Item 4

7th September 2022

Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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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 4 – ending 1st July 2022. The statement shows total net budgeted expenditure for the year to date of **£1.250 million** and a total underspend for the year to date of **£0.040 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
3,701	**Employee costs**	875	914	-39
551	**Property costs**	126	126	0
929	**Supplies and services**	164	162	2
332	**Contracted services**	0	0	0
1,137	**Central Support**	96	96	0
6,650	**Total Expenditure**	**1,261**	**1,298**	**-37**
-177	Income	-11	-8	-3
6,473	**Net Expenditure**	**1,250**	**1,290**	**-40**

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 **£50.4 million** for the year to date. There has been no requirement for any additional transfers from investments in the year to date. This results in a balance of **£57.7 million** at the end of period 4. 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 4 £000	Estimate 2022/23 £000	Probable Outturn £000
Opening Balance	**108,088**	**108,088**	**108,088**
Cash Movements			
Expenditure	-178,927	-746,111	-741,226
Income	128,527	699,139	693,806
Net Addition/Reduction(-)	**-50,400**	**-46,972**	**-47,420**
Revised Closing Balance	**57,688**	**61,116**	**60,668**

4 Policy and Resource Implications

Resource Implications:

Financial:	None
Legal:	None
Personnel:	None
Procurement:	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 2021-25	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 help address socio economic disadvantage.	Not applicable

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.