

Business Plan, Budget & Risk Management



ACCESS Joint Committee

Date: 12 September 2022

Report by: Director of ACCESS Support Unit (ASU)

Subject:	Business Plan, Budget & Risk Management
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 2022/23 Business Plan update;• the 2022/23 budget update; and• risk register.
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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 responsibility to manage the development and implementation of the strategy, business plan and budget including the identification and management of risks.
- 1.4 This report was prepared by the ASU following consultation with the Officer Working Group. In draft form it was presented to Section 151 Officer Group at their meeting on 17 August 2022, whose feedback has informed this final version.

2. 2022/23 Business Plan

- 2.1 The Business Plan for **2022/23** was agreed by the JC in December 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.
- 2.2 Activities within this year's 2022/23 Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:
 - alternative / non listed assets
 - BAU Evaluation
 - third-party procurements
 - investment performance
 - Annual Report & annual DLUHC return
 - sub-fund implementation
 - contract management

3. Inter-Authority Agreement (IAA)

- 3.1 At the Committee's March 2022 meeting the Committee agreed a proposal on Local Pension Board observation which would require a change to the IAA.
- 3.2 At the June 2022 meeting, it was highlighted that a proposal from Suffolk County Council to amend the IAA was circulated to Authority Monitoring Officers on 22 April with a deadline of 20 June. The Suffolk proposal, if agreed, would:
 - a) introduce an express provision for the Joint Committee to have the ability to make recommendations to the Councils about the adoption and content of guidelines for the Pool;
 - b) allow for observers from nominated Local Pension Boards to attend the Joint Committee meetings; and
 - c) make the rules around Councils nominating substitutes for Joint Committee members and s101 Committee Member attendance more flexible.
- 3.3 It was noted that comments had been received from one Council in relation to the proposed wording for 3.2 a) above.
- 3.4 By the 20 June deadline, no other substantive comments had been received. It is therefore considered that in relation to points b) and c) above all Councils are in agreement.
- 3.5 It was noted at the June meeting that the ASU was exploring what informal options were open to the Committee in order for the September Committee meeting to commence the Local Pension Board observation arrangements. On the basis of advice from the Secretary to the Committee and Squire Patton Boggs and following consultation in July, Joint Committee Members agreed to Chairman Cllr Kemp-Gee's invitation to the practical commencement, on an informal basis, for Local Pension Board observation at the Committee's 12 September meeting.
- 3.6 A proposal from West Sussex in relation to 3.2 a) above was circulated to Authority Monitoring Officers on 12 August. The proposed wording is as follows:

"In consultation with the Councils, the Joint Committee shall have the ability to produce advisory guidelines for the Pool which describe the collectively aligned guidelines or policies of the Councils for engagement with existing and potential Pool Assets and Pool Aligned Asset providers and communication with other interested parties. Such guidelines will be periodically reviewed and updated by the Joint Committee in consultation with the Councils. Before consulting with the Councils on the guidelines, the Joint Committee shall consult with and consider the advice of the Section 151 Officers Group and, where requested, the Monitoring Officers and from appropriate professional advisers. Any guidelines for the Pool must not go beyond the policies already in place by each Administering Authority and will not supersede or replace the Investment Strategy Statement or policies of each Administering Authority."

- 3.7 This does require a further 60 business day consultation period, however Councils were advised that comments returned by the end of August would be of considerable assistance. A verbal update will be given at the meeting.

4. Responsible Investment (RI) Guidelines – next steps

- 4.1 At its meeting in November 2020, the Committee noted that the approach to RI related procurement would involve two phases:
- phase 1 centred on the development of updated RI guidelines; and
 - phase 2 would address RI reporting requirements.
- 4.2 Minerva were subsequently appointed to undertake phase 1, which effectively concluded at the Committee's June 2022 meeting when the approval in principle was given to the ACCESS RI Guidelines. On the assumption that the changes to the IAA highlighted above will be agreed by each Council, the Committee will then be asked to agree to the Guidelines' formal publication.
- 4.3 In view of both the developments described in the above paragraph, and the requirements of phase 2, the following work is also progressing:
- a) based on the Guidelines' content, the ASU has drawn up a listing of tasks to be undertaken. Allied to this is the exploration of ACCESS becoming a signatory to the UK Stewardship Code and also a Pool member of the LAPFF as agreed by the Committee in June;
 - b) a change in the basis of the Environmental Social & Governance (ESG) officer sub-group. This group had been established on a "Task & Finish" basis in order to partner the work of Minerva in drafting the RI Guidelines. With the agreement of the s151 Officers, a revised Terms of Reference is now in place for the ESG sub-group which covers
 - the procurement of advice for phase 2; and
 - ongoing ESG / RI activity (which would include an annual review of the ACCESS RI Guidelines and subsequent reporting to OWG, s151 Officers and the Joint Committee).
- 4.4 The Department for Levelling Up Housing & Communities (DLUHC) consultation on *LGPS: Governance and reporting of climate related risks* was launched on 1 September, immediately prior to the publication of the agenda papers. The deadline for responses is 24 November and a verbal update will be given at the meeting. This consultation does not include pooling or levelling up which continue to be expected later in the current municipal year.

5. 2022/23 Budget update

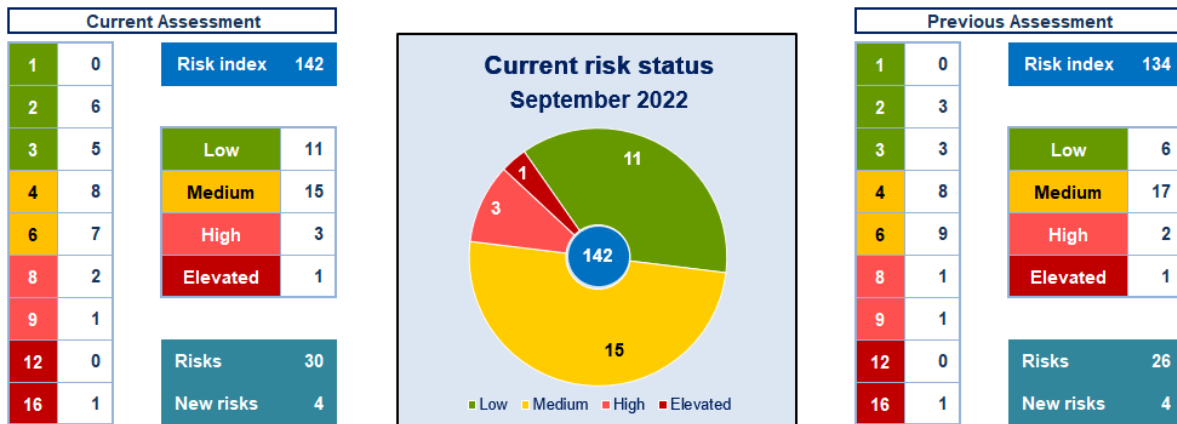
- 5.1 At its December 2021 meeting the Committee determined a budget of **£1,366,000** to support the 2022/23 business plan. Details are included within the table overleaf:

	Agreed Budget 2022/2023 £	Actual Costs as at 31 July plus forecast 2022/2023 £	Overspend / (Underspend) 2022/2023 £
ASU			
ASU Salaries (incl. on cost)	465,000	462,923	(2,077)
ASU Operational	23,000	16,675	(6,325)
ASU Host Authority Recharge	35,000	34,000	(1,000)
Technical Lead Recharge Costs	45,000	37,893	(7,107)
ASU Total	568,000	551,491	(16,509)
Professional Costs			
<i>Internal Professional Costs</i>			
JC Secretariat	22,000	22,000	0
Procurement	60,000	77,000	17,000
<i>Internal Professional Costs</i>	<u>82,000</u>	<u>99,000</u>	<u>17,000</u>
<i>External Professional Costs</i>			
Strategic & Technical	546,000	470,895	(75,105)
Legal & Governance	170,000	164,995	(5,005)
<i>External Professional Costs</i>	<u>716,000</u>	<u>635,890</u>	<u>(80,110)</u>
Professional Costs Total	798,000	734,890	(63,110)
Total Costs per 2022/2023	1,366,000	1,286,381	(79,619)
Cost Per Authority	124,182	116,944	(7,238)

- 5.2 The ASU Host Authority recharge includes finance, information technology, human resource and property services.
- 5.3 Five procurements are expected during the year, compared to the four assumed at the time the budget was set, resulting in a forecast overspend of £17,000.
- 5.4 Further detail in relation to the budget for Strategic & Technical advice has been provided in the Part II Annex B to this report.

6. Risk Summary

6.1 A summary of the risk profile is shown below, and a more detailed report appears within the Part II Annex C to this report.



7. Recommendations

7.1 The Committee is asked to note:

- the 2022/23 Business Plan update;
- the 2022/23 budget update; and
- risk register.