

Business Plan, Budget & Risk Management



ACCESS Joint Committee

Date: 5 December 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. To propose a Business Plan and Budget for 2023/24.
Recommendations:	The Committee is asked to note: <ul style="list-style-type: none">• the 2022/23 Business Plan update;• the 2022/23 budget update; and• risk register. The Committee is also asked to consider the proposed Business Plan and budget for 2023/24 and: <ul style="list-style-type: none">• recommend the 2023/24 Business Plan to the ACCESS Authorities; and• accept the recommendation of the s151 Officers from the ACCESS Authorities to determine the 2023/24 budget totalling £1.559m to support the proposed business plan.
Enquiries to:	Kevin McDonald Email: kevin.mcdonald@accesspool.co.uk Mark Paget Email: mark.paget@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.
- 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 11 November 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.1) that are also the subject of separate items on the Committee's agenda include:
 - BAU Evaluation
 - alternative / non-listed assets
 - third-party procurements
 - communications procurement
 - responsible investment
 - investment performance
 - sub-fund implementation
 - contract management

3. Inter-Authority Agreement (IAA)

- 3.1 As previously reported to the Committee, a number of changes are required to the IAA which, 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.
- 3.2 A proposal from Suffolk, on wording covering each of the points above was circulated in late Spring 2022. A proposed revision in respect of point a) above was circulated to Authorities in August. In October, Squire Patton Boggs, legal advisers to ACCESS, confirmed that Monitoring Officers from all eleven ACCESS Authorities indicated agreement to the Suffolk proposal as amended by West Sussex. Arrangements are in progress for each Authority to conduct local governance sign-off arrangements.

4. Responsible Investment (RI)

- 4.1 At the Committee's June meeting, agreement in principle was given to revised ESG / RI Guidelines. Once each Authority has concluded the IAA local sign off arrangements highlighted in 3.2 above, the JC will be invited to recommend the Guidelines for adoption by the Councils. Publication will then follow.
- 4.2 Work has been undertaken on the specification for the second phase of RI advice which addresses reporting requirements. This is covered in a separate report elsewhere on this agenda or
- 4.3 The Department for Levelling Up Housing & Communities (DLUHC) consultation on *LGPS: Governance and reporting of climate related risks* was launched on 1 September, DLUHC have indicated that it is possible for ACCESS to submit their final response after 5 December 2022 JC, pending receipt of receipt of a draft 24 November. The draft response is included in agenda item 12.

5. ACCESS Support Unit staffing

- 5.1 Paul Tysoe, Client Manager's retirement date has now been confirmed as the end of March 2023. His contribution to both ACCESS in its formation, and more recently to the work of the ASU, has been considerable and he will be greatly missed by colleagues throughout the pool and in the wider LGPS community. In liaison with Section 151 Officers, the ASU will make arrangements to advertise this forthcoming vacancy.

6. 2022/23 Budget update

6.1 At its December 2021 meeting the Committee determined a budget of **£1,366,000** to support the 2022/23 business plan. Details are shown within the following table.

	Agreed Budget 2022/2023 £	Actual Costs 1 Apr - 31 Oct 2022 £	Forecast Costs 1 Apr - 31 Oct 2022 £	Actual Costs as at 31 Oct plus forecast 2022/2023 £	Overspend / (Underspend) 2022/2023 £
ASU					
ASU Salaries (incl. on cost)	465,000	272,336	190,812	463,148	(1,852)
ASU Operational	23,000	4,628	13,415	18,043	(4,957)
ASU Host Authority Recharge	35,000	19,833	14,167	34,000	(1,000)
Technical Lead Recharge	45,000	19,464	14,600	34,064	(10,936)
ASU Total	568,000	316,261	232,994	549,255	(18,745)
Professional Costs					
<i>Internal Professional Costs</i>					
JC Secretariat	22,000	11,495	11,000	22,495	495
Procurement	60,000	-	77,000	77,000	17,000
<i>Internal Professional Costs</i>	82,000	11,495	88,000	99,495	17,495
<i>External Professional Costs</i>					
Strategic & Technical	546,000	78,274	367,622	445,896	(100,104)
Legal & Governance	170,000	86,250	83,500	169,750	(250)
<i>External Professional Costs</i>	716,000	164,524	451,122	615,646	(100,354)
Professional Costs Total	798,000	176,019	539,122	715,141	(82,859)
Total Costs	1,366,000	492,280	772,116	1,264,396	(101,604)
Cost Per Authority	124,182			114,945	(9,237)

6.2 The ASU Host Authority recharge includes finance, information technology, human resource and property services.

6.3 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.

6.4 Further detail in relation to the budget for Strategic & Technical advice has been provided in the Part II Annex B to this report.

7. 2023/24 proposed Business Plan and budget

7.1 It is anticipated that 2023/24 (next year) will see key activities within the following themes:

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

Scheduled BAU evaluation: preparation for, and the commencement of, the re-procurement of operator services in the penultimate year of the Operator Agreement.

Alternative / non-listed assets: work on the procurement of pooled asset solutions for private debt and private equity.

Passive assets: ongoing monitoring and engagement with UBS.

Governance: the continued application of appropriate forms of governance throughout ACCESS; the commencement of RI reporting support for the pool and the commencement of the second contract for communications support.

ACCESS Support Unit (ASU): the implementation of the outcomes of the external review of the ASU.

7.2 The proposed business plan was presented and discussed at the meeting of ACCESS s151 Officers held on 11 November and is set out in Annex A.2. This includes milestones for each theme along with details of the key activities.

7.3 To support the business plan a budget totalling **£1.559m** for 2023/24 is proposed. The budget is set out overleaf and is based upon the following assumptions:

- The full year effect of the ASU comprising of five full time officers.
- The continuation of Technical Lead support at November 2022 levels.
- Joint Committee Secretariat services remaining with Kent County Council for the duration of 2023/24.
- Expenditure for a Procurement Lead Authority to deliver the following:
 - procurement support for the provision of private debt and private equity pooled asset solutions; and
 - procurement requirements arising from the Scheduled BAU evaluation.
- External professional costs cover a range of matters including:
 - ongoing advice and project management support in relation to the Scheduled BAU evaluation;
 - the required reporting associated with Responsible Investment guidance;
 - pool communications; and
 - ongoing advice in support of operational pool activity.
- External legal advice.

7.4 The proposed budget, to support the 2023/34 proposed Business Plan, was discussed at the s151 Officer meeting on 11 November 2022 who agreed that it should be recommended to the Joint Committee.

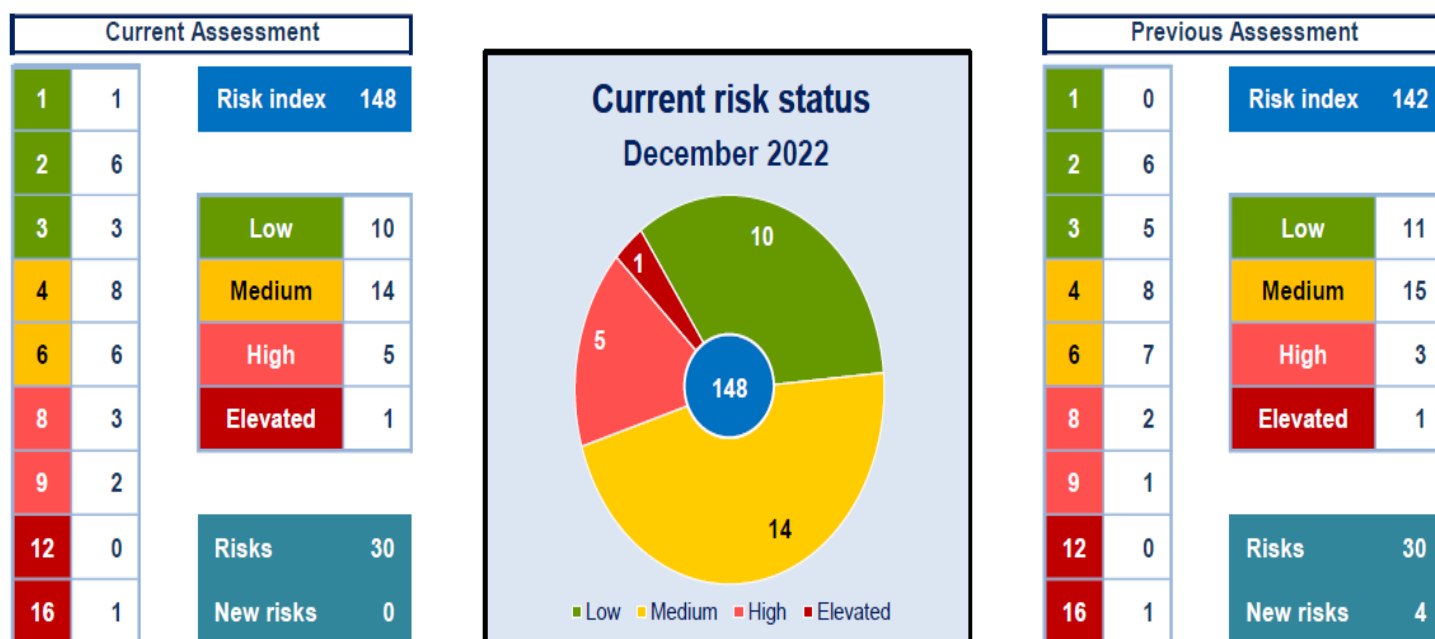
	Agreed Budget 2022/2023 £	Actual Costs as at 31 Oct plus forecast 2022/2023 £	Proposed Budget 2023/24 £
ASU			
ASU Salaries (incl. on cost)	465,000	463,148	499,833
ASU Operational	23,000	18,043	23,000
ASU Host Authority Recharge	35,000	34,000	35,700
Technical Lead Recharge	45,000	34,064	40,000
ASU Total	568,000	549,255	598,533
Professional Costs			
<i>Internal Professional Costs</i>			
JC Secretariat	22,000	22,495	23,100
Procurement	60,000	77,000	145,000
<i>Internal Professional Costs</i>	82,000	99,495	168,100
<i>External Professional Costs</i>			
Strategic & Technical	546,000	445,896	602,000
Legal & Governance	170,000	169,750	190,400
<i>External Professional Costs</i>	716,000	615,646	792,400
Professional Costs Total	798,000	715,141	960,500
Total Costs	1,366,000	1,264,396	1,559,033
Cost Per Authority	124,182	114,945	141,730

7.5 This proposed budget detail is also included within the 2023/24 business plan in Annex A.2.

7.6 Further detail in relation to the proposed budget for Strategic & Technical advice has been provided in the Part II Annex B to this report.

8. Risk Summary

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



9. Recommendations

9.1 The Committee is asked to note:

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

The Committee is also asked to consider the proposed Business Plan and budget for 2023/24 and:

- recommend the 2023/24 Business Plan to the ACCESS Authorities; and
- accept the recommendation of the s151 Officers from the ACCESS Authorities to determine the 2023/24 budget totalling £1.559m to support the proposed business plan.