



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 7

27th November 2019

Financial Statements

Purpose of Report:

To present financial statements comprising:

- a 2019/20 administration cost monitoring statement; and
- a 2019/20 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

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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 2019/20 to period 8 – ending 25th October 2019. The statement shows total net budgeted expenditure for the year of **£2.506 million** and a total underspend for the year to date of **£0.196 million**. This underspend is almost entirely in respect of employee costs and relates to vacancies pending posts being filled, reduced hours, career breaks and maternity leave.

2019/20 Annual Budget (£000)	SPFO Budget	2019/20 Actual YTD (£000)	2019/20 Budget YTD (£000)	2019/20 Variance YTD (£000)
3,504	Employee costs	1,793	1,996	-203
515	Property costs	354	354	0
740	Supplies and services	206	198	8
3	Transport costs	1	2	-1
320	Contracted services	48	48	0
1,137	Central Support	0	0	0
6,219	Total Expenditure	2,402	2,598	-196
-158	Income	-92	-92	0
6,061	Net Expenditure	2,310	2,506	-196

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 **£30 million** for the year to date. **£45 million** has been transferred from investments, which results in a balance of **£61 million** at the end of period 8. The current projection is that income and expenditure for the year will both be higher than originally estimated. Main causes are increased member and pensioner numbers. Further transfers from investment balances can be made as necessary.

	Total To period 8 (£000)	Estimate 2019/20 (£000)	Probable Outturn (£000)
Opening Balance	46,530	46,530	46,530
<u>Income</u>			
Employee Contributions	85,650	141,076	146,829
Employer Contributions	262,484	418,886	450,713
Added Years Employee	243	600	600
Additional Employer	9,944	25,000	25,000
Transfer Values In	3,826	8,000	8,000
Charges to Employers	83	0	0
Other Income	9	200	200
	362,239	593,762	631,342
<u>Expenditure</u>			
Pensions	272,893	460,336	476,217
Lump Sums	84,177	117,875	144,303
Death Gratuities	11,336	17,425	17,425
Refund of Contributions	1,033	1,600	1,600
Transfer Values Out	16,688	32,000	32,000
Manager Fees	5,842	40,628	40,628
Admin Costs	657	6,200	6,200
	392,626	676,064	718,373
Net Addition/Reduction(-)	-30,387	-82,302	-87,031
Closing Balance	16,143	-35,772	-40,501
Transfers from Investments	45,000		75,000
Revised Closing Balance	61,143	-35,772	34,499

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 2017-22 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

Sustainability Impacts:

Environmental: No impact

Social, including opportunities under Article 20 of the European Public Procurement Directive: No impact

Economic: No impact

Privacy and Data Protection impacts: None

5 Recommendations

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