



**2025/26
Business Plan
& Budget**



1. Introduction

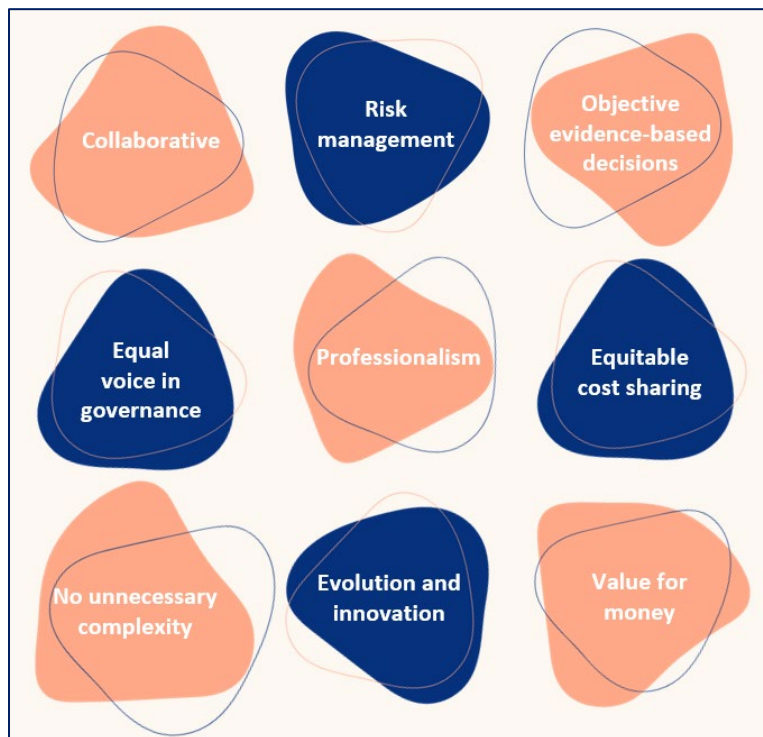
ACCESS was formed in 2016 when eleven Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government's agenda for pooling LGPS investments.

Following a review in 2024, the Pool's updated strategic objectives are:

- enable participating Authorities to execute their fiduciary responsibilities;
- provide a range of asset types necessary to enable those participating Authorities to execute their locally decided investment strategies as far as possible;
- to develop and maintain a resilient and sustainable pooling model enabling participating Authorities to achieve the benefits of pooling and apply the appropriate level of local decision making and control; and
- to maintain an efficient governance framework that underpins good and effective decision-making.

In order to achieve these objectives, the Councils have established a set of governing principles.

The governing principles are summarised below.



Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.

2. Context

The Chancellor of the Exchequer unveiled the Government's response to phase 1 of its own Pension Review in the Mansion House speech on 14 November 2024. This was accompanied by the publication of the consultation entitled Local Government Pension Scheme (LGPS): Fit for the future. Within this document Government outlined four "minimum standards" expected of all pools by March 2026. These are:

- I. Authorities to delegate implementation of investment strategy to their pool;
- II. Authorities to take their principal advice on their investment strategy from the pool;
- III. Authorities to transfer legacy assets to the management of the pool; and
- IV. Pools required to be investment management companies authorised and regulated by the Financial Conduct Authority (FCA), with the expertise and capacity to implement investment strategies.

In addition to inviting consultation responses to a number of questions by mid-January 2025, each LGPS Pool was required to provide a submission to Government which "demonstrate a clear path" to meeting the Consultation's requirements.

To respond to this requirement, ACCESS launched "Project Castle". To begin with this entailed a detailed evidence-led exploration of the options, from creating a build model, regulated by the Financial Conduct Authority (FCA), by setting up a new investment company; to seeking detailed responses to an extensive questionnaire from other pools on possible mergers. This analysis was conducted using a range of criteria - including governance and oversight, products and services, costs and value for money, timeline and risk. Consultants Alpha FMC were used on the technical aspects of the target operating model in addition to regular advisers Hymans Robertson and Squire Patton Boggs.

Following this option appraisal, it was the Joint Committee's unanimous view that the build model was the most appropriate proposal to Government for ACCESS. This option continues the development of ACCESS and enables our future to build upon the strong foundations our pool has already created.

This approach enables ACCESS to leverage its existing infrastructure built up over the last seven years and avoids the complexities of merging with others and creating pools with even greater numbers of partner funds and maintains ACCESS' "best in market" investment management approach.

Crucially, it is also the solution that is the least expensive option to meet HMG's criteria; even after the costs of the scheduled sub-fund review, it avoids the highest transaction costs.

3. 2025/26

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 prime focus of activity will centre upon the following workstreams required to ensure the ACCESS Investment Management Company (IMCo) is established by March 2026:

- engagement with Government;
- governance pathway;
- ongoing client-side governance;
- IMCo build;
- recruitment;
- asset transition; and
- requisite procurements to ensure Project Castle is appropriately supported.

Whilst there will also be some activity which continues themes undertaken in previous years, the majority of workstreams will be related Project Castle.

4. Business Plan

The Business Plan is proposed each year to the Councils by the Joint Committee on the basis of recommendations from the s151 Officer Group. The Joint Committee, on advice from the s151 Officer Group, determine a budget in order to deliver the annual Business Plan. Workstreams for the ASU are monitored at the Officer Working Group (OWG) and in turn reported to the s151 Officer Group where key ACCESS business plan activity and deliverables for the fiscal year are considered.

Each theme within the business plan includes milestones planned for the year.

A separate risk register measures the risk of the strategic objectives and milestones not being achieved and the resultant impact.

A budget totalling **£13.309m** to support the business plan is included at section 5.

The *Joint Committee* will review progress against business plan milestones and spend against the budget at meetings throughout the year.

Theme	Milestone	2025/26 activity
Project Castle	Engagement with Government	<ul style="list-style-type: none"> - Participation in meetings with Ministers and Civil Servants. - Respond to Government request for information.
	Governance Pathway	<ul style="list-style-type: none"> - Define and agree key decision points. - Define governance pathway for local approvals.
	Ongoing client-side governance	<ul style="list-style-type: none"> - Design governance structures. - Define Responsible, Accountable, Consulted, Informed (RACI). - Develop Terms of Reference (TORs). - Draft and finalise legal agreements. - Determine approach to provision of fiduciary management oversight advice.
	IMCo build	<ul style="list-style-type: none"> - Register IMCo with Companies House - Agree key principles - Define and agree IMCo services - Blueprint design and planning - Detailed Target Operating Model (TOM) design+&delivery - FCA submission - Implement TOM & migrate investment services
	Recruitment and	<ul style="list-style-type: none"> - Agree entity hires are recruited into - Define & design recruitment process - Develop job specs - Define remuneration / benefits policy - Select agency - Conduct interviews
	Asset transition	<ul style="list-style-type: none"> - Sub fund review - Transition planning - Non-listed assets - RI considerations - Contract review - Contract novation

Theme	Milestone	2025/26 activity
Project Castle (contd.)	Requisite procurements to ensure Project Castle is appropriately supported	Procurements for appropriate advice and support will be undertaken as required.
Actively managed listed assets	Launch of Tranche 8 Sub-fund Review	Anticipated 2025/26 Review conclusion Implementation of review outcomes
Authorised Contractual Scheme Operator	The first full year of the new ACS Operator contract	New contractual arrangements established and embedded
Alternative / non-listed assets	Continued investment within Real Estate mandates Continued investment within infrastructure mandates The first full year of Private Equity allocator arrangement The first full year of Private Debt building blocks	Continued investment within: <ul style="list-style-type: none"> • CBRE managed accounts • Long Lease mandate (AVIVA Lime) First full year of: <ul style="list-style-type: none"> • CBRE managed transition accounts • CBRE established property vehicle • Social & Affordable Housing mandate (LGIM) • Impact mandate (Orchard Street) Continued investment within the infrastructure funds managed by: <ul style="list-style-type: none"> • JP Morgan • IFM First full year of Adamstreet & Harbourvest as private equity allocators Private equity vehicle established First full year of European & US mandates

Theme	Milestone	2025/26 activity
Alternative / non-listed assets (contd.)	The exploration and development of further non-listed opportunities	Consideration of further non- listed investment opportunities as required
Passively managed assets	Ongoing monitoring of assets managed on a passive basis	Further engagement with UBS will continue throughout the year
Governance	<p>Meetings and oversight</p> <p>Engagement with HM Government and Scheme Advisory Board</p> <p>Responsible Investment</p> <p>Communications</p>	<p>Arrangements will be made to support meetings of the Joint Committee</p> <p>Meetings of s151 Officers will also be held</p> <p>Ongoing dialogue with both Government and Scheme Advisory Board on matters aside from Project Castle</p> <p>Periodic reports will be provided to MHCLG as required</p> <p>Consideration of approach to future Stewardship Code submissions</p> <p>Review of RI Guidelines</p> <p>The continuation of Communications support to the Pool</p>
ACCESS Support Unit (ASU)	Internal Audit	An annual internal audit of the ASU will take place

5. Budget 2025/26

The budget for 2025/26 is detailed 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	Proposed Budget 2025/26 £
ASU					
ASU Salaries (incl. on cost)	522,436	100,000		622,436	590,468
ASU Operational	24,000			24,000	25,200
ASU Host Authority Recharge	37,307			37,307	39,172
Technical Lead Recharge	55,000			55,000	50,000
ASU Total	638,743			738,743	704,841
Professional Costs					
<i>Internal Professional Costs</i>					
JC Secretariat	24,255			24,255	25,468
Procurement	180,000			180,000	115,000
<i>Internal Professional Costs</i>	204,255			204,255	140,468
<i>External Professional Costs</i>					
Strategic & Technical	664,000		200,000	864,000	9,113,633
Legal & Governance	199,920		250,000	449,920	3,350,691
<i>External Professional Costs</i>	863,920			1,313,920	12,464,324
Professional Costs Total	1,068,175			1,518,175	12,604,792
Total Costs	1,706,918	100,000	450,000	2,256,918	13,309,633
Cost Per Authority	155,174	9,091	40,909	205,174	1,209,967

Value for money considerations have been adopted in the preparation of this budget and key assumption are set out overleaf.

6. Key budget assumptions

This budget is based on the assumption that the work to complete Project Castle will take place during 2025/26. Project Castle is the establishment and launch, by March 2026, of an ACCESS investment management company with appropriate arrangements for Administrative Authorities interaction in line with the minimum standards set out in the November 2024 consultation document Local Government Pension Scheme: Fit for the future.

The continued and expanded use of advisers to support Project Castle workstreams has been assumed. Where necessary, procurements lead by Hampshire County Council will be utilised.

7. Key risks

The key risks include:

- Government response to submission made by ACCESS (and all other pools)
- Establishing the company: including key recruitment hires, sourcing appropriate infrastructure and facilities
- FCA Authorisation
- Governance pathway: all AAs being in a position to make appropriate decisions and appropriate times

The above risks feature in the pool's risk register.