

## 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 31/12/20	Actual Spend to 31/12/20	Accrual to 31/12/20	Amended Spend to 31/12/20	Over or (Under) to 31/12/20	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	1,175	305	646	951	(224)	1,267	(300)
Information Technology		455	341	309	23	332	(9)	452	(3)
Supplies & Services		129	97	35	58	93	(4)	125	(4)
Accommodation		251	188	2	165	167	(21)	247	(4)
Printing & Publications		20	15	7	0	7	(8)	20	0
<b>Administration Expenses Total</b>		<b>2,422</b>	<b>1,816</b>	<b>658</b>	<b>892</b>	<b>1,550</b>	<b>(266)</b>	<b>2,111</b>	<b>(311)</b>

**Note (Spend Variance  $\pm$  5%):**

1. Under spend – Vacancies pending recruitment process and no staff travel costs during lockdown.

## 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 £'000	Budget to 31/12/20 £'000	Actual Spend to 31/12/20 £'000	Accrual to 31/12/20 £'000	Amended Spend to 31/12/20 £'000	Over or (Under) to 31/12/20 £'000	Proj Annual Spend 2020/21 £'000	Proj Over or (Under) Spend 2020/21 £'000
Investment Staff Costs	1	301	226	44	90	134	(92)	178	(123)
Pension Fund Committee	2	15	11	0	1	1	(10)	2	(13)
Pension Board	3	10	7	0	1	1	(6)	2	(8)
External Audit Fee		41	31	0	31	31	0	41	0
Internal Audit Fee		6	5	0	4	4	(1)	6	0
Actuarial Fees	4	182	137	157	90	247	110	370	188
General Expenses	5	130	97	113	0	113	16	175	45
<b>Oversight &amp; Governance Expenses Total</b>		<b>685</b>	<b>514</b>	<b>314</b>	<b>217</b>	<b>531</b>	<b>158</b>	<b>774</b>	<b>89</b>

### Note (Spend Variance $\pm$ 5%):

1. Under spend – see previous note.
2. Under spend – Saving based upon the annual training event held in London not proceeding.
3. Under spend – Saving based upon the annual training even held in London not proceeding.
4. Over spend – Project Dallas nearing completion allowing Actuarial activity to increase and re-focus on main fund.
5. Over spend – Various Investment advice e.g. reviews of Property, Strategy, etc. Increased LGPC annual subscription levy.

## 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 31/12/20	Actual Spend to 31/12/20	Accrual to 31/12/20	Amended Spend to 31/12/20	Over or (Under) to 31/12/20	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	8,086	2,632	6,598	9,230	1,144	12,108	1,326
Performance Fees		6,335	4,751	0	4,751	4,751	0	6,335	0
Direct Property Expenses	2	774	581	468	0	468	(113)	624	(150)
Transaction Costs	3	475	356	626	261	887	531	1,182	707
Custody Fees	4	125	94	80	21	101	7	133	8
<b>Investment Management Expenses Total</b>		<b>18,491</b>	<b>13,868</b>	<b>3,806</b>	<b>11,631</b>	<b>15,437</b>	<b>1,569</b>	<b>20,382</b>	<b>1,891</b>

### 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 31 December 2020:**

	Commission (£)	Expenses (£)	Tax (£)	Total (£)
Equities	216,250.92	1,451.74	609,449.83	827,152.49
Pooled – Unit Trust	0.00	59,614.46	0.00	59,614.46
<b>Grand Total (£)</b>	<b>216,250.92</b>	<b>61,066.20</b>	<b>609,449.83</b>	<b>886,766.95</b>

4. Over Spend – Non budgeted Class Action Fee.

**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.