

Appendix I – 2020/21 BUDGET/FORECAST AND PROJECTED SPEND

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

	Notes	Full Year Budget 2020/21	Budget to 30/09/20	Actual Spend to 30/09/20	Accrual to 30/09/20	Amended Spend to 30/09/20	Over or (Under) to 30/09/20	Proj Annual Spend 2020/21	Proj Over or (Under) Spend 2020/21
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Staff Costs	1	1,567	784	295	329	624	(160)	1,248	(319)
Information Technology		455	227	275	42	317	90	442	(13)
Supplies & Services		129	65	29	38	67	2	126	(3)
Accommodation		251	125	0	89	89	(36)	250	(1)
Printing & Publications		20	10	7	0	7	(3)	20	0
Administration Expenses Total		2,422	1,211	606	498	1,104	(107)	2,086	(336)

Note (Spend Variance ± 5%):

1. Under spend – Vacancies pending recruitment process

Appendix I – 2020/21 BUDGET/FORECAST AND PROJECTED SPEND (continued)

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

	Notes	Full Year Budget 2020/21	Budget to 30/09/20	Actual Spend to 30/09/20	Accrual to 30/09/20	Amended Spend to 30/09/20	Over or (Under) to 30/09/20	Proj Annual Spend 2020/21	Proj Over or (Under) Spend 2020/21
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Staff Costs	1	301	151	53	61	114	(37)	227	(74)
Pension Fund Committee		15	7	0	1	1	(6)	15	0
Pension Board		10	5	0	1	1	(4)	10	0
External Audit Fee		41	21	0	20	20	(1)	40	(1)
Internal Audit Fee		6	3	0	3	3	0	6	0
Actuarial Fees	2	182	91	111	0	111	20	198	16
General Expenses		130	65	38	12	50	(15)	133	3
Oversight & Governance Expenses Total		685	343	202	98	300	(43)	629	(56)

Note (Spend Variance \pm 5%):

1. Under spend – see previous note.
2. Under spend – Actuarial activity slowing down re Project Dallas freeing up resources to re-focus on main fund.

Appendix I – 2020/21 BUDGET/FORECAST AND PROJECTED SPEND (continued)

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

	Notes	Full Year Forecast 2020/21	Forecast to 30/09/20	Actual Spend to 30/09/20	Accrual to 30/09/20	Amended Spend to 30/09/20	Over or (Under) to 30/09/20	Proj Annual Spend 2020/21	Proj Over or (Under) Spend 2020/21
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management	1	10,782	5,391	1,592	4,643	6,235	844	11,887	1,105
Performance Fees		6,335	3,168	0	3,168	3,168	0	6,335	0
Direct Property Expenses	2	774	387	286	0	286	(101)	572	(202)
Transaction Costs	3	475	238	224	309	533	295	1,065	590
Custody Fees		125	62	49	11	60	(2)	129	4
Investment Management Expenses Total		18,491	9,246	2,151	8,131	10,282	1,036	19,988	1,497

Note (Spend ± 5%):

- Investment Management costs as at the reporting date are projected for the remaining part of the year. However, costs associated with private equity are not calculated until the year end. Therefore, uncertainty in projecting these costs carries the risk of over/under stating the spend for the year. It is anticipated that there will be an over spend.
- The Forecast for 2020/21 is based upon the Fund Manager's estimation for the year. Costs as at reporting date are 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.

3.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 over spend.

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

Analysis of Transaction Costs for the period 1 April 2020 to 30 September 2020:

	Commission (£)	Expenses (£)	Tax (£)	Total (£)
Equities	137,663.82	888.94	355,226.86	493,779.62
Pooled – Unit Trust	0.00	39,058.18	0.00	39,058.18
Grand Total (£)	137,663.82	39,947.12	355,226.86	532,837.80

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.