

Appendix I – 2019/20 BUDGET/FORECAST AND PROJECTED SPEND

The Budget and Projected Spend for NESPF Administration Expenses are shown below:

	Notes	Full Year Budget 2019/20	Budget to 31/12/19	Actual Spend to 31/12/19	Accrual to 31/12/19	Amended Spend to 31/12/19	Over or (Under) to 31/12/19	Proj Annual Spend 2019/20	Proj Over or (Under) Spend 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Staff Costs	1	1,352	1,014	573	295	868	(146)	1,165	(187)
Information Technology		462	347	347	29	376	29	440	(22)
Supplies & Services		107	80	71	8	79	(1)	109	2
Accommodation		92	69	0	67	67	(2)	89	(3)
Printing & Publications	2	23	17	8	3	11	(6)	17	(6)
Administration Expenses Total		2,036	1,527	999	402	1,401	(126)	1,820	(216)

Note (Spend Variance \pm 5%):

1. Under spend – Budgeted FTE 37 versus Actual FTE 31.5
2. Under spend – Online provision of Benefit Statements.

Appendix I – 2019/20 BUDGET/FORECAST AND PROJECTED SPEND (continued)

The Budget and Projected Spend for NESPF Oversight & Governance Expenses are shown below:

	Notes	Full Year Budget 2019/20 £'000	Budget to 31/12/19 £'000	Actual Spend to 31/12/19 £'000	Accrual to 31/12/19 £'000	Amended Spend to 31/12/19 £'000	Over or (Under) to 31/12/19 £'000	Proj Annual Spend 2019/20 £'000	Proj Over or (Under) Spend 2019/20 £'000
Investment Staff Costs	1	236	177	103	55	158	(19)	211	(25)
Pension Fund Committee		13	10	3	1	4	(6)	13	0
Pension Board		4	3	1	1	2	(1)	4	0
External Audit Fee		41	31	0	30	30	(1)	40	(1)
Internal Audit Fee		10	7	0	7	7	0	10	0
Actuarial Fees	2	130	98	22	48	70	(28)	115	(15)
General Expenses	3	167	125	105	16	121	(4)	148	(19)
Oversight & Governance Expenses Total		601	451	234	158	392	(59)	541	(60)

Note (Spend Variance \pm 5%):

1. Under spend – see previous note.
2. Under spend – Actuarial activity directed more towards Project Dallas and that cost to be absorbed by the Transport Fund.
3. Under spend – Projection based upon current spend trend. Although, this spend trend is unlikely to be constant and may increase or decrease in response to actions taken elsewhere within the Pension Fund. However, if the trend of current spend continues, an under spend is anticipated. The under spend is largely associated with the reduction of fees paid for professional advice.

Appendix I – 2019/20 BUDGET/FORECAST AND PROJECTED SPEND (continued)

The Forecast and Projected Spend for NESPF Investment Management Expenses are shown below:

	Notes	Full Year Forecast 2019/20	Forecast to 31/12/19	Actual Spend to 31/12/19	Accrual to 31/12/19	Amended Spend to 31/12/19	Over or (Under) to 31/12/19	Proj Annual Spend 2019/20	Proj Over or (Under) Spend 2019/20
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management		11,380	8,535	2,145	6,698	8,843	308	11,790	410
Performance Fees		6,524	4,893	0	4,893	4,893	0	6,524	0
Direct Property Expenses	1	534	401	479	0	479	78	632	98
Transaction Costs	2	1,507	1,130	511	60	571	(559)	761	(746)
Custody Fees		138	103	61	37	98	(5)	136	(2)
Investment Management Expenses Total		20,083	15,062	3,196	11,688	14,884	(178)	19,843	(240)

Note (Spend ± 5%):

1. The Forecast for 2019/20 is based upon the Fund Manager's estimation for the year. The most significant movement is the projected level of repairs and letting/surveyor fees.
2. Transaction Costs are reported by the Custodian (HSBC) as at the reporting date then projected for the remaining part of the year. Albeit a useful guide, using past transaction activity as a basis for projecting costs carries the risk of over/under stating the spend for the year. If current transaction activity continues then it is anticipated that there will be an under spend.

2(a). Transaction Costs are reported by the Custodian (HSBC).

Analysis of Transaction Costs for the period 1 April 2019 to 31 December 2019:

	Commission (£)	Expenses (£)	Tax (£)	Total (£)
Equities	138,501.09	1,125.84	214,195.64	353,822.57
Pooled – Unit Trust	0	217,212.31	0	217,212.31
Grand Total (£)	138,501.09	218,338.15	214,195.64	571,034.88

Important to Note:

Appendix I is a forecast of costs for Investment Management Expenses rather than a traditional budget. This is due to the level of estimation involved and the extent of the unknown, especially given that Investment Management and Performance Fees are based upon an unpredictable Market Value. This terminology has been adopted following discussions with the CIPFA Pensions Network.