



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

Contact: Shona MacLean Ext: 21837

Item 10

1st March 2023

Finance Update

Purpose of Report:

To present financial statements comprising:

- a 2022/23 administration cost monitoring statement; and
- a 2022/23 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 2022/23 to period 12 – ending 10th February 2023. The statement shows total net budgeted expenditure for the year to date of **£5.919 million** and a total underspend for the year to date of **£0.206 million**. This underspend relates mainly to employee costs where several vacancies are in the process of being filled. This is offset to some extent by an overspend in contracted services resulting from an arrangement to outsource some of the preparation work for the 2023 actuarial valuation of the Fund.

2022/23 Annual Budget £000	SPFO Budget	2022/23 Actual YTD £000	2022/23 Budget YTD £000	2022/23 Variance YTD £000
3,871	Employee costs	2,954	3,351	397
551	Property costs	505	491	-14
929	Supplies and services	862	804	-58
332	Contracted services	398	287	-111
1,137	Central Support	994	984	-10
6,820	Total Expenditure	5,713	5,919	206
-177	Income	-153	-153	0
6,643	Net Expenditure	5,560	5,766	206

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 inflows exceeding outflows by **£10.468 million**. There was a requirement for an additional transfer from investments in the year to date of £25m. This results in a balance of **£118.556 million** at period 12. The current projection is a small surplus of income over expenditure for the year and a closing cash balance of approximately **£120m**.

	Total To period 12 £000	Estimate 2022/23 £000	Probable At period 13 £000
Opening Balance	108,088	108,088	108,088
<u>Cash Movements</u>			
Expenditure	-649,066	-746,111	-778,879
Income	659,534	699,139	791,440
Net Addition/Reduction (-)	10,468	-46,972	12,561
Revised Closing Balance	118,556	61,116	120,649

Both expenditure and income have been reporting a little higher than forecast throughout the year. Income was boosted further with receipt of a significant bulk transfer payment which had been recognised in the 2022/23 financial statements but was not received until December.

4 Policy and Resource Implications

Resource Implications:

Financial: None.

Legal: None.

Personnel: None.

Procurement: None.

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 Equalities issues are addressed in the scheme rules which are the responsibility of

<i>Equality Outcomes 2021 - 25</i>	Scottish Government, in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment, and in the Fund's Responsible Investment strategy.
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<i>What are the potential equality impacts as a result of this report?</i>	N/a
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<i>Please highlight if the policy/proposal will help address socio economic disadvantage.</i>	N/a.
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Climate Impacts:

<i>Does the proposal support any Climate Plan actions? Please specify:</i>	N/a. Monitoring report. 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:

Are there any potential data protection impacts as a result of this report Y/N	No.
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If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out	N/a.
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5 Recommendations

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