



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Finance Update

Purpose of Report:

To present financial statements comprising:

- a 2021/22 administration cost monitoring statement; and
- a 2021/22 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

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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 2021/22 to period 5 – ending 30th July 2021. The statement shows total net budgeted expenditure for the year to date of **£1.707 million** and a total underspend for the year to date of **£0.064 million**. This underspend is mainly due to the continuing impact of the COVID-19 pandemic which has led to a pause in recruitment and reduced the property, and supplies and services costs due to reduced occupancy of the office. Employee costs are underspent due to delays in the implementation of the new administration staffing structure as a result of the pandemic.

2021/22 Annual Budget £000	SPFO Budget	2021/22 Actual YTD £000	2021/22 Budget YTD £000	2021/22 Variance YTD £000
3,591	Employee costs	1,104	1,169	-65
530	Property costs	258	268	-10
961	Supplies and services	226	227	-1
329	Contracted services	67	67	0
1,137	Central Support	0	0	0
6,548	Total Expenditure	1,655	1,731	-76
-177	Income	-12	-24	12
6,371	Net Expenditure	1,643	1,707	-64

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.

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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 **£22 million**. There has been no requirement for any additional transfers from investments to date. This results in a balance of **£141 million** at the end of period 5. The current projection is that both income and expenditure will be slightly higher than originally estimated. Main cause of this is an increase in the volume of retirals compared to last year leading to increased lump sum payments being made and additional strain on the fund income being received. Transfers from investment balances can be made as necessary.

	Total To period 5 £000	Estimate 2021/22 £000	Probable Outturn £000
Opening Balance	162,989	162,989	162,989
<u>Cash Movements</u>			
Expenditure	-250,777	-733,395	-752,331
Income	228,665	650,740	685,994
Net Addition/Reduction(-)	-22,112	-82,655	-66,337
Revised Closing Balance	140,877	80,334	96,652

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.

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Please highlight if the policy/proposal will help address socio economic disadvantage. Not applicable

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify: 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.

What are the potential climate impacts as a result of this proposal? N/A.

Will the proposal contribute to Glasgow's net zero carbon target? N/A.

Privacy and Data Protection impacts: None

5 Recommendations

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