

NORTH YORKSHIRE COUNCIL

PENSION FUND COMMITTEE

6 MARCH 2026

BUSINESS PLAN, BUDGET AND CASHFLOW FORECAST

Report of the Treasurer

1. Purpose of the Report

- 1.1. To report on the progress made against the key business plan activities identified for 2025/26.
- 1.2. To approve the draft Business Plan for 2026/27 to 2028/29.
- 1.3. To approve the draft 2026/27 Budget.
- 1.4. To report on the cashflow forecast of the Fund.

2. Progress Update

- 2.1. In the 2025/26 Business Plan, key actions for the year were identified and approved by Members at the February 2025 Committee meeting. It was agreed that officers would provide a progress report against these key actions. The latest update is attached as **Appendix 1**.

3. Draft 2026/27 Business Plan

- 3.1. The draft 2026/27 Business Plan is attached at **Appendix 2**. It sets out the purpose and strategy of the Fund with activities for the next three years to support the Committee in managing the Fund. The key initiatives are identified, with delivery dates to enable tracking of progress. The plan has been refreshed to cover the period 2026/27 to 2028/29. Any outstanding actions from 2025/26 have been rolled forward to 2026/27 where appropriate and some new actions have been identified. A summary of the business plan has also been attached as **Appendix 3**. Some of the main areas are described below.
- 3.2. **Income monitoring** – following the triennial valuation, the contributions received from April will be closely monitored to ensure the correct employer and employee contribution amounts are being received. Changes to employer contribution rates new employee contribution bands are effective from 1 April.
- 3.3. **LGPS Fit for the Future** – changes to regulations and guidance are expected early in 2026. Following publication, work will be undertaken to scope the project and allocate the necessary resource to it. There will be many aspects to the changes, which will come into force in two phases. This work will run alongside the Access and Fairness and Scheme improvements work and so resource will need to be carefully allocated and managed.
- 3.4. **McCloud remedy** – the rectification stage continues to progress. The work will need to be completed before the Fit for the Future calculations can begin.
- 3.5. **Access and Fairness** – the changes to regulations and guidance are expected early in 2026. Following receipt, work will be undertaken to scope the project and allocate the necessary resource to it. This work will run alongside the Fit for the Future and Scheme improvements work and so resource will need to be carefully allocated and managed.

3.6. **Scheme improvements** – the changes to regulations and guidance are expected early in 2026. Following receipt, work will be undertaken to scope the project and allocate the necessary resource to it. This work will run alongside the Fit for the Future and Access and Fairness work and so resource will need to be carefully allocated and managed.

4. 2026/27 Budget

- 4.1. The draft 2026/27 budget for the cost of running the Fund is presented in **Appendix 4** and totals £3.8 million. It is based on the 2025/26 budget and the actual costs incurred during that year and is on an accruals basis.
- 4.2. The 2026/27 budget no longer includes the investment management fees as they are monitored but not managed by the Fund and mainly change in line with the value of the Fund's assets. The Committee is asked to approve the operational budget, based on the costs of running the Fund. The removal of the investment fee budget, which is forecast to be £37 million in 2025/26, is the main change in the budget between years.
- 4.3. The other changes in the budget are relatively minor and reflect issues such as inflation and changes to salaries, contracted costs and the expected use of investment advisory and actuarial costs.
- 4.4. The forecast for 2025/26 includes a few notable variances. The overspend on Pooling costs is due a one-off cost for the acquisition of a data platform required by Border to Coast to comply with the Fit for the Future requirements, which the Committee was informed of at the meeting in November 2025. There is also a forecast overspend of investment base fees due to a higher-than-expected increase in the value of the Fund's assets over the year, and lower performance fees due to a reduction in the allocation to a manager with a performance related fee arrangement.
- 4.5. In line with normal practice, the Budget may be revised during the year if there are material changes, subject to approval by the Committee.

5. Cashflow Projection

- 5.1. The cash position of the Fund is presented in **Appendix 5**. The table shows the projected cashflows of the Fund for 2025/26 and over the following 3 years.
- 5.2. This shows the position in relation to the Fund's non-investment operations and includes the relevant figures when assessing whether the Fund is in a cash surplus or deficit position.
- 5.3. The main inflows and outflows of the Fund are the contribution income from employers and active members, and benefits payments to retired members. They effectively determine the Fund's surplus or shortfall position.
- 5.4. The forecasts are sensitive to the estimate of inflation, which continues to be a subject of active debate among economists. Low inflation levels are expected compared to those seen over the last few years, but with some volatility. Assumptions for inflation and other key metrics impacting the cashflow projection will be periodically assessed and incorporated into future updates.
- 5.5. Employer contribution rates have changed significantly as a result of the 2025 valuation and have been factored into the forecast from 2026/27 onwards. The overall funding level of the Fund has improved at the 2025 Valuation, resulting in lower employer contributions being required from employers over the next 3 years. This has led to a decrease in the forecast contribution income in 2026/27 of approximately £31 million and is the main change in the cashflow forecast between years.

- 5.6. The forecast for transfers in has also been reduced to bring it more in line with the forecast for transfers out. In the recent past, transfers in have significantly exceeded transfers out, but there is nothing to indicate that this should be expected going forward. It is therefore prudent to forecast this more in line with transfers out.
- 5.7. The forecast annual operational deficit of £66.4 million in 2026/27 is significant but is only around 1.3% of the value of the Fund. In the past, almost all income generated by investments has been automatically reinvested. In light of the increasing deficit position, officers are reviewing options to receive some or all of this income. But to reassure Members, there is enough income available in the form of dividends from equities, coupon payments from bonds and rental income from property to cover this deficit. Based on the current value of the Fund, there is an estimated £80 million income available, and this will grow as the total value of the Fund grows. This issue will be closely monitored. Any income not required will continue to be reinvested, as before.

6. Recommendations

- 6.1. Note the progress made against the 2025/26 Business Plan.
- 6.2. Approve the draft 2026/27 Business Plan.
- 6.3. Approve the draft 2026/27 Budget.
- 6.4. Note the 3-year cashflow projection for the Fund.

Gary Fielding
Treasurer of North Yorkshire Pension Fund
North Yorkshire Council
County Hall
Northallerton

24 February 2026

NYPF 2025/26 Business Plan Update

Appendix 1

RAG rating:

Green – completed or not yet due

Orange – ongoing, carried forward to 2026/27

Red – outstanding, overdue

Key Activity			Resource
Administration			Head of Pensions Administration
Action	Timescale	Progress Update	
McCloud remedy	Q4 2025/26	In progress – Recalculation of benefits for affected members ongoing and members now being paid amended benefits.	
Targeted nomination form communications	Q3 & Q4 2025/26	Not yet started – lack of resource has meant this activity has not yet been started. Due to other demands this activity has been shelved until a later date.	
Key Activity			Resource
Business Improvement			Head of Pensions Administration
Action	Timescale	Progress Update	
Improve self-service functionality	Q4 2025/26	Completed – new member portal live 15 January. Enhanced self-service functionality will now be scoped and developed.	
Key Activity			Resource
Governance			Head of Pensions Administration/Head of Investments
Action	Timescale	Progress Update	
LGPS Fit for the future	Q4 2025/26 Q1 & Q2 2026/27	Not yet started – Regulations and guidance expected early 2026/27. Activity carried over to the new business plan for completion in 2026/27.	
Key Activity			Resource
Investment			Pension Fund Committee/ Treasurer/ Head of Investments
Action	Timescale	Progress Update	
Responsible Investment	Q4 2024/25	TCFD reporting on hold, pending the publication of guidance by the Government. Awaiting publication of the requirements for the new Stewardship Code, due in 2026.	
Pooling and implementation of investment strategy	Q1 2025/26 Q1 & Q2 2025/26 Q2 2025/26	Investment commenced in Border to Coast's UK Property fund in Q2. Committee workshop to review Global Alpha in Q3. Committee workshop on Global Sustainable Bonds in Q4 (due for launch Q2 2026). Committee workshop on currency hedging in Q4. Detailed annual review of 3-4 of Border to Coast's funds each quarter.	
Automation of reporting	Q4 2024/25	This was to be reviewed in 2025/26 once the new custodian contract has commenced. However, custodian arrangements across all Border to Coast funds are under review as part of developments to meet anticipated legislation and statutory guidance. In addition, a new finance system will be implemented by the Council, expected to be live from April 2026.	

Key Activity		Resource
Funding		Head of Investments/Head of Pensions Administration
Action	Timescale	Progress Update
2025 Valuation	Q1 2025/26	Completed – agree assumptions and approach
	Q2 2025/26	Completed – provide membership, employer & cashflow data
	Q3 2025/26	Completed – respond to actuarial queries
		Completed – organise valuation sessions for PFC and employers
		Completed – distribute results to employers
Funding Strategy Statement	Q2 2025/26	Completed – funding strategy statement consultation completed and now published on our website



North Yorkshire Pension Fund

Business Plan 2026/27 – 2028/29



Local Government
Pension Scheme

If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

Contents

1. About the NYPF	3
2. How the fund is run.....	3
3. Principal responsibilities.....	4
4. Purpose of the business plan.....	4
5. Overall goal.....	4
6. Objectives.....	5
7. Resources	5
8. Key Activities	6

This business plan explains how the North Yorkshire Pension Fund (NYPF, the Fund) intends to develop and improve its services.

It enables the Fund to focus on achieving agreed targets and helps staff see how they contribute to its overall success.

1. About NYPF

NYPF is one of 86 funds that make up the Local Government Pension Scheme (LGPS).

North Yorkshire Council (NYC) is the statutory administering authority for NYPF; it administers the benefits and manages the investments of the Fund.

The purpose of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area.

Scheme membership as of 31 March 2025

Active Members (Contributors)	30,693
Deferred Members	39,037
Pensioners	32,984
Total Membership	102,714

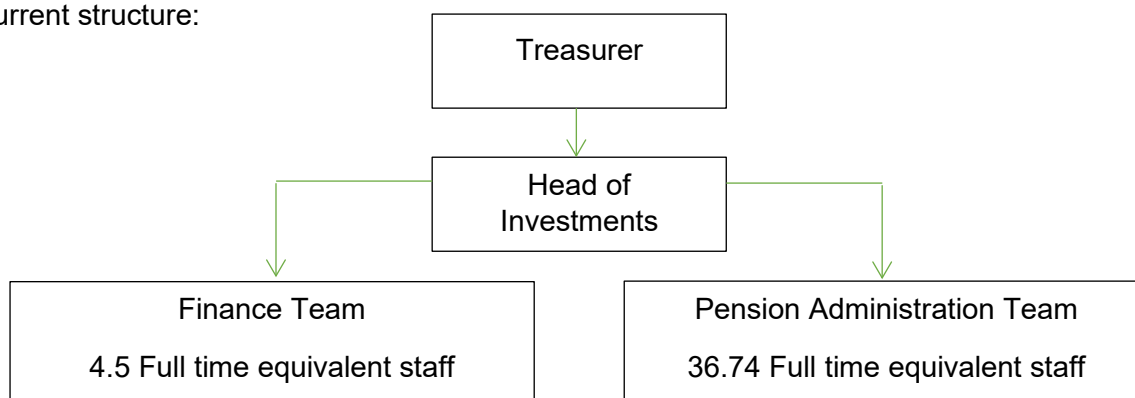
2. How the Fund is run

All aspects of the Fund’s management and administration, including investment matters, are overseen by the Pension Fund Committee (PFC), which is a committee of NYC.

The day to day running of the Fund is delegated to the Treasurer who is the Corporate Director - Resources of NYC and is responsible for implementing the decisions made by the PFC.

Supporting the Treasurer is a team of staff split into two sections. The Pension Administration team administers all aspects of member records, pension benefits etc. and the Finance team looks after the investment, accounting and management information requirements of the Fund. All aspects of the day-to-day management of investments are undertaken by external investment managers.

Current structure:



The Local Pension Board was established on 1 April 2015 under the requirements of the Public Service Pensions Act 2013. It has an oversight and assisting role within NYC to ensure compliance with regulations and ensure effective and efficient governance and administration of the NYPF.

The Scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- LGPS Regulations 2013 (as amended)
- LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- LGPS (Management and Investment of Funds) Regulations 2016

The main systems used in the running of the Fund are Oracle, a third-party finance and accounting system provided by the Oracle Corporation, Altair a third-party pensions administration system provided by Heywood, and i-Connect a third-party online employer portal, also provided by Heywood.

This business plan should be read in conjunction with the Administration Strategy and the Investment Strategy Statement; these are the key documents that set out the principles of the running of the Fund. These documents can be found on the [NYPF's website](#).

3. Principal responsibilities

These responsibilities include:

- Meeting all statutory requirements in the running and operation of the Fund
- Pension administration services including calculating and paying benefits
- Ensuring the accuracy of the member database in partnership with all stakeholders
- Providing information and guidance on pension issues to members, employers and others
- Implementation of the funding strategy to ensure the Fund assets are sufficient to meet the pension liabilities as they fall due
- Implementing the investment strategy, overseeing external investment managers and promoting responsible investment
- Efficient management of the Fund's cash investments and cashflow requirements
- Safekeeping and accounting of Fund assets
- Preparing the Fund's annual report and accounts

4. Purpose of the business plan

As part of its programme of improving the standards of governance across all pension schemes, the Pensions Regulator recommends that each scheme should have a business plan which sets out a clear purpose and strategy.

This plan will guide the delivery of key activities aimed at driving continuous service improvement, while ensuring that day-to-day business operations remain a priority. By having a business plan in place, the PFC gains visibility into anticipated future activities which helps to ensure compliance with legal requirements

This plan will be reviewed annually, and objectives and key actions revised accordingly. Progress reviews will be undertaken every six months and will be reported to the PFC.

5. Overall goal

To continuously develop and improve our services, to put our customers at the heart of everything that we do, and to ensure that sufficient assets and resources are available to pay pension benefits when they fall due.

6. Objectives

The objectives set out below will enable the Fund to achieve its long-term vision.

The Fund will aim to:

- Maximise investment returns
- Manage scheme funding
- Provide excellent customer care
- Ensure effective fund governance
- Manage risks effectively

7. Resources

The following resources have been identified as key to ensuring delivery of the objectives identified:

- Systems and technology which are fit for purpose
- People
 - Focussed on customers' needs
 - Highly skilled and knowledgeable
 - Committed and engaged
- The right information and data
 - Financial
 - Performance
 - Benchmarking
 - Membership
- Third party service providers
 - Actuary
 - Legal Advisers
 - Custodian
 - Fund Managers
 - Investment Consultant and Independent Adviser
 - Software providers
 - Border to Coast Pensions Partnership (BCPP)

These key activities are recorded and scheduled to ensure that the appropriate actions are taken to deliver the business plan.

8. Key Activities

The following key activities have been identified:

			2026/2027				2027/2028				2028/2029			
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Funding														
Income monitoring	Head of Investments / Head of Pensions Administration	Expand the use of employer online portal for monthly contribution returns					●							
Income monitoring		Ensure employer contribution rates are being correctly applied following the 2025 valuation.	●											
Investment														
Investment strategy review	Head of Investments	Detailed review alongside each triennial valuation											●	●
Pooling and implementation of investment strategy		Consider the suitability of opportunities such as green bonds, global property and income generation options				●				●				●
Pooling and implementation of investment strategy		Adapt to new pooling requirements and operational arrangements at BCPP	●	●	●	●				●				●
Automation of reporting of accounting and other financial information		Develop automated reporting using the custodian's platform tools, and the Council's new finance to streamline the year end accounts and other accounting processes								●	●			

			2026/2027				2027/2028				2028/2029				
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Governance															
LGPS Fit for the Future (including SAB Good Governance recommendations)	Head of Investments / Head of Pensions Administration	Await outcome Gap analysis against existing policies and procedures Update existing or draft new policies and procedures Implement the new requirements	●	●	●										
Administration															
McCloud remedy	Head of Pensions Administration	Recalculate benefits for affected members Implement uplifts across all affected members Communicate changes to affected members		●											
Pensions Dashboard		Await connection to public dashboard						●							
Access and Fairness		Await outcome Recalculate and implement benefits for affected members Communicate changes to affected members Amend internal processes and deliver staff training Update website, guides and letters	●												
LGPS Scheme improvements (access and protections)		Await outcome Amend internal processes and deliver staff training Update website, guides and letters Communicate changes to employers Develop reporting functionality	●	●					●	●					

			2026/2027				2027/2028				2028/2029			
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Business Improvement														
Improve self-service functionality	Head of Pensions Administration	Issue targeted communications to promote take up Implement new functionality as it's released by the supplier Review and update online content	●	●	●	●								
Process automation		Develop and roll out refund online functionality Develop and roll out retire online functionality			●									

Business Plan 2026/27 - 2028/29

Vision

To continuously develop and improve our services, to put our customers at the heart of everything that we do and to ensure that sufficient resources are available to pay pension benefits when they fall due

Objectives

Maximise investment returns, manage scheme funding, provide excellent customer care and ensure effective Fund governance

Key Activities

Those additional activities identified as essential in the next 3 years to enable delivery of our vision and objectives

Funding

Income monitoring

Investment

Implementation of new investment strategy

Pensions review conclusions

Pooling investment opportunities

Governance

LGPS Fit for the Future

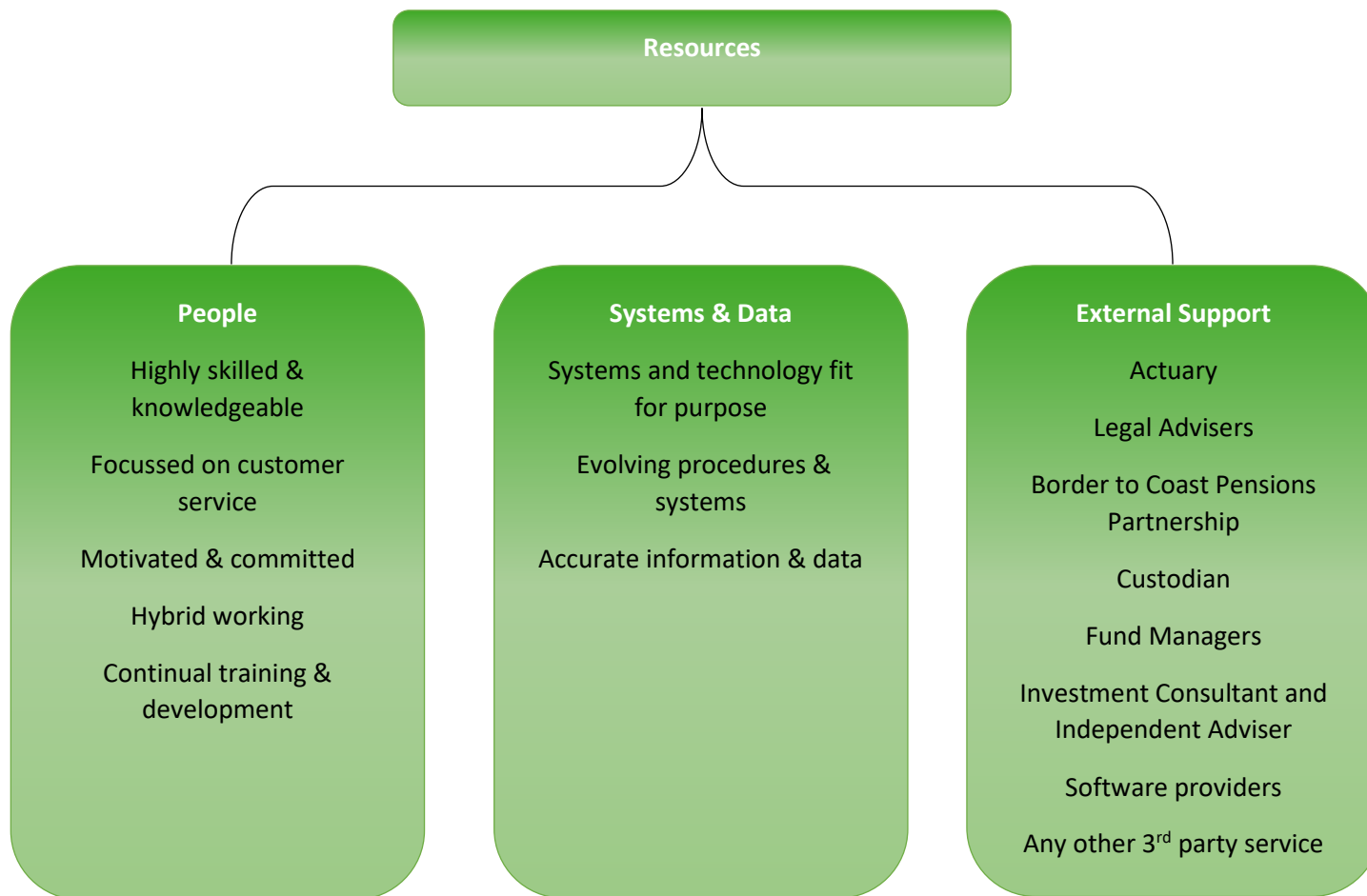
Administration

McCloud remedy
Pensions Dashboard
Access and Fairness

LGPS scheme improvements (access and protections)

Business Improvement

Improve self-service functionality
Process automation



Appendix 4

North Yorkshire Pension Fund - 2026/27 Budget
Cost of Running The Pension Fund

	Budget 2025/2026 £k	Forecast 2025/2026 at Q3 £k	Variance £k	Estimated Budget 2026/2027 £k
EXPENDITURE				
<u>Admin Expenses</u>				
Finance and Central Services	510	510	-	530
Provision of Pensioner Payroll (ESS)	79	82	3	83
Pensions Administration Team	1,680	1,680	-	1,663
McCloud	30	30	-	15
Other Admin Expenses	619	643	24	483
Total Admin Expenses	2,918	2,945	27	2,774
<u>Oversight and Governance</u>				
Actuarial Fees	102	102	- 0	70
Custodian Fees	79	50	- 29	53
Investment Consultant Fees	200	230	30	150
Pooling: Governance & Projects	578	738	160	564
Other O & G Expenses	162	155	- 6	162
Total Oversight and Governance	1,121	1,276	154	999
<u>Investment Fees</u>				
Performance Fees	1,966	1,829	- 137	
Investment Base Fees	34,700	35,205	505	
Total Investment Fees	36,666	37,034	368	
TOTAL	40,705	41,255	550	3,773

North Yorkshire Pension Fund - Cash Flow Forecast

	2025/2026 Forecast £k	2026/2027 Forecast £k	2027/2028 Forecast £k	2028/2029 Forecast £k
SCHEME PAYMENTS				
Benefits				
Pensions	(140,600)	(149,500)	(158,900)	(168,900)
Lump Sums	(41,700)	(44,300)	(47,100)	(50,100)
	(182,300)	(193,800)	(206,000)	(219,000)
Transfers out	(22,900)	(23,600)	(24,300)	(25,000)
Refunds to leavers	(600)	(600)	(600)	(600)
	(23,500)	(24,200)	(24,900)	(25,600)
Operational Expenses				
Admin Expenses	(3,028)	(2,774)	(2,885)	(3,000)
Oversight and Governance	(1,276)	(999)	(1,044)	(1,086)
	(4,304)	(3,773)	(3,929)	(4,086)
TOTAL PAYMENTS	(210,104)	(221,773)	(234,829)	(248,686)
SCHEME RECEIPTS				
Employer and Employee Contributions	159,800	128,900	132,700	136,700
Transfers in	38,100	26,500	27,300	28,100
TOTAL RECEIPTS	197,900	155,400	160,000	164,800
SCHEME SURPLUS/ (DEFICIT)	(12,204)	(66,373)	(74,829)	(83,886)