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|-----------------------------------|--|---------------|------------------|
| Subject | Pensions Authority Budget 2026/27 | Status | For Publication |
| Report to | Authority | Date | 12 February 2026 |
| Report of | Chief Finance Officer | | |
| Equality Impact Assessment | Not Required | Attached | No |
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1 Purpose of the Report

1.1 To present the Authority budget proposals for 2026/27 for approval.

2 Recommendations

2.1 Members are recommended to:

- Approve the 2026/27 budget for the Authority, a total of £9,400,860.**

3 Link to Corporate Objectives

3.1 This report sets out the budget for 2026/27 and the proposals are prepared on the basis of providing sufficient resources to support the delivery of all the corporate objectives set out below.

3.2 The budget preparation and approval process itself links to the 'Effective and Transparent Governance' objective by ensuring that the financial plans are transparent, are subject to proper scrutiny and oversight, and that the Authority is accountable for its use of resources.

Customer Focus

To design our services around the needs of our customers (whether scheme members or employers).

Listening to our stakeholders

To ensure that stakeholders' views are heard within our decision making processes.

Investment Returns

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

Responsible Investment

To develop our investment options within the context of a sustainable and responsible investment strategy.

Scheme Funding

To maintain a position of full funding (for the Fund as a whole) combined with stable and affordable employer contributions on an ongoing basis.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

Valuing and engaging our Employees

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

4 Implications for the Corporate Risk Register

- 4.1 The budget proposals outlined in this report have been prepared with the aim of ensuring that the Authority will have sufficient resources to meet its obligations and to support the risk mitigation actions being taken as set out in the Corporate Risk Register.

5 Background and Options

- 5.1 The overall aim of the budget process is to ensure that the organisation's financial resources and allocations support the achievement of the corporate aims and objectives set out in the Authority's Corporate Strategy. Therefore, the proposals set out in this report have been shaped by the overall context and strategic direction of the organisation.

Financial Context

- 5.2 The running costs of the Authority are met from the Pension Fund in accordance with regulations and do not therefore fall on Council Tax, nor is the Authority reliant upon Government grant funding. As such, the Authority is less exposed to the wider constraints on the public sector financial environment than our colleagues in the major employing organisations within the Pension Fund. There is, however, an imperative to manage the resources for which we are responsible in such a way that our expenditure does not negatively impact on the overall performance of the Pension Fund.
- 5.3 The table on the following page shows the proposed budget for 2026/27 and the main changes within this when compared to the budget for the 2025/26 year.

Table 1: South Yorkshire Pensions Authority – Operating Budget 2026/27

| Operational Budget | 2025/26 Revised Budget | Transfers Between Budget Heads | Salaries Budget Movement | Other Budget Movements | 2026/27 Budget for Approval |
|---|------------------------|--------------------------------|--------------------------|------------------------|-----------------------------|
| Cost of Services | | | | | |
| 1) Pensions Administration | 3,961,370 | 0 | 129,550 | 139,670 | 4,230,590 |
| 2) Investment Strategy | 666,630 | 0 | (59,790) | (60,360) | 546,480 |
| 3) Resources | 1,585,950 | (49,680) | 72,470 | 40,750 | 1,649,490 |
| 4) ICT | 1,790,060 | (39,800) | 68,370 | (4,670) | 1,813,960 |
| 5) Central Costs | 815,010 | 48,150 | (5,170) | (19,450) | 838,540 |
| 6) Democratic Representation | 156,100 | 0 | 0 | 17,770 | 173,870 |
| Residual Unfunded Liabilities of South Yorkshire County Council | 312,000 | 0 | 0 | (23,000) | 289,000 |
| Subtotal Revenue Expenditure | 9,287,120 | (41,330) | 205,430 | 90,710 | 9,541,930 |
| Capital Expenditure | 130,000 | 0 | 0 | (85,000) | 45,000 |
| Minimum Revenue Provision Charge | 3,450 | 41,330 | 0 | 3,700 | 48,480 |
| Financing/Interest Charge | 36,910 | 0 | 0 | (2,460) | 34,450 |
| Levy on District Councils for Residual Liabilities | (312,000) | 0 | 0 | 23,000 | (289,000) |
| Subtotal before transfers to / (from) reserves | 9,145,480 | 0 | 205,430 | 29,950 | 9,380,860 |
| Appropriations to / (from) Reserves Total | (94,650) | 0 | 0 | 114,650 | 20,000 |
| Grand Total | 9,050,830 | 0 | 205,430 | 144,600 | 9,400,860 |

| 2025/26 Budget | Total Charge to the Pension Fund comprises: | 2026/27 Budget |
|---------------------------|--|---------------------------|
| £ | | £ |
| 6,462,580 | Administration Expenses | 6,926,160 |
| 838,890 | Investment Management Expenses | 720,930 |
| 1,749,360 | Oversight & Governance Expenses | 1,753,770 |
| 9,050,830 | | 9,400,860 |

5.4 The overall budget requirement is for a total of £9,400,860 representing a total increase of £350,030 on the previous annual budget of £9,050,830.

5.5 The total proposed increase in the budget for 2026/27 and how this translates into Cost Per Member, is analysed in the tables below.

| Budget Increase | 2025/26 | 2026/27 | Increase |
|------------------------|---------------------------------|---------------------------------|-----------------|
| Budget Total | £9,050,830 | £9,400,860 | £350,030 |
| | Estimated 31/03/2026 | Estimated 31/03/2027 | Increase |
| Membership Totals | 183,530 | 185,920 | 2,390 |
| Total Cost Per Member | £49.32 | £50.56 | £1.24 |
| Increase as % | | | 2.5% |

5.6 The table above shows that the increase in the proposed budget for 2026/27 is equivalent to a 2.5% increase in cost per member. The cash limit for the budget increase – based on our own self-imposed guideline (set out in the Medium Term Financial Strategy) of the weighted average of pay inflation (at 3.5% for 2026/27) and CPI inflation (at 3.2% in November 2025) – would equate to 3.4%. Therefore, the increase proposed within this budget is below the guideline by 0.9%.

Salaries Budget Movement

5.7 The total increase of £205,430 on salaries budgets is analysed in the table below.

| Employee Budget (Salary + On-costs) | Budget £ |
|--|---------------------|
| 2025/26 Employee Budget | 6,442,860 |
| Pay award inflation estimated at 3.5% | 225,940 |
| 2026/27 Increase in National Insurance Costs | 40,080 |
| 2026/27 Decrease in Employer Pension Contributions | (121,140) |
| Deletion of 1.0 FTE within Investment Strategy | (67,130) |
| Addition of 1.0 FTE within Governance and Corporate Services | 58,560 |

| Employee Budget (Salary + On-costs) | Budget £ |
|---|---------------------|
| Addition of 1.0 FTE Apprentice role within ICT | 32,400 |
| Other Changes (E.g. Career grade progression, incremental progression, hours changes, etc.) | 32,400 |
| Increase in Vacancy Allowance | 4,320 |
| Total Movement | 205,430 |
| 2026/27 Employee Budget | 6,648,290 |

5.8 An assumption of 3.5% has been used for pay inflation. No formal offer from the employer side of the NJC has yet been made. This assumption of 3.5% is deemed to be a prudent estimate taking into account pay awards in recent years and the current financial climate.

5.9 The 2025 valuation of the Fund showed a strong funding position for the Fund as a whole and for the Authority's position as an employer. This has resulted in a reduction in the Authority's employer contribution rate from 14.4% last year to 11.4% for the period April 2026 to March 2029. The new rate comprises 16.2% primary contribution rate and -4.8% secondary rate. This reduction has driven a net decrease in budgeted pension costs of £121,140.

5.10 Deletion of 1.0 FTE Investment Analyst post within Investment Strategy. This role became vacant in December. The main responsibilities of this role were focussed on management of the legacy assets portfolio, which will be transferring to be fully managed by the Pool during the first quarter of 2026. Consequently, it is not proposed to fill this vacancy and instead to remove it from the staffing budget and establishment.

5.11 An addition of one new service manager position within Governance and Corporate Services. This is being proposed after careful review and consideration of the resourcing needs in this area going forward. The role is designed to provide additional capacity, resilience and support in particular to the Head of Governance & Corporate Services to meet the increasing demands required to ensure a robust framework of governance, compliance and controls within the context of the regulatory environment, including the new requirements coming through in the Pension Schemes Bill. The new role is also part of succession planning and risk management of single person risk.

5.12 An addition of one new apprentice role within ICT. This will be to support the Operations Management Officer and has been created following a review of what was needed in this area after the previous role of Business Support Officer was left vacant in 2025. That vacant role and associated budget were transferred to fill a gap in the Corporate Services team.

5.13 The Authority sets a vacancy allowance when preparing the budget to allow for the effects of staff turnover and time taken to recruit which can result in periods of posts being vacant. This allowance has been set at -1.0% (in line with 2025/26) of the total salaries budget. In 2026/27 the vacancy allowance has been removed for smaller teams with minimal staff movement to reduce budget variances. The net impact is a small decrease in total vacancy allowance, leading to the overall minor cost increase of £4,320.

5.14 Having invested in a substantial amount of growth in the overall staffing establishment in 2023/24 and 2024/25, there was only minimal change to staffing numbers in 2025/26. The proposals for 2026/27 include a minor overall increase of 1.3 FTE. The table below shows the impact of individual movements proposed.

| | 2025/26 Establishment | Transfers Between Budget Heads | Miscellaneous Changes | Growth | 2026/27 Establishment |
|-------------------------|--------------------------|---|--------------------------|------------|--------------------------|
| | FTE | FTE | FTE | FTE | FTE |
| Pensions Administration | 77.2 | 0.0 | 0.1 | 0.0 | 77.3 |
| Investment Strategy | 4.0 | 0.0 | 0.0 | -1.0 | 3.0 |
| Resources | 28.4 | -1.8 | 0.2 | 1.0 | 27.8 |
| ICT | 19.3 | -1.0 | 0.0 | 1.0 | 19.3 |
| Central Costs | 1.0 | 2.8 | 0.0 | 0.0 | 3.8 |
| Total | 129.9 | 0.0 | 0.3 | 1.0 | 131.2 |

5.15 The transfers between budget heads represents the movement of the small HR team from Resources to Central Costs. This aligns the team with the new organisational hierarchy, as they report directly to the Director.

5.16 The variance within the Minor Changes column represents minor increases in hours within Pensions Administration and Resources.

5.17 As shown in the table above, there are two items of growth proposed in Resources and ICT – this is the addition of 2.0 FTEs. A service manager role within Governance and Corporate Services and an Apprentice role within ICT as noted in paragraphs 5.11 and 5.12 above. This growth is partially offset by the deletion of 1 FTE within Investment Strategy, as noted at paragraph 5.10 above.

5.18 The Authority produces a Pay Policy Statement which sets out its arrangements for pay and reward. The updated Pay Policy Statement for 2026 is elsewhere on this agenda.

Other Budget Movements

5.19 Table 1 at paragraph 5.3 sets out the net budget impact of various specific changes to individual budget items within running costs. The total shown (before transfers to / from reserves) in this column of £29,950 is analysed with explanations for the budget movements in the following table.

| Item of Expense | Detail | Total £ |
|---------------------------------|---|----------------|
| Pensions Administration | | 139,670 |
| Resource Planning Budget | A resource planning budget is proposed to meet potential costs in relation to development and implementation of plans around workforce resilience and sustainability within Pensions Administration in 2026/27. The focus of this budget will be to support our strategic objective of ensuring the Benefits Team is suitably equipped to effectively manage outstanding, current and future casework volumes. Analysis and planning is currently in progress to ensure any changes proposed will be evidence-based and informed by a sound assessment of future demands as well as future impact of efficiencies from use of technology. Pending completion of that work, it is not possible to propose specific changes to staffing and employee budgets at this stage. | 130,000 |

| Item of Expense | Detail | Total £ |
|---|--|------------|
| Hybrid Mail | However, the opportunity is now being taken to propose this amount as a separate budget line that can be utilised during the year and directed as appropriate to best meet the need and achieve the most positive impact on service delivery. | |
| Professional Consultancy Fees | The Authority has a new contract in place for Hybrid Mail, the system that distributes communications to members of the scheme. The contract renewal will bring improvements in quality and additional services / functionality that will enhance efficiency in our operations. This has resulted in an increase in the annual cost for the service. | 13,000 |
| Other Professional Services | In 2025/26 a budget was introduced for external support in the design and production of member communications. The required work and associated costs are now being met within the budgeted resources of the Communications team (within Resources); therefore, this professional consultancy budget for pensions administration is no longer required. | (10,000) |
| Miscellaneous | Review of costs in 2025/26 has identified a steady increase in the volume of death certificates needing to be obtained and consequently this additional budget amount is required. | 1,500 |
| Investment Strategy | | (60,360) |
| Consultancy Fees | The Investment Strategy Statement is reviewed triennially alongside the valuation process, with the support of external consultants. A reserve is built up to meet these costs in every third year. The costs for the latest review fell into 2025/26, so the budget for 2026/27 is a reduced amount to meet the contribution to the reserve only. This will be reviewed again in light of the move to the Pool company providing the principal source of advice for the Fund in future. | (40,000) |
| Bloomberg License | The Authority currently holds two licenses for Bloomberg, software which supports investment decisions. Having reviewed the usage of the license, and the expected requirements with the further transition of assets to Border to Coast, the decision has been made to reduce to one license. Following the final transition of the remaining legacy assets it is anticipated that the remaining licence will no longer be required. | (20,000) |
| Miscellaneous | Net total decrease on other budget lines driven by a reduction in the benchmarking costs, training requirements and long service and recognition, offset by an increase in investment advisor fees. | (360) |
| Resources | | 40,750 |
| Assistant Director – Resources Contingency | A contingency budget is included to meet potential costs in relation to transitional arrangements following the completion of recruitment to the Assistant Director - Resources post. | 26,300 |

| Item of Expense | Detail | Total £ |
|------------------------------------|--|----------------|
| Income | With effect from 1st April 2026, the number of Employers within the Scheme will reduce. This is a result of a change whereby each Multi Academy Trust (MAT) and all of the individual academies that are part of it will be treated as one scheme employer, instead of the current situation where each individual academy is treated as a separate employer. Consequently, the administration costs that are recovered for collating information for the Actuary, based on the number of different individual employers, will reduce by an estimated £13,300. Additionally, an income stream of £5,100 for meeting the costs associated with fulfilling the Secretariat role to the Border to Coast Joint Committee will no longer be required as this role is being transferred to one of the incoming Partner Funds within the pool. This change and the rationale for it were previously communicated to the Authority. | 18,400 |
| Other Professional Services | There is a net total decrease comprising the following items: a) A reduction of (£5,000) for non-recurrent costs utilised in 2025/26 on additional consultancy, to support work on making greater use of available functionality in the democratic reporting system to improve efficiency and effectiveness. b) An increase of £2,700 for support with producing the SYPA In Focus Video and Annual Report. | (2,300) |
| Miscellaneous | Net total decrease due to other minor changes following a review of a number of budgets for items such as long service award, training, corporate subscriptions and recruitment. | (1,650) |
| ICT | | (4,670) |
| Cyber Security | The Authority continues to place a strong emphasis on continually enhancing our Cyber Security defences, through the delivery of our Cyber Security Strategy. The main driver of the budget increase is the implementation of Cyber Security Insurance, to mitigate the impact of any Cyber Security attack in the worst-case scenarios. | 31,500 |
| Professional Training | In previous years, heavily discounted training has been secured for the ICT and Pensions Systems team, however the discounts are no longer available, resulting in an increased cost. Additionally, new staff within the team require a more substantial training programme, therefore driving the increase in the 2026/27 budget. | 18,500 |
| Software Costs | There is a net total decrease comprising the following items: a) The HR & Payroll System was procured in September 2025, with the majority of the implementation costs falling in 2025/26. The certainty of the new contract costs has reduced the budget by (£35,750). b) The 2025/26 Pensions Administration System budget included substantial, one-off implementation costs for a new Automation Module. The successful delivery of this module has resulted in the budget reducing by (£33,810). c) The Finance System budget has increased by £9,270. To unlock additional benefits from the system we have had to expand the user base across the Authority, resulting in an increase to the number of user licences required. | (49,550) |

| Item of Expense | Detail | Total £ |
|--------------------------------------|--|------------|
| | d) The other software costs budget has increased by £10,740. The main driver of the increase is our next Microsoft 365 contract in October 2026. | |
| Miscellaneous | Net total decrease on other budget lines driven by a reduction in the telephony costs, warranties usage and hardware requirements. | (5,120) |
| Central Costs | | (19,450) |
| Corporate Contingency | The corporate contingency budget included last year, relating to senior management succession planning and Director transitional arrangements is no longer required. | (55,950) |
| Premises | A decrease in premises costs driven in the main by a reduction in utility costs and also by a reduction in Business Rates for Oakwell House resulting from changes introduced by Government to the business rates multipliers. | (14,400) |
| Professional Consultancy Fees | The Authority's first Environmental Strategy is currently being drafted by Officers. To ensure we are delivering a robust, relevant and proportional Strategy, external consultancy will be required to support this, as a one-off exercise. | 20,000 |
| Insurance | For 2025/26 we entered into a new contract following the transition of the commercial property portfolio to Border to Coast Pensions Partnership. The previous Authority contract had the benefit of economies of scale through the Fund's significant property portfolio, the result of the removal of this from the contract is an increase in pricing for the Authority. The timing of the new contract meant it was not included at the correct cost in the 2025/26 budget, leading to the increase for 2026/27. | 9,630 |
| Service Level Agreements | The Service Level Agreements for HR and Internal Audit services, provided by Barnsley MBC, are increasing in cost due to inflation. | 6,400 |
| External Audit | Public Sector Audit Appointments Ltd (PSAA) have confirmed the audit contract scale fees for the audit of 2024/25, and this has been used to estimate the fee for the 2025/26 audit to be included in the 2026/27 budget requirements. The scale fees include provisions for additional audit work required as a result of changes to auditing standards, and inflationary uplifts. | 5,140 |
| Professional Training | Increased Corporate training budget to support the delivery of key development programmes for staff across the Authority. | 3,940 |
| Miscellaneous | Net total increase on other budget lines due to contractual inflation, plus other minor changes, following review of a number of budgets for items such as the apprenticeship levy, corporate subscriptions and health, safety and wellbeing. | 5,790 |
| Democratic Representation | | 17,770 |
| Authority and Committees | There is a total increase comprising the following items: a) The Access and Protections consultation proposes to provide LGPS access for councillors and mayors, expected to be with effect from 01 April 2026. A prudent budget has been set to cover the cost of employer contributions on the allowances for Councillor members of the Authority, at a cost of £11,780. | 15,960 |

| Item of Expense | Detail | Total £ |
|-------------------------------------|---|------------|
| | b) Other minor changes, following review of a number of budgets for items including allowances, training, professional fees and other minor running costs totalling £4,180. | |
| Local Pension Board | Net total increase due to inflation, plus other minor changes, including allowances, adviser fees and training | 1,810 |
| Capital Expenditure | | (85,000) |
| ICT Hardware | The 2025/26 budget included non-recurrent investment in the Events Room, to provide better facility for the hosting and streaming of public meetings held as hybrid events. The works had been due to be completed in January 2026; however, these have slipped to April 2026. The underspend in 2025/26 will be transferred to Reserves ahead of the usage in 2026/27. The 2026/27 budget contains the ICT replacement programme for laptops and a server replacement. | (85,000) |
| MRP | | 3,700 |
| MRP | In line with the 2024/25 CIPFA Code of Practice changes to IFRS 16 - Leases, the Authority requires a separate budget for MRP charges. This replaces the budget line previously held within central costs for lease rental adjustment. The total cost of the Financing and MRP charges represents the rent payments for the Oakwell House lease. | 3,700 |
| Financing/Interest Charges | | (2,460) |
| Financing/Interest Charges | In line with the 2024/25 CIPFA Code of Practice changes to IFRS 16 - Leases, the Authority requires a separate budget for Financing charges. The total cost of the Financing and MRP charges represents the rent payments for the Oakwell House lease. | (2,460) |
| Total Other Budget Movements | | 29,950 |

Reserves

5.20 The movement and estimated balances on the Authority's earmarked reserves arising from the budget proposals are as follows.

| Reserve | Forecast Balance 1 April 2026 | Contributions to Reserves £ | Contributions from Reserves £ | Estimated Balance 31 March 2027 |
|--|-------------------------------|-----------------------------|-------------------------------|---------------------------------|
| Corporate Strategy Reserve | 153,855 | 20,000 | 0 | 173,855 |
| ICT Reserve | 269,360 | 0 | 0 | 269,360 |
| Capital Projects Reserve | 116,380 | 0 | 0 | 116,380 |
| Total Earmarked Reserves | 539,595 | 20,000 | 0 | 559,595 |
| Net total transfer (from) reserves: | | 20,000 | | |

5.21 The Corporate Strategy reserve is held for providing additional funds required for one-off corporate plan projects and to mitigate risk. The planned transfer to this reserve in 2026/27 relates to a contribution for the costs of the triennial investment strategy review. The changes arising from the Pension Schemes Bill, involving a move to the Pool providing our principal source of advice in future, means that there remains some uncertainty over what costs may be required for the next review in 2028/29. Therefore, we will continue with setting aside this amount in 2026/27 and will review the position and requirements for this item when preparing next year's budget.

5.22 The ICT reserve holds funds from the income generated from the sales of internally developed software to other pension funds and previous ICT budget underspends. The reserve is used to provide funding for the enhancement of ICT systems and infrastructure as required to support the delivery of corporate objectives. There are no planned transfers to this reserve in 2026/27.

5.23 The Capital Projects reserve holds funds required for one-off costs of large capital projects. The plans for this reserve relate to setting aside and drawing down of funds as appropriate for meeting future costs of various ICT Hardware replacement and purchasing programmes, as well as for larger maintenance and/or upgrade projects that may be required in future years on the Oakwell House office. There are no planned movements to or from this reserve for 2026/27.

Local Pension Board

5.24 Included within the Democratic Representation budget shown above is the budget for the Local Pension Board, a total of £52,810.

5.25 A draft budget for the Board totalling £52,810 was considered at their meeting on 6 November 2025 and the Board recommended this to the Authority for approval.

Report Under Section 25 of the Local Government Act 2003

5.26 Part 2 of the Local Government Act 2003 contains a series of duties and powers that give statutory support to aspects of good financial management within local government.

5.27 Section 25 requires the statutory chief finance officer to report to an Authority on the robustness of the estimates included in the budget and the adequacy of the proposed reserves when it is making its decision on determining the council tax. Whilst the Pensions Authority budget does not have any direct impact on council tax, it is nevertheless good practice to apply the same requirement here.

5.28 In considering the robustness of any estimates, the following issues are taken into account:

- The reasonableness of the underlying budget assumptions.
- The extent to which known costs and pressures have been recognised in the proposed budget.
- A review of risks associated with the budget.
- The alignment of resources with the Authority's service and organisational priorities.
- The strength of financial management and reporting arrangements.

5.29 The preparation of the 2026/27 budget reflects the continued embedding of improvements and benefits realisation following the investment in staffing growth seen in recent years through various corporate resourcing and resilience projects. As well as the continued review of the Authority's needs relating to delivery of day-to-day operations and the planned requirements for delivering the corporate plan and addressing the risks facing the organisation as detailed in the corporate risk register. The budget growth of 2.5% in 2026/27 (7.3% in 2025/26) reflects the settling of

organisational growth and change, despite persistent inflation. It should be noted this position has been supported by the reduction in the Authority's employer contributions as referenced at paragraph 5.9.

- 5.30 Detailed budget monitoring is carried out throughout the year and reported on quarterly. This ensures that budgeted resources going forward are determined and allocated to reflect the actual needs of the organisation.
- 5.31 Employee costs make up approximately 71% of the overall budget. The budget estimates for employee costs have been prepared based on a detailed line-by-line analysis, taking account of career grade progression, individual incremental progression, and the estimates include additional costs arising on employers' national insurance as set out in the relevant section above.
- 5.32 As outlined in the table and explanations at paras 5.8 above, an assumption of 3.5% has been used for estimating pay award inflation. The actual pay award is not yet known and will be determined by the National Joint Council for Local Government Services. We have not received any indication of what the employer side will offer. In 2025/26 the pay award was 3.2% on all scale points. The assumption of 3.5% for the 2026/27 budget is considered to be appropriate and prudent based on the best information available at this time and taking account of the potential for the award to be set using a fixed cash amount, as seen in previous years. Considering the wider public sector pay policy constraints and the pressures on Local Government finances, the risk that the pay award will be higher than the 3.5% assumption used is considered to be minimal. There is a risk that it could be lower, in which case this would result in an under-spend.
- 5.33 The budget estimates have been developed specifically to align with the Authority's corporate strategy and priorities.
- 5.34 The budget is monitored regularly throughout the year and forecast outturn and variances reported to the Authority every quarter. During 2025/26, work has commenced on developing understanding and involvement of budget managers across the Authority. This will continue into 2026/27 with developments in reporting and external training planned for budget managers.
- 5.35 The Chief Finance Officer therefore considers that the estimates included in the budget are robust.
- 5.36 The reserves held by the Authority are required to fund specific expenditure in future years or are required to provide risk finance. As set out in the Medium Term Financial Strategy, our policy is to limit the total amount held in the revenue earmarked reserves to no more than 10% of the total budget.
- 5.37 The proposed reserves total of £560k forecast at 31 March 2027, as set out in the table at 5.20 above, represents 6% of the total budget for 2026/27 and is therefore well below our self-imposed limit.
- 5.38 The reserves position has been strengthened by forecast underspends in 2025/26, placing the Authority in a robust financial position moving into 2026/27. This improved resilience provides greater flexibility to respond to future financial pressures and planned capital requirements.
- 5.39 The proposals at paragraphs 5.21 to 5.23 include one transfer into the corporate reserve and no other transfers into or drawdowns from the other reserves for this year. During 2026/27, a strategic review of reserves will be undertaken to ensure that balances remain adequate and appropriately aligned to forthcoming priorities, including potential capital requirements such as the laptop replacement programme, major software projects, and any required works to Oakwell House.
- 5.40 As Chief Finance Officer, I consider the balance on reserves forecast at 31 March 2027 to be at a level that I judge to be adequate for the Authority's needs for the year ahead,

as we head into a period within which the context will be small contributions to our reserves.

5.41 In practice, as the Authority's expenditure is almost entirely funded by the Pensions Fund which has an asset value of just over £12 billion, there is little risk associated with the balance of reserves. Nevertheless, the required budgetary control is applied, and the aim is to ensure that the Authority's reserves are adequate to meet the organisation's needs and manage risk without the need to request any further resourcing from the Fund beyond the proposals in this report.

Conclusion

5.42 The budget proposals outlined in this report are based on a continued approach of comprehensively reviewing the resource needs in the context of the Authority's current and future requirements. The areas suggested for additional investment have been carefully identified to link to and support the achievement of the Corporate Strategy objectives.

6 Implications

6.1 The proposals outlined in this report have the following implications:

| | |
|-----------------|--|
| Financial | As set out in the body of the report. |
| Human Resources | The budget proposals include the addition of staff resources in certain areas as set out in the table and commentary at paragraphs 5.14 to 5.18. |
| ICT | The budget proposals include specific resources for the development of the ICT infrastructure and systems available as set out in the main body of the report. |
| Legal | The setting and monitoring of the budget requirement ensures that the Authority complies with the Local Government Act 2003. |
| Procurement | The budget proposals include resources to support any procurement activity that will need to be undertaken. The procurement forward plan is elsewhere on this agenda for approval. |

Will Goddard

Acting Assistant Director – Resources & Chief Finance Officer

| Background Papers | |
|--------------------------|--|
| Document | Place of Inspection |
| Budget working papers | Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG |