

AGM 2021

2021 Finance Update

Stuart Tough

Chief Finance Officer, SPFO



Strathclyde
Pension Fund

Agenda

- ❑ 2020/21 Annual Report
- ❑ 2020/21 Financial Statements
 - ❑ Fund Account
 - ❑ Return on Investments
 - ❑ Net Assets Statement
- ❑ Statistics, current and previous year movement and trends
- ❑ Future cashflow and factors

Annual Report and Financial Statements 2020/21

Available for inspection on the
SPFO website www.spfo.org.uk
from Thursday 1st July 2021

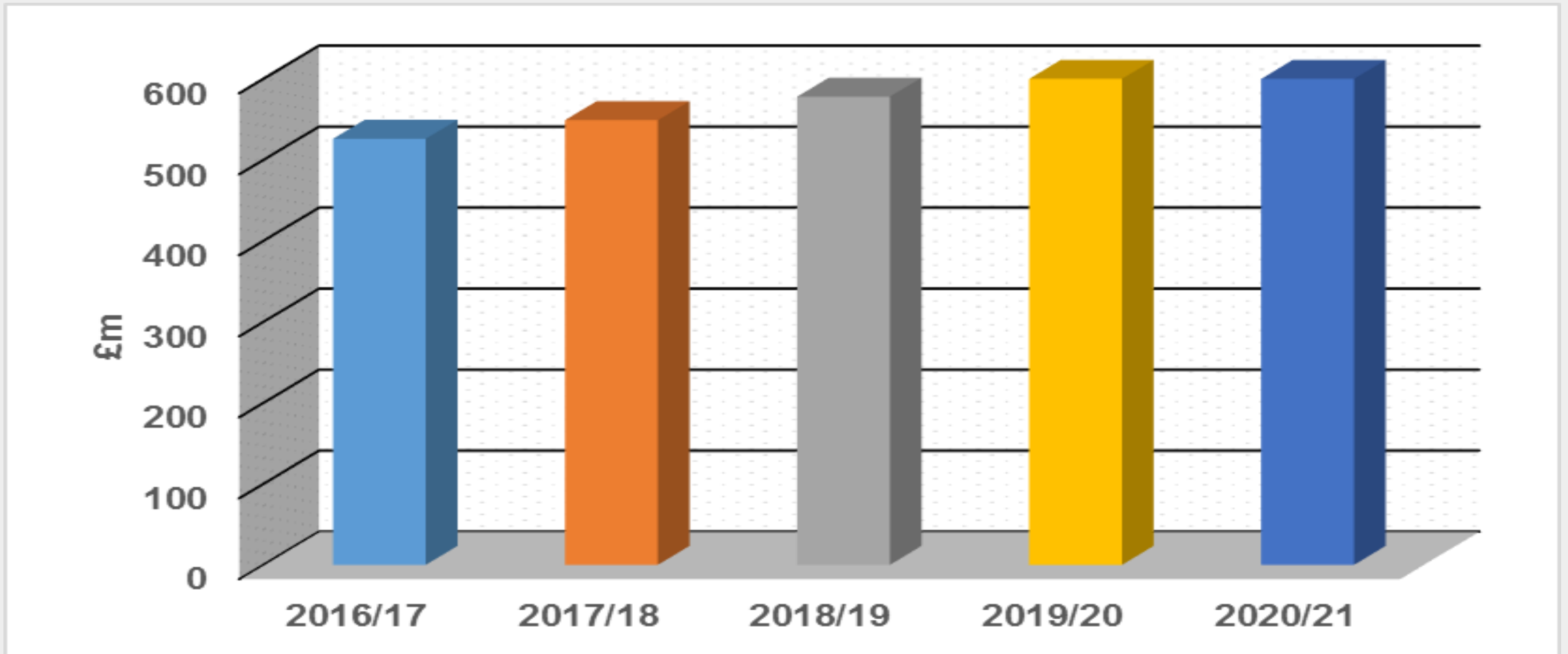
An aerial photograph of Glasgow, Scotland, showing a mix of modern and historic architecture. A prominent Gothic cathedral with a tall spire is on the right. The city is densely packed with buildings, and there are green spaces and a parking lot in the foreground. The sky is blue with some clouds.

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

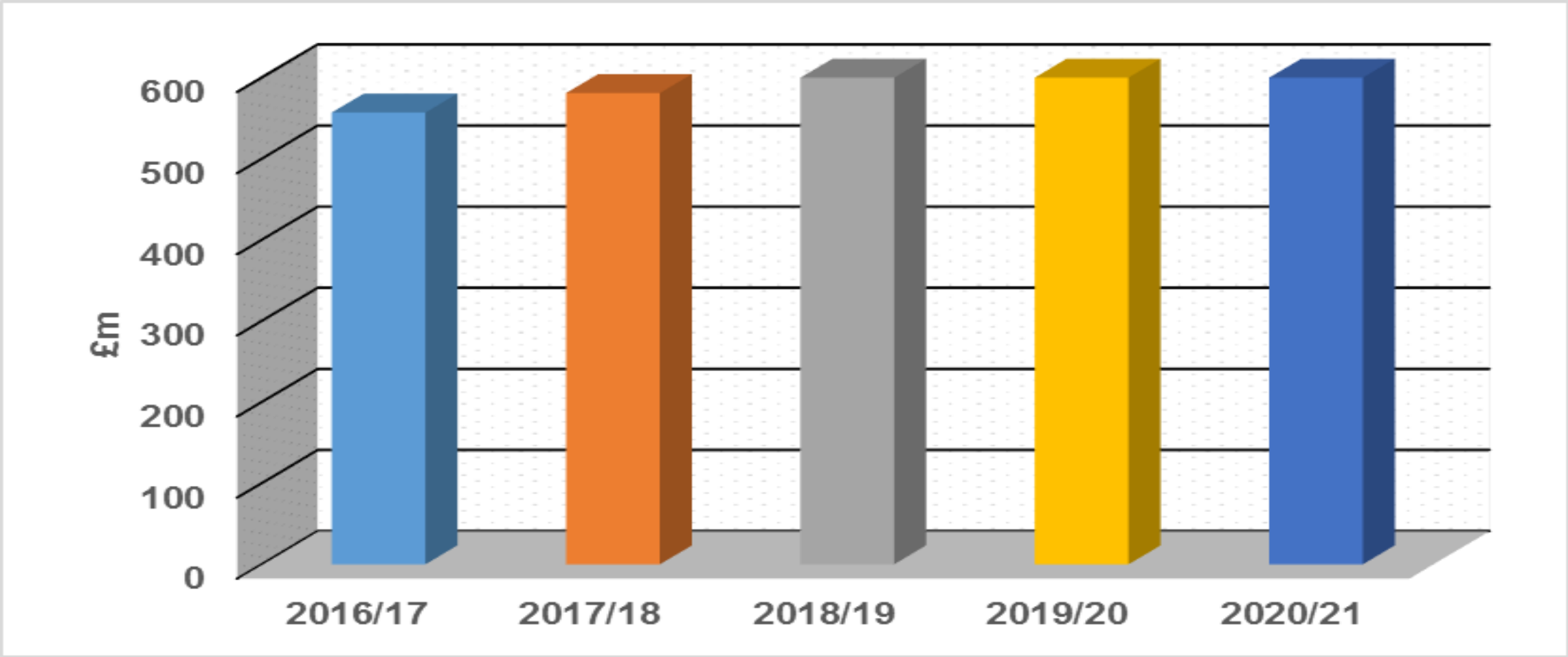
2020/21 Annual Accounts - Fund Account

2019/20		2020/21
£m		£m
	<u>Fund Income</u>	
-483	Contributions receivable from employers	-494
-149	Contributions receivable from employees	-150
-25	Transfers In	-6
-1	Other Income	-1
-658		-651
	<u>Fund Payments</u>	
479	Pensions	508
167	Lump Sums and Death Benefits	135
30	Payments to and on account of leavers	27
676		670
18	Net reduction from dealings with members	19

Total Income from Members and Employers



Total Expenditure from Dealing With Members



Statistics

- **Average employee contributions £1,400 (109,359 members)**
- **Average employers contributions £4,500 (164 employers for 109,359 members)**
- **Average Pension £6,100 (83,685 pensioners)**
- **Average Lump sum £54,300 (2,493 retirees)**
- **Average Transfers £68,700 (195 transfers out)**
- **Members 258,378 (2% increase from last year and 16% from 2017)**

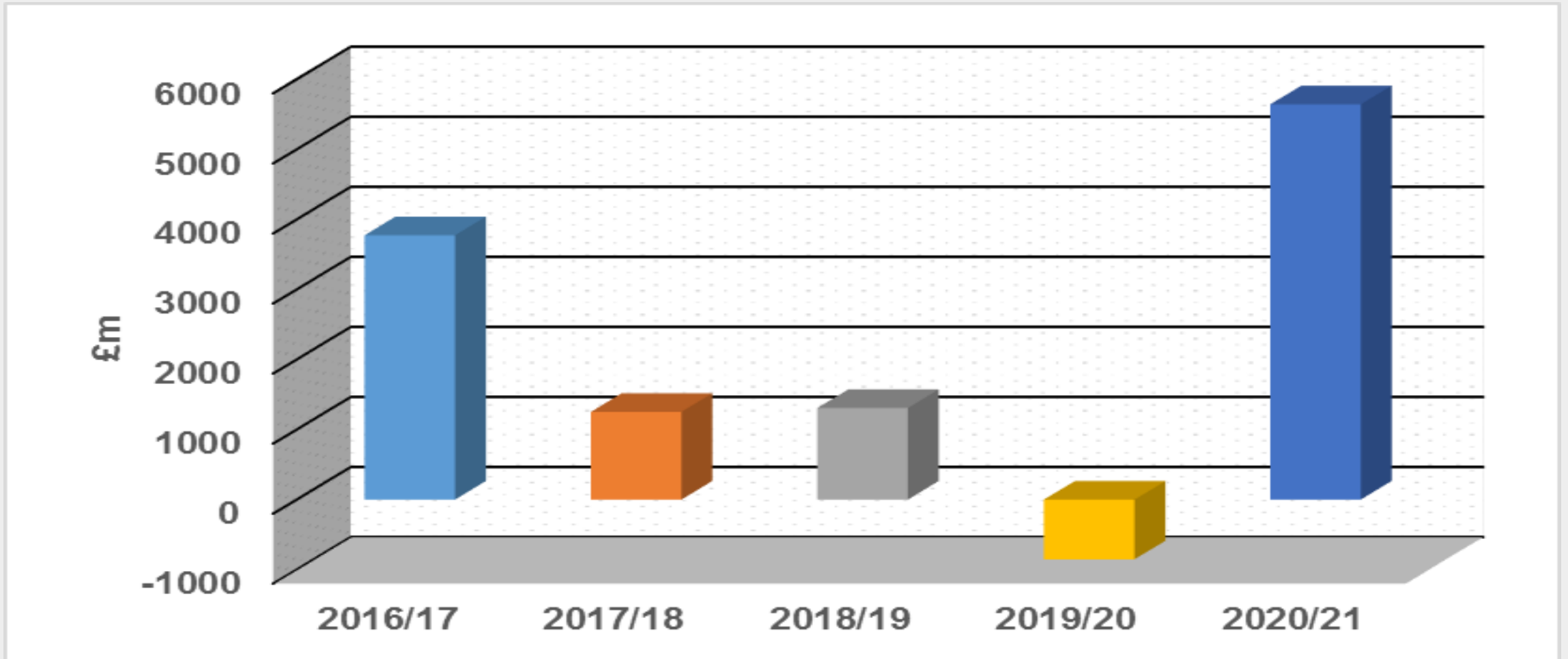
2020/21 Annual Accounts – Return on Investments

2019/20	2020/21
£m	£m
<u>Return on Investments</u>	
339 Investment Income	333
-7 Taxes on Income	-6
-1,185 Change in Market Value of Investments	5,315
-853 Net Returns on Investments	5,642
124 Management Expenses	210

2020/21 Annual Accounts – Return on Investments

£5.6bn or 25.1%

Net Return on Investments



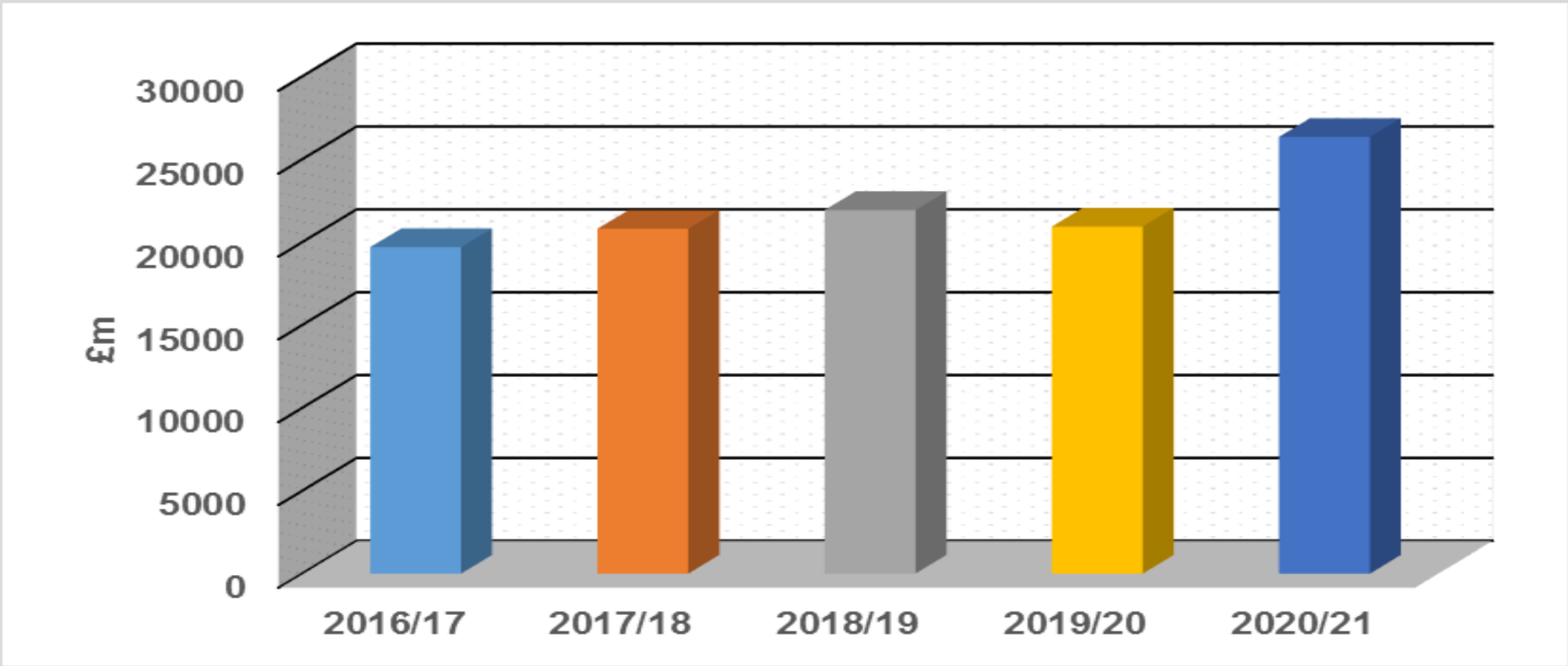
2020/21 Annual Accounts – Net Assets Statement

2019/20		2020/21
£m		£m
	<u>Investment Assets</u>	
4,768	Equities	5,951
9,208	Pooled Investment Vehicles	12,684
4,024	Private Equity / Infrastructure	4,820
7	Derivative Contracts	0
2,126	Property	2,129
609	Cash Deposits	592
38	Other Investment Assets	41
20,780		26,217
-46	Investment Liabilities	-33
0	Long-Term Debtors	1
244	Current Assets	227
-37	Current Liabilities	-58
20,941		26,354

Net Assets

£26.3bn

Net Assets



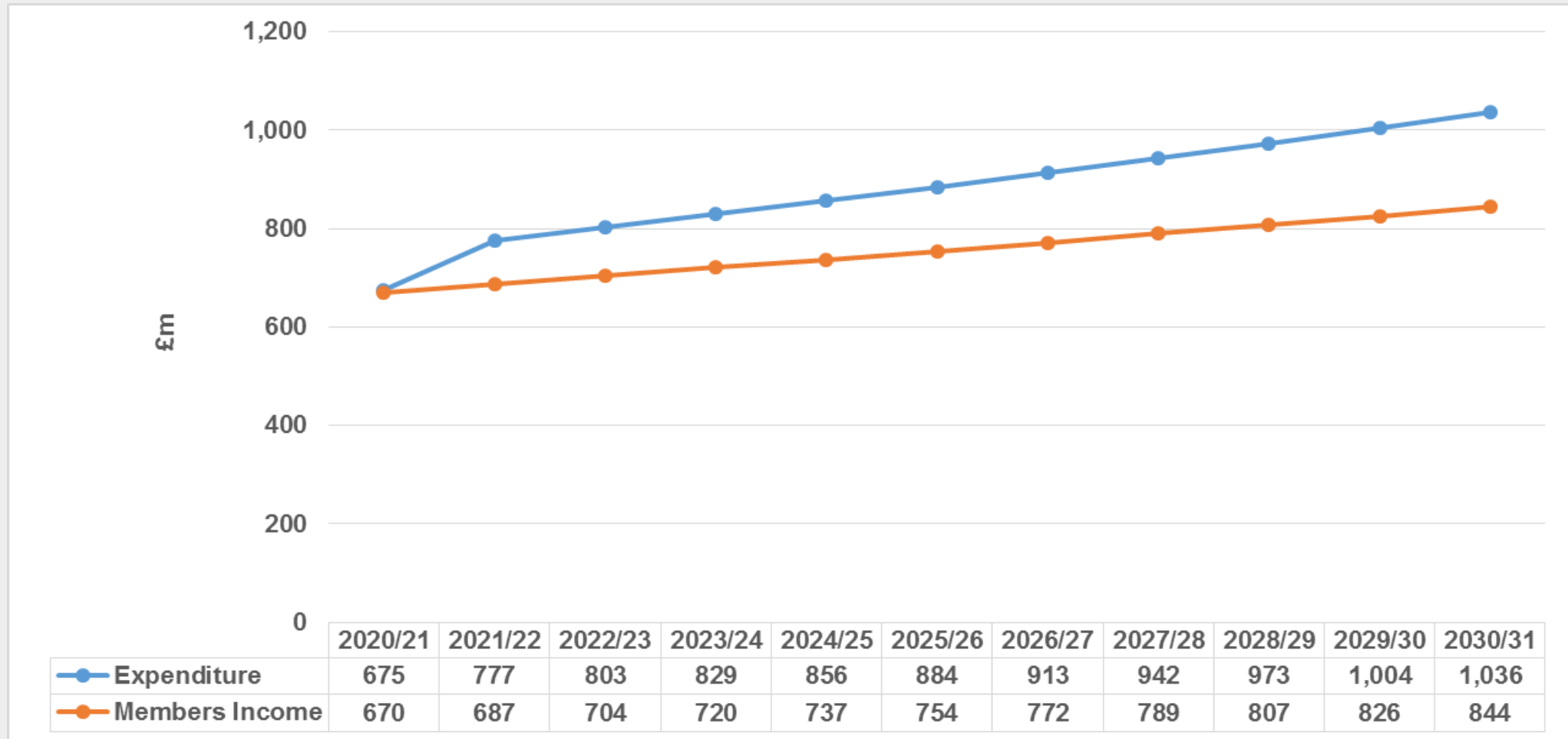
Financial Summary

- **Increasing members to 258,000 (2%)**
- **Increasing fund expenditure (£670m) and income (£651m)**
- **Leads to reduction of £19m but investment income (£333m) sufficient to cover this**
- **Net Assets increased from £20.9bn to £26.3bn. Increase of 25%**
- **Highest ever Net Assets Value**
- **Triennial revaluation 106.1%. Intervaluation 126.9%**

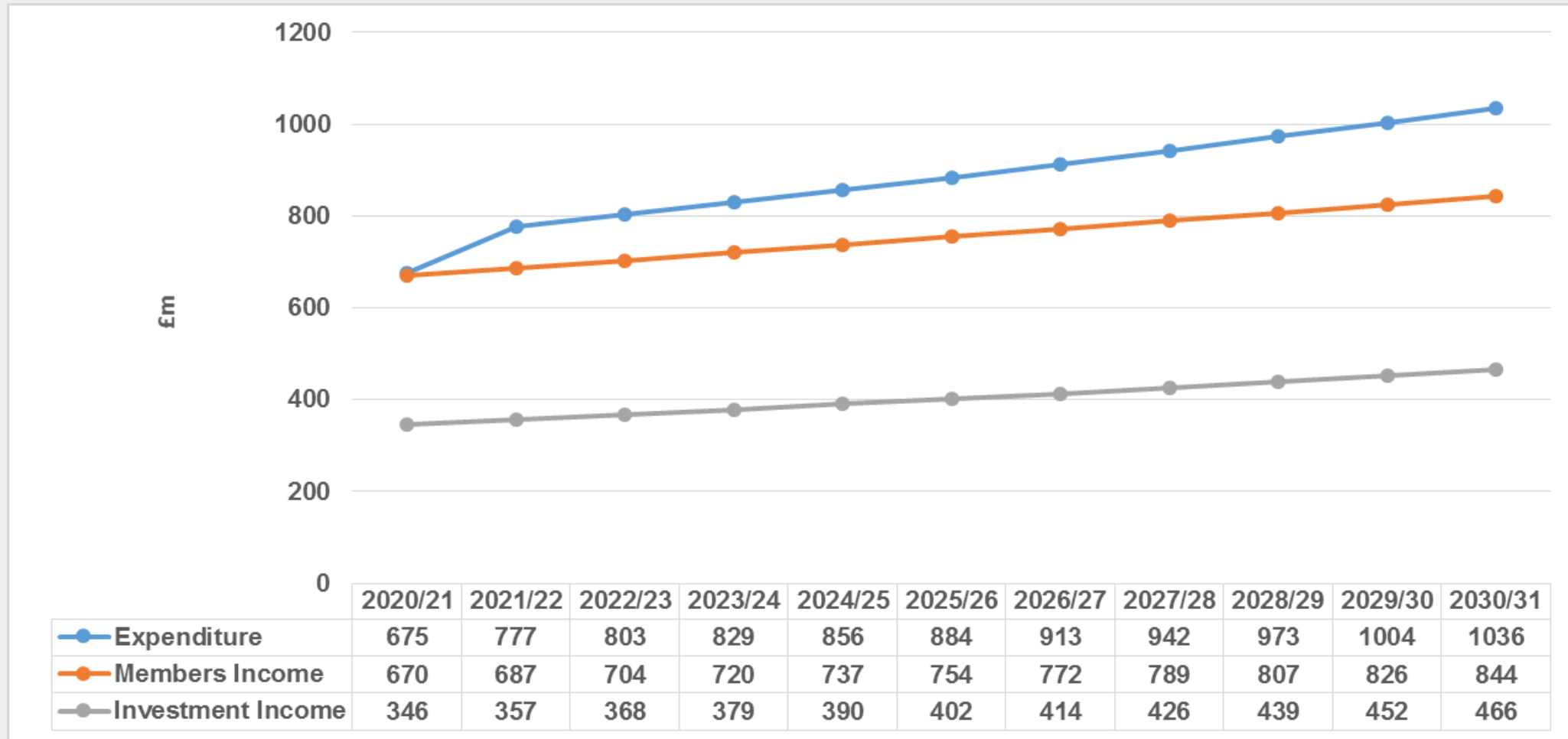
10 Year Cashflow Forecast – 2020/21 to 2030/31

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Employee Contributions	155,326	167,403	171,410	175,479	179,614	183,813	188,078	192,411	196,811	201,279	205,818
Employers Contributions	494,568	497,058	508,955	521,039	533,314	545,783	558,448	571,311	584,376	597,645	611,121
Strain on the Fund	17,147	17,284	17,630	17,983	18,343	18,710	19,084	19,466	19,855	20,252	20,657
Added Years	480	487	494	501	509	517	525	533	541	549	557
Transfer Values in	1,949	5,000	5,100	5,202	5,306	5,412	5,520	5,630	5,743	5,858	5,975
Other	86	88	90	92	94	96	98	100	102	104	106
Total Income	669,556	687,320	703,679	720,296	737,180	754,331	771,753	789,451	807,428	825,687	844,234
Pensions Expenditure	505,452	536,800	557,734	579,291	601,487	624,339	647,865	672,082	697,008	722,663	749,065
Lump Sums	101,725	160,000	163,200	166,464	169,793	173,189	176,653	180,186	183,790	187,466	191,215
Death Gratuities	19,105	19,258	19,643	20,036	20,437	20,846	21,263	21,688	22,122	22,564	23,015
Refunds	1,315	1,335	1,355	1,375	1,396	1,417	1,438	1,460	1,482	1,504	1,527
Transfer Values out	12,752	24,000	24,480	24,970	25,469	25,978	26,498	27,028	27,569	28,120	28,682
Admin Costs	6,450	6,371	6,658	6,791	6,927	7,066	7,207	7,351	7,498	7,648	7,801
Total Expenditure	646,799	747,764	773,070	798,927	825,509	852,835	880,924	909,795	939,469	969,965	1,001,305
Net Additions/Deductions	22,757	-60,444	-69,391	-78,631	-88,329	-98,504	-109,171	-120,344	-132,041	-144,278	-157,071
Investment Activity											
Investment Income	346,448	356,841	367,546	378,573	389,930	401,628	413,677	426,087	438,870	452,036	465,597
Manager Fees	-28,674	-28,903	-29,481	-30,071	-30,672	-31,286	-31,911	-32,550	-33,201	-33,865	-34,542
Net	317,774	327,938	338,065	348,502	359,258	370,342	381,766	393,537	405,669	418,171	431,055
Total Net	340,531	267,494	268,674	269,871	270,929	271,838	272,595	273,193	273,628	273,893	273,984

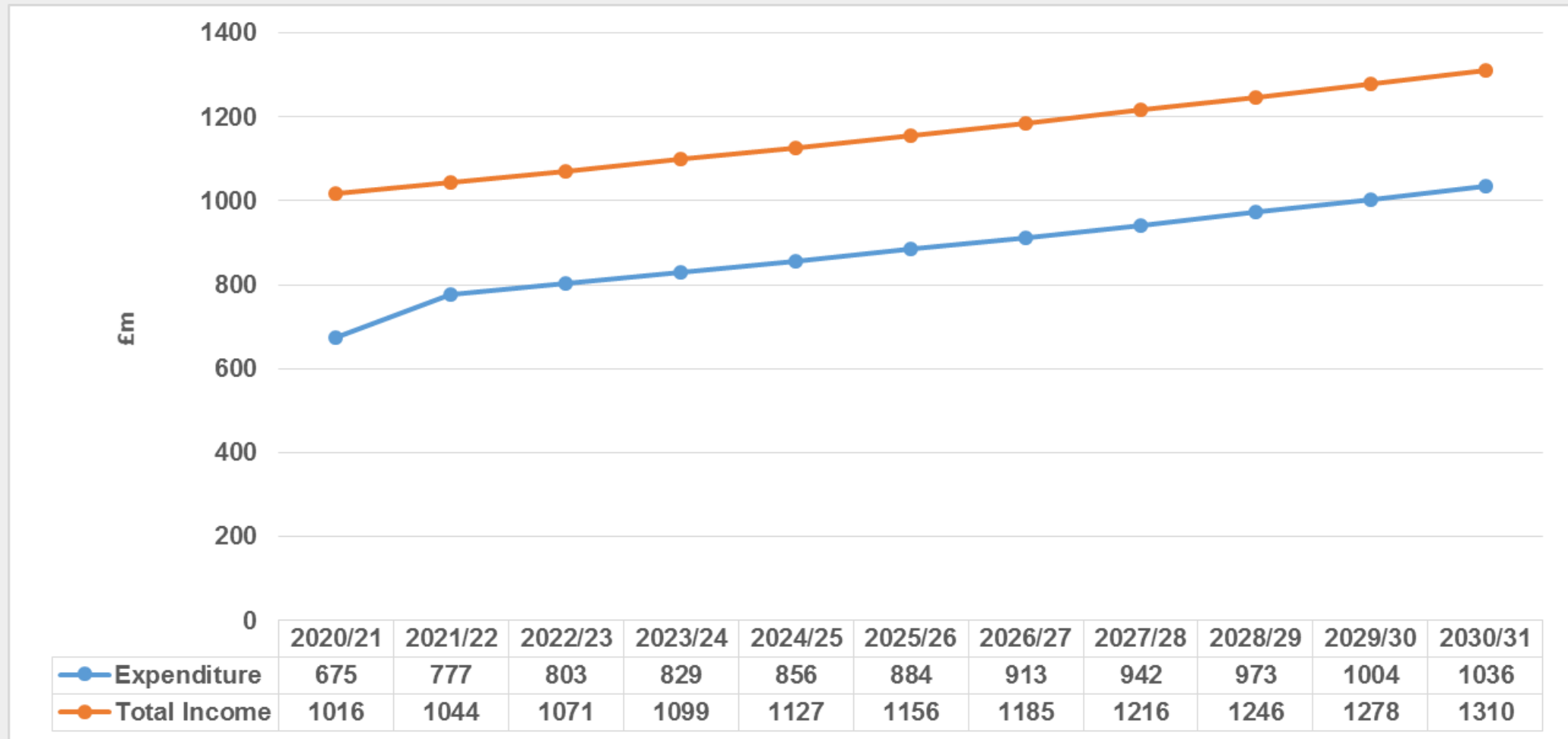
10 Year Cashflow Forecast – 2020/21 to 2030/31



10 Year Cashflow Forecast – 2020/21 to 2030/31



10 Year Cashflow Forecast – 2020/21 to 2030/31



Looking Forward

- **Inflation**
- **Market conditions**
- **Structure Review**
- **Change to investment mix**
- **Ongoing legal cases**

Stuart Tough

Chief Finance Officer

Email: stuart.tough@Glasgow.gov.uk



Strathclyde
Pension Fund