Item 7

13th September 2023

Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

Contact: Shona MacLean Ext: 21837

Finance Update

Purpose of Report:

To present financial statements comprising:

- a 2023/24 administration cost monitoring statement; and
- a 2023/24 cash flow monitoring 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 2023/24 to period 5 (28th July 2023). This shows year to date actual expenditure of **£2.425m** compared to a budget of **£2.630m**, meaning a year to date saving on expenditure of **£0.205m.** This underspend relates mainly to employee costs where several vacancies are unfilled.

Costs are offset by operating income and interest received into the day-to-day bank accounts for the period.

2023/24 Annual Budget £000	SPFO Budget	2023/24 Actual YTD £000	2023/24 Budget YTD £000	2023/24 Variance YTD £000
4,480	Employee Costs	1,282	1,490	208
642	Property Costs	201	209	8
1,308	Supplies and Services	438	426	(11)
0	Transport Costs	0	0	0
417	Contracted Services	136	136	0
1,220	Central Support	368	368	0
8,067	**Total Expenditure**	**2,425**	**2,630**	**205**
(177)	Operating Income	(63)	(58)	(6)
(0)	Interest Receivable	(1,531)	(0)	(1,531)
7,890	**Net Expenditure**	**831**	**2,572**	**1,742**

3 Cash Flow Statement

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

	2023/24 Actual YTD	2023/24 Estimate £000	2023/24 Probable £000
Opening Balance	**114,645**	**114,645**	**114,645**
Cash Movements			
Expenditure	(318,155)	(863,694)	(886,142)
Income	288,323	772,043	762,297
Net Addition/Reduction (-)	(29,832)	(91,651)	(123,845)
Transfer from Investments	0	75,000	75,000
Closing Balance	84,813	97,994	65,800

Based on actual year-to-date cash flows, the probable outturn position is of expenditure higher that originally estimated and income lower, producing a net reduction of **£124m**. It remains likely that a transfer of **£75m** from investment balances will be required. That can be arranged as necessary.

4 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 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

2022-25? Please specify.	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.

5 Recommendations

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