



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 6

27th November 2024

Finance Update

Purpose of Report:

To present financial statements comprising:

- a 2024/25 administration cost monitoring statement; and
- a 2024/25 cash flow monitoring statement.

The report also includes a brief update on the SPF annual audit.

Recommendations:

The committee are 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 undernoted summary statement details the administration costs for 2024/25 to period 8, ending 18th October 2024.

Year to date actual expenditure of **£4.106m** is broadly in line with the comparable year to date budget of **£4.070 m**.

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

The year to date bank interest is **£3.06m** higher than budget, mainly due to short term cash balances following the transfer of funds from investments, which were requested to ensure sufficient cash flow being available for the day to day expenses of the fund. Other operating income is performing better than the year to date budget due to annual billings being levied.

2024/25 Annual Budget (£000)	SPFO Budget	2024/25 YTD		
		Actual (£000)	Budget (£000)	Variance (£000)
4,342	Employee costs	2,092	2,079	(13)
648	Property costs	366	360	(6)
1,247	Supplies and services	695	693	(2)
0	Transport costs	0	0	0
412	Contracted services	251	229	(22)
1,275	Central support	702	709	7
7,924	Total Expenditure	4,106	4,070	(36)
(177)	Operating income	(312)	(98)	214
(3,860)	Interest receivable	(5,207)	(2,147)	3,060
(4,037)	Total Income	(5,519)	(2,245)	3,274
3,887	Net Expenditure/(Income)	(1,413)	1,825	3,238

3 Cash Flow Statement

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

Cash Flows	2024/25		
	Actual YTD (£000)	Estimate 2023/24 (£000)	Probable Outturn (£000)
Opening Balance	230,481	230,481	230,481
Cash Movements:			
Expenditure	(516,147)	(978,696)	(923,937)
Income	208,150	477,437	407,082
Net Addition / Reduction(-)	(307,997)	(501,259)	(516,855)
Interest Received	5,207	3,860	6,813
Transfer from Investments	250,000	400,000	450,000
Closing Bank Balance	177,691	133,802	170,439

Probable outturn figures for both expenditure and income are currently below the original estimate for the year. The net position suggests a net reduction slightly larger than originally anticipated. Further transfers from investments will be arranged as required over the course of the year.

4 Annual Audit of Accounts

At its meeting on 11th September 2024, the Committee:

- noted 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 2023/24; and
- approved the Audited Annual Accounts 2023/24 for signature, subject to the conclusion of the audit by EY.

A small number of audit items were unresolved, and as a result the Annual Accounts were not signed by the statutory deadline of 30th September. It is understood that all but one of these were substantially resolved during October, but that one item was still outstanding and the Annual Accounts remained unsigned in November. The outstanding item is a request, made towards the end of the audit, for information on SPF in relation to ISA 315 and IT risks. This had to be referred to CGI, and a response was still awaited.

5 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.
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Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2022-25</i>	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.
<i>What are the potential equality impacts as a result of this report?</i>	No specific equalities impacts.
<i>Please highlight if the policy/proposal will help address socio economic disadvantage.</i>	Not applicable

Climate Impacts:

<i>Does the proposal support any Climate</i>	N/A. Monitoring report.
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<i>Plan actions? Please specify:</i>	Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan.
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<i>What are the potential climate impacts as a result of this proposal?</i>	N/A.
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<i>Will the proposal contribute to Glasgow's net zero carbon target?</i>	N/A.
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Privacy and Data Protection impacts:	None
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6 Recommendations

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