NORTH YORKSHIRE COUNCIL

PENSION FUND COMMITTEE

12 September 2025

BUDGET AND CASHFLOW

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

(a) the 2025/26 budget and the cost of running the Fund (see section **2**)

(b) the cashflow projection for the Fund (see section **3**)

(c) update on the Fund's statutory accounts and Annual Report (see section **4**)

2.0 2025/26 BUDGET - THE COST OF RUNNING THE FUND

2.1 The forecast outturn position against the 2025/26 budget is presented in **Appendix 1**. It shows an estimated total running cost of £40.6m for the Fund against a budget of £40.7m. The early estimate of the underspend for the year is therefore £0.1m.

2.2 The underspend is due to a reduction in performance fees payable to Baillie Gifford due to disinvesting. Further underspends could be expected in future quarters. As a result of disinvestments, investment base fees could be subject to savings but at this stage, it is difficult to quantify.

3.0 3 YEAR CASHFLOW PROJECTION

3.1 The cash position of the Fund is presented in **Appendix 2**. The table shows the outturn for 2024/25 and the projected cash flows of the Fund for the current financial year and the following two years. This cash flow includes the contribution income and benefits payable, being the main inflows and outflows of the Fund, which are the two key determining factors for when the Fund will turn cash flow negative.

3.2 The forecast for pension benefits payments is based on revised assumptions on annual increases in pensioner numbers and inflation. The assumptions including inflation will continue to be reviewed and updated regularly to reflect any new information that becomes available.

3.3 The forecast for contribution income is based on the employers' current contribution rates and takes into account active member numbers and any expected changes in this regard. Assumptions on pay awards are in line with those of the Fund's largest employer, North Yorkshire Council, in its budget and medium-term financial strategy.

3.4 Due to disinvestment activities, the Fund currently holds cash well above the usual level. At the end of July 2025, the cash balance was £181 million or 3.6% of the total value of the Fund. The high rate of interest available in the market has provided a good investment return, with very little risk. As the year progresses, the Fund's cash balances are expected to reduce closer to more normal levels, as the money is invested in Index-Linked Bonds and used to meet capital calls for UK Real Estate, infrastructure and private credit investments, as well as support the operational cash requirements.

3.5 Discussions are ongoing with Border to Coast on increasing the range of available options for income on investments to be distributed to investors. Currently, few options exist, but this will change ahead of the Fund needing to avail itself as required.

4.0 UPDATE ON THE FUND FINAL ACCOUNTS AND ANNUAL REPORT

4.1 A draft version of the Fund Annual Report and Accounts has been included as Appendix 3 for the committee's review.

4.2 The Draft 2024/25 Statement of Accounts for both the North Yorkshire Pension Fund and North Yorkshire Council were published on the Council's website on 27 June 2025.

4.3 At the time of writing, the audit of the 2024/25 Statements, is not complete. Work is progressing but has been hampered by staff absences.

4.4 The audit backstop date for 2024/25 is 27 February 2026 but the audit is expected to be complete by the end of October 2025.

5.0 RECOMMENDATIONS

5.1 Members to note the contents of the report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
North Yorkshire Council
County Hall
Northallerton

4 September 2025

Appendix 1

North Yorkshire Pension Fund - 2025/2026 Budget
Cost of Running The Pension Fund

		Budget 2025/2026 £k	Forecast 2025/2026 at Q1 £k	Variance £k	Budget 2026/2027 £k
EXPENDITURE					
Admin Expenses					
	Finance and Central Services	510	510	-	530
	Provision of Pensioner Payroll (ESS)	79	79	-	82
	Pensions Administration Team	1,680	1,680	-	1,798
	McCloud	30	30	-	30
	Other Admin Expenses	619	619	-	631
	Total Admin Expenses	**2,918**	**2,918**	**-**	**3,071**
Oversight and Governance					
	Actuarial Fees	102	102	-	70
	Custodian Fees	79	79	-	83
	Investment Consultant Fees	200	200	-	210
	Pooling: Governance & Projects	578	578	-	607
	Other O & G Expenses	162	162	-	170
	Total Oversight and Governance	**1,121**	**1,121**	**-**	**1,140**
Investment Fees					
	Performance Fees	1,966	1,890	(76)	1,750
	Investment Base Fees	34,700	34,700	-	36,088
	Total Investment Fees	**36,666**	**36,590**	**(76)**	**37,838**
TOTAL		**40,705**	**40,629**	**(76)**	**42,049**

Appendix 2

North Yorkshire Pension Fund - Cash Flow Forecast

	2024/2025 Outturn £k	2025/2026 Forecast £k	2026/2027 Forecast £k	2027/2028 Forecast £k
SCHEME PAYMENTS				
Benefits				
Pensions	(131,463)	(145,000)	(153,000)	(162,000)
Lump Sums	(41,215)	(40,000)	(41,000)	(42,000)
	(172,678)	**(185,000)**	**(194,000)**	**(204,000)**
Transfers out	(34,398)	(21,700)	(22,000)	(22,300)
Refunds to leavers	(663)	(900)	(1,000)	(1,100)
	(35,061)	**(22,600)**	**(23,000)**	**(23,400)**
Operational Expenses				
Admin Expenses	(1,929)	(2,918)	(3,000)	(3,100)
Oversight and Governance	(413)	(1,180)	(1,200)	(1,200)
	(2,342)	**(4,098)**	**(4,200)**	**(4,300)**
TOTAL PAYMENTS	**(210,081)**	**(211,698)**	**(221,200)**	**(231,700)**
SCHEME RECEIPTS				
Employer and Employee Contributions	152,838	156,600	161,200	166,100
Transfers in	30,065	26,200	26,500	26,800
TOTAL RECEIPTS	**182,903**	**182,800**	**187,700**	**192,900**
SCHEME SURPLUS/ (DEFICIT)	**(27,178)**	**(28,898)**	**(25,700)**	**(31,900)**