

**Appendix I - BUDGET / FORECAST AND ACTUAL SPEND 2015/16
BUDGET / FORECAST 2016/17**

The Budget and Actual Spend 2015/16 and Budget 2016/17 for NESPF Administration Expenses are shown below:

	Notes	Full Year Budget 2015/16	Actual Spend 2015/16	Over or (Under) 2015/16	Budget 2016/17
		£'000	£'000	£'000	£'000
Administrative Staff Costs	1	865	965	100	975
Support Services Inc IT	2	555	545	(10)	550
Printing & Publications	3	41	32	(9)	32
Administration Expenses Total		1,461	1,542	81	1,557

Note:

1. Overspend mainly arising from Redundancy, Increments and Acting Up Allowances (delayed re-structure)
2. Actual Spend £545k is broadly neutral when compared to last year actual £523k, i.e. 4% Variance
3. Greater use of in-house scanning facilities helped reduce costs.

Appendix A - BUDGET / FORECAST AND ACTUAL SPEND 2015/16
BUDGET / FORECAST 2016/17 (continued)

The Budget and Actual Spend 2015/16 and Budget 2016/17 for NESPF Oversight & Governance Expenses are shown below:

	Notes	Full Year Budget 2015/16	Actual Spend 2015/16	Over or (Under) 2015/16	Budget 2016/17
		£'000	£'000	£'000	£'000
Investment Staff Costs	1	113	101	(12)	102
Pension Fund Committee	2	18	4	(14)	4
Pension Board	3	18	1	(17)	1
External Audit Fee	4	39	45	6	45
Internal Audit Fee	5	30	8	(22)	8
Actuarial Fees	6	100	103	3	104
General Expenses	7	0	86	86	87
Oversight & Governance Expenses Total		318	348	30	351

Note:

1. Underspend – Reduced Hours Pension Analyst
2. Underspend – Reduced Travel Activity and Committee Clerk time
3. Actual spend is broadly neutral when compared to last year actual. Although, Pension Board only formed late 2014/15
4. Increase in fees – See Audit Scotland's 'Audit Plan 2015/16'
5. Reduction in fees due to change of provider – PWC to Aberdeenshire Council
6. 2015/16 Actuarial fees £103k is less than when compared to last year actual £221k due to Valuation undertaken 2014/15
7. Investment litigation, investment subscriptions and tendering expenses not previously separated.

**Appendix A – BUDGET / FORECAST AND ACTUAL SPEND 2015/16
BUDGET / FORECAST 2016/17 (continued)**

The Forecast and Actual Spend 2015/16 and Forecast 2016/17 for NESPF Investment Management Expenses are shown below:

	Notes	Full Year Forecast 2015/16 £'000	Actual Spend 2015/16 £'000	Over or (Under) 2015/16 £'000	Forecast 2016/17 £'000
Investment Management	1	9,706	11,185	1,479	11,297
Performance Fees	2	5,300	6,056	756	6,117
Direct Property Expenses	3	1,500	127	(1,373)	128
Transaction Costs	4	1,500	1,066	(434)	1,077
Custody Fees	5	142	149	7	150
Investment Management Expenses Total		18,148	18,583	435	18,769

Note:

1. Overspend – Mainly arising from increased fees Partners Group Real Estate and new Private Equity Managers fees
2. Overspend – Mainly arising from increased performance fees from Baillie Gifford and Blackrock, which was offset against reduced performance fees from HarbourVest and SL Capital
3. Actual Direct Property Operating Expenses £127k is less than when compared to last year actual £1,461k due to drop in void costs, letting and rent review fees.
4. Drop in transaction activity reducing Transaction Costs
5. Non material increase in Actual Spend when compared to last year actual

The above is a forecast of costs 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.

The Forecast 2016-17 is based upon last year actual spend plus 1%.

As a result of the new staffing structure being implemented from 1 April 2016, the 2016-17 Budget for Pension Fund Staffing Costs (Administrative and Investment) will be refined and reported to the next committee.