



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 5

23rd November 2022

Finance Update

Purpose of Report:

To present financial statements comprising:

- a 2022/23 administration cost monitoring statement; and
- a 2022/23 cash flow statement.

Recommendations:

The committee is asked to NOTE the contents of this report.

Ward No(s):

Citywide:

Local member(s) advised: Yes No consulted: Yes No

1 Introduction

Financial transactions and data for the Strathclyde Pension Fund are held and processed on a number of different systems. These can be broken broadly into three areas as follows:

- **Funding:** long term cash flows and financing requirements are assessed in the three yearly actuarial valuation carried out by Hymans Robertson.
- **Investment:** detailed investment records are maintained by the Fund's external investment managers and global custodian and summarised in regular investment reports.
- **Administration:** pensions benefits are calculated and recorded on the *Altair* pensions system within Strathclyde Pension Fund Office (SPFO). Payments are made from and received into the SPFO bank account. The Council's SAP-based financial systems are used for reporting. This report presents a current overview of the administration costs and cash flow for SPFO.

2 Administration Cost Monitoring Statement

The summary statement below shows administration costs for 2022/23 to period 7 – ending 22nd September 2022. The statement shows total net budgeted expenditure for the year to date of **£2.341 million** and a total underspend for the year to date of **£0.128 million**. This underspend relates mainly to employee costs where several vacancies are in the process of being filled.

2022/23 Annual Budget £000	SPFO Budget	2022/23 Actual YTD £000	2022/23 Budget YTD £000	2022/23 Variance YTD £000
3,693	Employee costs	1,567	1,688	-121
551	Property costs	245	245	0
929	Supplies and services	354	357	-3
332	Contracted services	66	66	0
1,137	Central Support	0	0	0
6,642	Total Expenditure	2,232	2,356	-124
-177	Income	-19	-15	-4
6,465	Net Expenditure	2,213	2,341	-128

In accordance with the Local Government Pension Scheme regulations, administration costs are charged against the Fund and do not represent a direct charge to Council Tax.

3 Cash Flow Statement

The cash flow statement shows receipts, payments and current cash balances. The summary statement below shows net outflows exceeding inflows by **£61.3 million**. There has been no requirement for any additional transfers from investments in the year to date. This results in a balance of **£46.8 million** at the end of period 7. The current projection is that both income and expenditure will be slightly lower than originally estimated. The main cause of this is minor differences between estimated and actual member and pensioner volumes in the year to date. Transfers from investment balances can be made as necessary.

	Total To period 7 £000	Estimate 2022/23 £000	Probable Outturn £000
Opening Balance	108,088	108,088	108,088
<u>Cash Movements</u>			
Expenditure	-396,353	-746,111	-739,903
Income	335,021	699,139	683,711
Net Addition/Reduction(-)	-61,332	-46,972	-56,192
Revised Closing Balance	46,756	61,116	51,896

4 Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	None
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

Council Strategic Plan: Strathclyde Pension Fund aligns with the theme of a well governed city.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2022-25

Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

What are the potential equality impacts as a result of this report?

No specific equalities impacts.

Please highlight if the policy/proposal will

Not applicable

help address socio economic disadvantage.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

N/A.
Monitoring report.
Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan.

What are the potential climate impacts as a result of this proposal?

N/A.

Will the proposal contribute to Glasgow's net zero carbon target?

N/A.

Privacy and Data Protection impacts:

None

5 Recommendations

The committee is asked to note the contents of the report.