

SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 11 DECEMBER 2020**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** CASHFLOW ANALYSIS**SUMMARY OF ISSUE:****Strategic objectives**

Investment

Funding

Cash-flow analysis allows the Fund to ascertain a projection as to when benefit payments may exceed income. This information can influence both the investment and funding strategy.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Notes the cash-flow position for quarters one and two.
2. Determines that no change is required to the investment or funding strategy as result of the current cash-flow position.

REASON FOR RECOMMENDATIONS:

Cash-flow movements in the Fund influences both the investment and funding strategy. The Pension Fund Committee monitors cash-flow consistent with the Fund's strategic funding objectives.

DETAILS:**Cash-flows for quarters One - Two (1 July 2020 – 30 September 2020)**

1. Pensions Funds have a positive cash-flow when their contribution inflows exceed pension benefits paid.
2. Contributions are derived from employers and employees. Pension benefits are derived from pensions and lump sum benefits paid to retired members and benefits paid to employees on leaving the Fund.
3. Any positive cash-flow is invested in accordance with the Fund's cash management plan.
4. The half-yearly (quarters one-two) cash-flow for the Surrey Pension Fund shows positive cash flow of £26,189,515 as follows:

Quarter	Total contributions received	Total pension benefits paid	Net cash-flow
One (1 Apr 2020 – 30 Jun 2020)	£57,236,797	£36,151,423	£21,085,373
Two (1 Jul 2020 – 30 Sep 2020)	£43,058,556	£37,954,415	£5,104,141

5. The cash flow was significantly higher in Q1 due to number of the employers paying their deficit contribution in advance following the implementation of new contribution rates.
6. An indication of the current membership trends is shown by movements in membership over quarters one-two, compared to the position at the 2019 valuation (as taken from statistics provided by the pension administration team):

Period	Active members	Deferred members	Pension members	Total members
2019 valuation (31 Mar 2019)	36,469	31,993	26,015	94,477
Quarter One 2020/21 (1 Apr 2020 – 30 Jun 2020)	36,834	39,291	27,460	103,585
Quarter Two 2020/21 (1 Jul 2020 – 30 Sept 2020)	37,510	40,598	27,802	105,910

CONSULTATION:

7. The Chairman of the Pension Fund has been consulted and offered full support for the proposals.

RISK MANAGEMENT AND IMPLICATIONS:

8. The Fund will keep the cash-flow position under review and ensure the investment strategy remains consistent and appropriate.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

9. There are no financial and value for money implications.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

10. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered.

LEGAL IMPLICATIONS – MONITORING OFFICER

11. There are no legal implications or legislative requirements

EQUALITIES AND DIVERSITY

12. Cash-flow analysis does not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

OTHER IMPLICATIONS

13. There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

14. The following next steps are planned:

A cash-flow analysis update to be provided to the Committee at least quarterly. The next report will be produced for the 12 March 2021 meeting.

Contact Officer:

Ayaz Malik, Pensions Finance Specialist

Consulted:

Pension Fund Committee Chairman.

Annexes:

None

Sources/background papers:

Administration performance monitoring progress log

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