



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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**Item 4**

22nd November 2023

## 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 8 (20<sup>th</sup> October 2023). This shows year-to-date actual expenditure of **£4.179m** compared to a budget of **£4.486m**, a year to date saving on expenditure of **£0.307 million**. This underspend relates mainly to employee costs where several vacancies are in the process of being filled.

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	2,237	2,534	297
642	Property costs	353	357	4
1,308	Supplies and services	725	727	2
0	Transport costs	0	0	0
417	Contracted services	221	232	11
1,220	Central support	644	636	(8)
<b>8,067</b>	<b>Total Expenditure</b>	<b>4,179</b>	<b>4,486</b>	<b>307</b>
(177)	Operating income	(88)	(98)	(10)
(0)	Interest receivable	(2,035)	(0)	2,035
<b>7,890</b>	<b>Net Expenditure</b>	<b>2,056</b>	<b>4,388</b>	<b>2,332</b>

### 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
Expenditure	(569,641)	(863,694)	(904,792)
Income	491,701	772,043	787,763
Net Addition / Reduction(-)	(77,940)	(91,651)	(117,029)
Transfer from Investments	25,000	75,000	75,000
Closing Balance	61,705	97,994	72,616

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 **£117m**. It remains likely that transfers of **£75m** in total from investment balances will be required. These can be arranged as necessary.

### 4 2022/23 Audit of Accounts

At its meeting on 13<sup>th</sup> 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 have yet to confirm conclusion of their audit. They have requested a significant variation in their audit fee, which has been referred to Audit Scotland.

### 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  
Y/N

No.

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.