



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 9

19th March 2024

Finance Update

Purpose of Report:

To provide

- a 2023/24 administration cost monitoring statement;
- a 2023/24 cash flow monitoring statement; and
- an update on progress in respect of audit of the 2022/23 Annual Report and Financial Statements.

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 2023/24 to period 12 (9th February 2024). This shows year-to-date actual expenditure of **£6.132m** compared to a budget of **£7.094m**, a year to date saving on expenditure of **£0.962 million**. This underspend relates mainly to employee costs and IT budget where expected expenditure has been delayed.

Expenditure is partially offset by other income and interest received into the day to day operating bank accounts for the period.

2023/24 Annual Budget (£000)	SPFO Budget	2023/24 YTD		
		Actual (£000)	Budget (£000)	Variance (£000)
4,480	Employee costs	3,399	3,999	600
642	Property costs	553	554	1
1,308	Supplies and services	780	1,128	348
0	Transport costs	0	0	0
417	Contracted services	346	359	13
1,220	Central support	1,053	1,053	0
8,067	Total Expenditure	6,132	7,094	962
(177)	Operating income	(225)	(152)	(73)
(0)	Interest receivable	(3,679)	(0)	(3,679)
7,890	Net Expenditure	2,228	6,942	4,714

3 Cash Flow Statement

The cash flow statement shows receipts, payments and current cash balances.

Cash Flows	2023/24		
	Actual YTD (£000)	Estimate 2023/24 (£000)	Probable Outturn (£000)
Opening Balance	114,645	114,645	114,645
Pensions Transactions			
Expenditure	(789,407)	(863,694)	(937,967)
Income	717,874	772,043	834,102
Net Addition / Reduction(-)	(71,532)	(91,651)	(103,865)
Investment Costs	(22,508)	(24,845)	(26,153)
Interest Received	3,532	0	4,104
Transfer from Investments	100,000	75,000	175,000
Closing Bank Balance	124,137	73,149	163,731

Based on actual year-to-date cash flows, the probable outturn position is that both expenditure and income will be higher than originally estimated, producing a net reduction of **£104m**. Transfers of **£175m** in total from investments will be arranged to ensure a sufficient opening balance in 2024/25 to accommodate reduced income from employer contributions as a result of the revised funding strategy.

4 2022/23 Audit of Accounts

At its meeting on 13th September 2023, the Strathclyde Pension Fund Committee:

- noted a report in conjunction with the draft EY annual audit report in relation to the audit of the accounts and the full copy of Strathclyde Pension Fund's audited Annual Accounts for 2022/23; and
- approved the Audited Annual Accounts 2022/23 for signature, subject to the conclusion of the audit by EY.

EY confirmed conclusion of their audit on agreement with Audit Scotland in March 2024 of a significant variation in their audit fee. The Audited Annual Accounts 2022/23 were duly signed on 8th March and published at:

<https://www.spfo.org.uk/article/4703/2023-Annual-Report>

5 Policy and Resource Implications

Resource Implications:

Financial: None at this time.

Legal: None at this time.

Personnel: None at this time.

Procurement: None at this time.

Council Strategic Plan: SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.***

The LGPS is one of the key benefits which enables the Council to recruit and retain staff.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2022-25? Please specify.

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?

N/a.

Please highlight if the policy/proposal will help address socio-economic disadvantage.

N/a.

Climate Impacts:

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

No direct impact.

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

No direct impact.

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

N/a.

Privacy and Data Protection Impacts:

Are there any potential data protection impacts as a result of this report No.
Y/N

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out N/a.

6 Recommendations

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