

Business Plan, Budget & Risk Management



ACCESS Joint Committee

Date: 10 June 2024

Report by: Director of ACCESS Support Unit

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| 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 the:</p> <ul style="list-style-type: none">• 2023/24 Business Plan summary;• 2023/24 financial outturn• 2024/25 Business Plan update; and• risk summary. |
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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 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 (OWG). In draft form, it was presented to Section 151 Officer Group at their meeting on 17 May 2024 and their feedback has informed this final version.

2. 2023/24 Business Plan

- 2.1 The Business Plan for **2023/24** was agreed by the JC in December 2022 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 The activities within last year's **2023/24** Business Plan, along with commentary on the status of each milestone at the end of the year are shown in the table below. The ongoing nature of a number of areas result in milestones spanning different years.

| Theme / Milestone | 2023/24 activity | 2023/24 Joint Cttee report reference | Year-end status | 2024/25 milestone |
|---|---|---|--|-------------------------------|
| Actively managed listed assets Launch of Tranche 5b Launch of Tranche 6 Launch of Tranche 7a Launch of Tranche 7b Launch of Tranche 8 | 2 Fixed income sub-funds 2 Emerging Market sub-funds 2 Fixed income sub-funds 1 Fixed income sub-fund; 1 global equity sub-fund 1 sustainable Global equity sub-fund |) Item 14, 5 June 2023) Item 14, 4 Sept 2023) Item 14, 4 Dec 2023) Item 12, 4 Mar 2024) | Partially complete Complete Complete In progress In progress | Yes No No Yes Yes |
| Scheduled BAU evaluation | Preparation for, and the commencement of, the re-procurement of operator services. | Item 9, 5 June; Item 10, 4 Sept 6 Oct; Item 8, 4 Dec; Item 8 4 Mar | In progress | Yes |
| Alternative / non-listed assets Implementation of approach | Commencement of property mandates Pool Alignment of Infrastructure funds Procurement of Long Lease mandate Procurement of Timber mandate Procurement of Social/Affordable Housing mandate |) Item 11, 5 June 2023) Item 9, 4 Sept 2023) Item 12, 4 Dec 2023) Item 10, 4 Mar 2024) | In progress Complete Complete In progress In progress | Yes No No Yes Yes |
| Passively managed assets Ongoing monitoring of passive assets | Ongoing dialogue with UBS | Item 5, 4 Sept 2023 | Complete | Yes |
| Governance | | | | |
| Meetings and oversight | 4 Joint Committees held; 2 Member briefings held 5 s151 Officer meetings; 1 briefing held | | Complete Complete | Yes Yes |
| Operational protocols | Implementation of outcome of Third-party Review | JC Briefing 4 Mar 2024 | In progress | Yes - |
| Engagement with HM Government | ACCESS response submitted to Govt pooling consultation Annual Return to DLUHC submitted Autumn 2023 | Item 7, 4 Sept; Briefing 22 Sept, Item 9 4 Dec. | Complete Complete | Yes Yes |

| Theme / Milestone | 2023/24 activity | 2023/24 Joint Cttee report reference | Year-end status | 2024/25 milestone |
|--|---|--|---|--|
| <p>Joint Polices & guidelines ESG / RI</p> <p>Communications</p> | <p>The commencement of RI reporting support for the Pool. An annual review will be conducted of the Pool's RI Guidelines.</p> <p>The Pool's second Communications support contract will commence. Continued activity will take place on implementing the Communications plan.</p> | <p>Item 11, 4 Sept; item 5, 4 Mar.</p> <p>item 5, 4 Mar.</p> <p>Item 5, 4 Sept; item 11, 4 Dec; item 5, 4 Mar</p> <p>Item 5, 4 Mar</p> | <p>Complete</p> <p>In progress</p> <p>Commence</p> <p>In progress</p> | <p>Yes</p> <p>Yes</p> <p>No</p> <p>Yes</p> |
| <p>ASU ACCESS Support Unit</p> | <p>Third Party Review to be undertaken Internal Audit undertaken</p> | <p>Briefing 4 Mar Item 5, 4 Mar</p> | <p>Complete In progress</p> | <p>Yes Yes</p> |

3. 2024/25 Business Plan

3.1 Activities within this year's 2024/25 Business Plan (Annex A) that are also the subject of separate items on the Committee's agenda include:

- Operator re-procurement
- Contract and supplier relationship management
- Communications
- Third-party review
- Alternative / non-listed assets
- Responsible investment
- Investment performance
- Sub-fund implementation
- Risk Register

4. Review of arrangements for Local Pension Board (LPB) Observers at Joint Committee meetings

4.1 All Authorities were sent a questionnaire on 22 March asking for feedback on the above matter. By the deadline of 30 April all Authorities had submitted a response. This feedback is currently being reviewed and a report will be brought to the Committee's meeting in September.

5. 2023/24 Budget

5.1 At its December 2022 meeting, the Committee determined a budget of **£1,559,033** to support the 2023/24 business plan. Details are shown within the following table.

| | Budget 2023/2024 £ | Actual Costs 31-Mar-24 2023/2024 £ | Overspend / (Underspend) 31-Mar-24 2023/2024 £ |
|---|--------------------------|---|--|
| ASU | | | |
| ASU Salaries (incl. on cost) | 499,833 | 519,290 | 19,457 |
| ASU Operational | 23,000 | 20,003 | (2,997) |
| ASU Host Authority Recharge | 35,700 | 35,700 | 0 |
| Technical Lead Recharge Costs | 40,000 | 52,191 | 12,191 |
| ASU Total | 598,533 | 627,184 | 28,651 |
| Professional Costs | | | |
| <i>Internal Professional Costs</i> | | | |
| JC Secretariat | 23,100 | 22,478 | (622) |
| Procurement | 145,000 | 41,000 | (104,000) |
| <i>Internal Professional Costs</i> | 168,100 | 63,478 | (104,622) |
| <i>External Professional Costs</i> | | | |
| Strategic & Technical | 602,000 | 546,614 | (55,386) |
| Legal & Governance | 190,400 | 370,802 | 180,402 |
| <i>External Professional Costs</i> | 792,400 | 917,416 | 125,016 |
| Professional Costs Total | 960,500 | 980,894 | 20,394 |
| Total Costs for the Financial Year | 1,559,033 | 1,608,078 | 49,045 |
| Cost Per Authority | 141,730 | 146,189 | 4,459 |

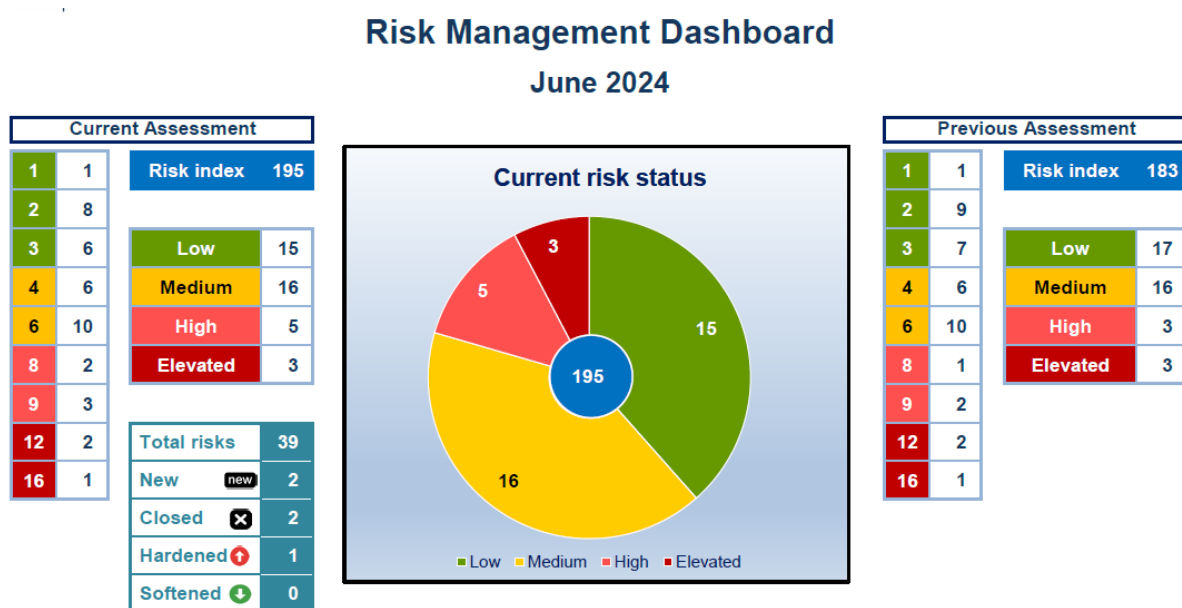
5.2 For the first time, an overspend has been incurred. The following matters are highlighted, and are consistent with previous reporting to the Committee on the respective budget lines:

- ASU staffing: Between 1 May 2023 and 31 January 2024 Paul Tysoe worked as an addition Client Manager, on a part time basis. In undertaking this role, Mr Tysoe assisted Alistair Coyle to commence his role as full time Client Manager and supported the rest of the ASU across listed asset, non-listed asset and RI workstreams. An overspend was incurred on this line of £19,457.
- The ASU Host Authority recharge includes finance, information technology, human resources and property services.
- Technical Lead Recharge: increased workloads particularly in respect of the range and scope of reporting contributed to an overspend of £12,191.
- Procurement: A number of processes originally scheduled 2023/24 will now take place or conclude within 2024/25. As a consequence, an underspend of £104,000 has been incurred.

5.3 Further detail in relation to External Professional costs have been provided and shown in the Part II Annex B to this report.

6. Risk Summary

6.1 A summary of the current risk profile is shown below. 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:

- 2023/24 Business Plan summary;
- 2023/24 financial outturn;
- 2024/25 Business Plan update; and
- risk summary.