,322	16,322	(5,439)	22,000
Procurement	45,000	27,000	12,000	(33,000)	60,000
<i>Internal Professional Costs</i>	66,761	43,322	28,322	(38,439)	82,000
<i>External Professional Costs</i>					
Strategic & Technical	433,000	355,500	335,698	(97,302)	546,000
Legal & Governance	162,330	160,320	167,002	4,672	170,000
<i>External Professional Costs</i>	595,330	515,820	502,700	(92,630)	716,000
Professional Costs Total	662,091	559,142	531,022	(131,069)	798,000
Total Costs per 2020/2021	1,247,019	1,062,243	1,032,268	(214,751)	1,366,000
Cost Per Authority	113,365	96,568	93,843	(19,523)	124,182

3.2 Key forecast variances against the planned budget are expected within the following areas:

- ACCESS Support Unit (ASU) salaries (incl. on cost): the new Client Manager joined the ASU part way through the current year. The budget reflects a full year's cost;
- ASU Host Authority recharge: the overhead charged by Essex County Council has been reviewed and reduced;
- JC Secretariat: the budget includes contingency for an additional 5th JC meeting in the year; and
- Procurement; Phase 2 of Responsible Investment (reporting) is now expected to commence in 2022/23.

3.3 At the December 2021 Joint Committee further detail was requested in relation to the budget for Strategic & Technical advice. This has been provided in the Part II annex B to this report.

4. Risk Summary

4.1 A summary of the risk profile is shown below, and a more detailed report, including the revised approach to risk scoring, appears elsewhere on this agenda.

	Sept 2021	Dec 2021
Low	4	4
Medium	14	16
High	1	0
Elevated	2	2
Risk Index	123	124

5. Recommendations

5.1 The Committee is asked to note:

- the Business Plan update;
- the 2021/22 budget update; and
- summary risk register.