

Appendix I – 2016/17 BUDGET/FORECAST AND PROJECTED SPEND

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

	Notes	Full Year Budget 2016/17	Budget to 30/09/16	Actual Spend to 30/09/16	Accrual to 30/09/16	Amended Spend to 30/09/16	Over or (Under) to 30/09/16	Proj Annual Spend 2016/17	Proj Over or (Under) Spend 2016/17
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Staff Costs	1	975	488	238	236	474	(14)	992	17
Support Services Inc IT	2	550	274	282	50	332	58	596	46
Printing & Publications	3	32	16	16	0	16	0	30	(2)
Administration Expenses Total		1,557	778	536	286	822	44	1,618	61

Note:

1. Overspend – Implementation of new staffing structure assuming full complement of staff being in post.
2. Overspend – Additional costs arising from Pensions Reform and maintenance of new software systems, i.e. Member Self Service (MSS) system and GMP Reconciliation.
3. Relatively neutral position expected for 2016/17.

Appendix I – 2016/17 BUDGET/FORECAST AND PROJECTED SPEND (continued)

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

	Notes	Full Year Budget 2016/17 £'000	Budget to 30/09/16 £'000	Actual Spend to 30/09/16 £'000	Accrual to 30/09/16 £'000	Amended Spend to 30/09/16 £'000	Over or (Under) to 30/09/16 £'000	Proj Annual Spend 2016/17 £'000	Proj Over or (Under) Spend 2016/17 £'000
Investment Staff Costs	1	102	52	27	28	55	3	131	29
Pension Fund Committee	2	4	2	3	1	4	2	7	3
Pension Board	3	1	0	1	0	1	1	3	2
External Audit Fee	4	45	22	0	23	23	1	45	0
Internal Audit Fee	5	8	4	0	4	4	0	8	0
Actuarial Fees	6	104	52	42	21	63	11	170	66
General Expenses	7	87	44	73	20	93	49	157	70
Oversight & Governance Expenses Total		351	176	146	97	243	67	521	170

Note:

1. Overspend – Implementation of new staffing structure assuming full complement of staff being in post.
2. Overspend – Arising from London training event.
3. Overspend – Arising from London training event.
4. External Audit Fee last year actual + 1%. Charge made at year end.
5. Internal Audit Fee last year actual + 1%. Charge made at year end.
6. Overspend – As a result of market volatility the Fund has undertaken an interim valuation.
7. Overspend – Mainly arising from additional KPMG investment advice e.g. transition and fund manager selection.

Appendix I – 2016/17 BUDGET/FORECAST AND PROJECTED SPEND (continued)

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

	Notes	Full Year Forecast 2016/17	Forecast to 30/09/16	Actual Spend to 30/09/16	Accrual to 30/09/16	Amended Spend to 30/09/16	Over or (Under) to 30/09/16	Proj Annual Spend 2016/17	Proj Over or (Under) Spend 2016/17
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management	1	11,297	5,649	913	4,207	5,120	(529)	10,214	(1,083)
Performance Fees	2	6,117	3,058	0	2,327	2,327	(731)	4,653	(1,464)
Direct Property Expenses	3	128	64	59	36	95	31	206	78
Transaction Costs	4	1,077	538	535	99	634	96	1,245	168
Custody Fees	5	150	75	20	53	73	(2)	149	(1)
Investment Management Expenses Total		18,769	9,384	1,527	6,722	8,249	(1,135)	16,467	(2,302)

Note:

1. Underspend – Mainly arising from the revised CIPFA guidance on Accounting for Management Costs.
2. Underspend – Mainly arising from the revised CIPFA guidance on Accounting for Management Costs.
3. The Projection for 2016/17 is based upon the Fund Manager's estimated spend for the year.
4. Transaction Costs reported by BNY Mellon as at reporting date then projected.
5. Custody Fees in arrears. Average monthly cost projected to year end.

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.