



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 12

2nd September 2020

Financial Statements

Purpose of Report:

To present financial statements comprising:

- a 2020/21 administration cost monitoring statement; and
- a 2020/21 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 2020/21 to period 4 – ending 3rd July 2020. The statement shows total net budgeted expenditure for the year of **£1.421 million** and a total underspend for the year to date of **£0.115 million**. This underspend is mainly due to the impact of the COVID-19 pandemic across the service which has reduced the property, supplies and services costs and contracted services costs due to forced changes to the working patterns of staff and reduced occupancy of the office buildings. Employee costs are underspent due to delays in the implementation of the new administration staffing structure as a result of the pandemic.

2020/21 Annual Budget £000	SPFO Budget	2020/21 Actual YTD £000	2020/21 Budget YTD £000	2020/21 Variance YTD £000
3,557	Employee costs	1,046	1,090	-44
529	Property costs	154	180	-26
1,081	Supplies and services	79	91	-12
1	Transport costs	0	0	0
325	Contracted services	30	63	-33
1,137	Central Support	0	0	0
6,630	Total Expenditure	1,309	1,424	-115
-180	Income	-3	-3	0
6,450	Net Expenditure	1,306	1,421	-115

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 **£32 million** for the year to date. This results in a balance of **£142 million** at the end of period 4. The cash balance has been maintained at a higher level than usual to protect against potential delays in receipt of income, though to date no delays have occurred. The current projection is that income and expenditure for the year will be slightly higher than originally estimated, largely as a result of increased member and pensioner numbers.

	Total To period 4 £000	Estimate 2020/21 £000	Probable Outturn £000
Opening Balance	174,701	174,701	174,701
<u>Income</u>			
Employee Contributions	26,548	155,253	159,288
Employer Contributions	92,710	460,981	477,864
Added Years Employee	0	609	609
Additional Employer	5,214	25,525	25,525
Transfer Values In	0	8,168	8,168
Charges to Employers	0	0	0
Other Income	4	204	204
	124,476	650,740	671,658
<u>Expenditure</u>			
Pensions	118,870	513,063	515,104
Lump Sums	25,172	161,615	161,615
Death Gratuities	3,723	17,791	17,791
Refund of Contributions	242	1,624	1,624
Transfer Values Out	3,003	32,672	32,672
Manager Fees	5,530	27,880	27,880
Admin Costs	244	6,630	6,630
	156,784	761,275	763,316
Net Addition/Reduction(-)	-32,308	-110,535	-91,658
Closing Balance	142,393	64,166	83,043
Transfers from Investments	0		0
Revised Closing Balance	142,393	64,166	83,043

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.