

ACCESS Joint Committee

Date: 24 March 2025

Report by: Director of ACCESS Support Unit

Subject:	Business Plan and Budget
Purpose of the Report:	To provide an update on the 2024/25 Business Plan and Budget To propose a Business Plan and Budget for 2025/26
Recommendations:	<p>The Committee is asked to:</p> <ul style="list-style-type: none">• note the 2024/25 Business Plan update; and• note the 2024/25 Budget update• accept the recommendation of the s151 Officers Group to an £450,000 increase in the 2024/25 budget (from £1,806,918 to £2,256,918). <p>The Committee is also asked to consider the proposed Business Plan and budget for 2025/26 and:</p> <ul style="list-style-type: none">• note the planned approach to cost sharing as highlighted at section 6;• recommend the 2025/26 Business Plan to the ACCESS Authorities;• accept the recommendation of the s151 Officers from the ACCESS Authorities to determine the 2025/26 budget totalling £13,309,633 to support the proposed business plan; and• agree the appointment of Hampshire County Council as procurement lead Authority for all procurement related to Project Castle work during 2025/26.
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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 10 March 2025 and their feedback has informed this final version.

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 Prior to the Fit for the Future Consultation, the critical item on the 2024/25 business plan was the Operator search which led to the reappointment of Waystone on a new 5+5 year contract, recommended by the Joint Committee in September 2024. The new Operator Agreement was fully executed by all 11 Authorities and Waystone and was implemented on the 5th March 2025, with the inclusion of additional termination triggers to protect all parties in the event the Agreement does not run for the minimum term as a result of unforeseen outcomes of Fit for the Future.
- 2.3 As highlighted to the Committee at its February 2025 meeting, since last November's Mansion House Speech the main focus of ACCESS activity has been the requirements of the accompanying consultation entitled *Local Government Pension Scheme (LGPS): Fit for the future (F4F)*. These "Project Castle" requirements include:
 - the submission on 28 February of the proposal on how ACCESS will meet the minimum standards within F4F from March 2026; and

- ongoing work to implement the proposal.
- 2.4 A separate agenda item addresses this matter further. Other 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:

- Sub-fund review
- Investment performance
- Risk Register

3. 2024/25 Budget: updates to original budget

- 3.1 At its December 2023 meeting, the Committee determined a budget of £1,706,917 to support the 2024/25 business plan.
- 3.2 At its September 2024 meeting, the Committee agreed to increase the *ASU salaries (including oncosts)* budget line by a total of £100,000 to cover the part year impact of two new Analyst positions within the ASU. As a consequence, the *ASU salaries (including oncosts)* budget line rose from £522,436 to £622,436. The overall budget for 2024/25 rose from £1,706,918 to £1,806,918 as shown in the table below.

4. 2024/25 Budget: expenditure update

	Original Budget 2024/25 £	Budget increase agreed at Sept JC 2024/25 £	Revised Budget 2024/25 Sept JC £	Actual Costs to 31 Dec 24 £	Estimated Costs 1 Jan 2025 - 31 Mar 2025 £	Actual + Estimated Costs 2024/25 £	Overspend / (underspend) vs Revised Budget 2024/2025 £
ASU							
ASU Salaries (incl. on cost)	522,436	100,000	622,436	408,528	180,899	589,427	(33,009)
ASU Operational	24,000		24,000	18,099	5,909	24,008	8
ASU Host Authority Recharge	37,307		37,307	27,310	9,104	36,414	(893)
Technical Lead Recharge	55,000		55,000	45,646	5,910	51,556	(3,444)
ASU Total	638,743		738,743	499,583	201,822	701,405	(37,338)
Professional Costs							
<i>Internal Professional Costs</i>							
JC Secretariat	24,255		24,255	16,362	11,421	27,783	3,528
Procurement	180,000		180,000	-	137,000	137,000	(43,000)
<i>Internal Professional Costs</i>	204,255		204,255	16,362	148,421	164,783	(39,472)
<i>External Professional Costs</i>							
Strategic & Technical	664,000		664,000	328,234	542,191	870,425	206,425
Legal & Governance	199,920		199,920	297,021	222,055	519,076	319,156
<i>External Professional Costs</i>	863,920		863,920	625,255	764,246	1,389,501	525,581
Professional Costs Total	1,068,175		1,068,175	641,617	912,667	1,554,284	486,109
Total Costs	1,706,918	100,000	1,806,918	1,141,200	1,114,489	2,255,689	448,771
Cost Per Authority	155,174	9,091	164,265	103,745	101,317	205,063	40,797

4.1 The following key variances are highlighted:

- ASU salaries (including oncost) the reorientation of the Business Plan in light of F4F requirements led to the decision late last year to pause recruitment for a Responsible Investment Analyst within the ASU. The addition of this post had been one of the cost pressures identified at the September Joint Committee leading to the £100,000 increase in the ASU staffing budget. The ASU is currently forecast to underspend by £33,009.
- Procurement: within the Business Plan's non-listed theme, a lower number of allocator searches have been required than was originally assumed when the budget was agreed. As a consequence, an underspend is currently forecast.

4.2 The reorientation of business plan activities to address the requirements of F4F introduced additional cost pressures in recent months that were not known when the budget originally determined. As a consequence, this report now

proposes a further increase to the 2024/25 Budget totalling £450,000, the impact of which is included within the table below:

	Original Budget 2024/25 £	Budget increase agreed at Sept JC 2024/25 £	Budget increase proposed at Mar JC 2024/25 £	Revised Budget 2024/25	Actual Costs to 31 Dec 24 £	Estimated Costs 1 Jan 2025 - 31 Mar 2025 £	Actual + Estimated Costs 2024/25 £	Overspend / (underspend) vs Revised Budget 2024/2025 £
ASU								
ASU Salaries (incl. on cost)	522,436	100,000		622,436	408,528	180,899	589,427	(33,009)
ASU Operational	24,000			24,000	18,099	5,909	24,008	8
ASU Host Authority Recharge	37,307			37,307	27,310	9,104	36,414	(893)
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<i>External Professional Costs</i>								
Strategic & Technical	664,000		200,000	864,000	328,234	542,191	870,425	6,425
Legal & Governance	199,920		250,000	449,920	297,021	222,055	519,076	69,156
<i>External Professional Costs</i>	863,920			1,313,920	625,255	764,246	1,389,501	75,581
Professional Costs Total	1,068,175			1,518,175	641,617	912,667	1,554,284	36,109
Total Costs	1,706,918	100,000	450,000	2,256,918	1,141,200	1,114,489	2,255,689	- 1,229
Cost Per Authority	155,174	9,091	40,909	205,174	103,745	101,317	205,063	- 112

4.3 The budget lines impacted are within External Professional Costs and are discussed in Part II Annex C to this report.

5. 2025/26 proposed Business Plan and budget

5.1 The ACCESS Pool submission to Government in response to F4F, is a proposal that ACCESS build its own investment company in order to meet March 2026 minimum standards. The proposed business plan and budget for 2025/26 are based upon the key assumption that ACCESS fulfils this proposal. In practice this constitutes both the continuation and completion of the work commenced in response to the F4F requirement (i.e. Project Castle).

5.2 The nature and scale of Project Castle in 2025/26 means that both the Business Plan and budget for next year differ markedly from previous years. The following is an extract from paragraph 8.3 of the ACCESS proposal to Government:

“Our Advisors at Alpha FMC have assisted in providing a high-level Plan to Deliver, testing the proposed operating model and assumptions against the timeline, and, working backwards from an FCA approval date of March 2026, they have identified the key setup and implementation steps... Their independent analysis of this, combined with their experience both of working on earlier LGPS Pool submissions and their broader role as an advisor to complex change projects in the investment management and pensions industries, gives ACCESS a significant degree of confidence that the proposal is viable against the deadline.”

5.3 Whilst there will be some activity which continues themes undertaken in previous years, the overwhelming majority of workstreams will be related Project Castle. The Business Plan is shown at Annex B.

5.4 The key elements of this proposed business plan were presented and discussed at the meeting of ACCESS s151 Officers held on 10 March.

5.5 A proposed budget totalling £13,309,633 for 2025/26 is also included within Annex B. The proposed budget, to support the 2024/25 proposed Business Plan, was discussed at the s151 Officer meeting on 10 March who agreed that it should be recommended to the Joint Committee.

6. 2025/26 budget cost sharing

- 6.1 The approach ACCESS has adopted to date on cost sharing is that the budget determined by the Joint Committee has been shared on an equal basis (i.e. 1/11th)
Budgets and expenditure have typically ranged from £1.1m - £2.2m.
- 6.2 Given the demands of Project Castle both the timing of this item and the size of the 2025/26 budget differ markedly previous years. In light of the step change in budget requirement for 2025/26, it has been flagged during officer discussions, that continuing with the existing 1/11th basis will raise understandable concerns about equitable cost sharing for the Isle of Wight.
- 6.3 Within the Inter Authority Agreement, there is scope [Schedule 5, paragraph (c) subsection (iii)] for the Joint Committee to consider alternative approaches to equal costs sharing.
- 6.4 To enable time for appropriate officer dialogue and s151 officer consideration of this matter the following approach will be taken:
- a) **initially** charge Authorities for the costs of one quarter of the total year's budget;
 - b) this initial charge (April-June) to be on the existing a 1/11th basis;
 - c) ask the June JC to consider a proposal to share costs on a different basis; and
 - d) **subsequently** implement the June JC decision (including any requisite rebate) for the entirety of 2025/26.

7. Recommendations

- 7.1 The Committee is asked to note the:
- note the 2024/25 Business Plan update; and
 - note the 2024/25 Budget update.
 - accept the recommendation of the s151 Officers Group to an £450,000 increase in the 2024/25 budget (from £1,806,918 to £2,256,918).
- 7.2 The Committee is also asked to consider the proposed Business Plan and budget for 2025/26 and:
- note the planned approach to cost sharing as highlighted at section 6;
 - recommend the 2025/26 Business Plan to the ACCESS Authorities;
 - accept the recommendation of the s151 Officers from the ACCESS Authorities to determine the 2025/26 budget totalling £13,309,633 to support the proposed business plan; and
 - agree the appointment of Hampshire County Council as procurement lead Authority for all procurement related to Project Castle work during 2025/26.