

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 31/12/16	Actual Spend to 31/12/16	Accrual to 31/12/16	Amended Spend to 31/12/16	Over or (Under) to 31/12/16	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	731	475	253	728	(3)	981	6
Support Services Inc IT	2	550	413	305	99	404	(9)	519	(31)
Printing & Publications	3	32	24	26	1	27	3	33	1
Administration Expenses Total		1,557	1,168	806	353	1,159	(9)	1,533	(24)

Note:

1. Overspend – Implementation of new staffing structure assuming full complement of staff being in post.
2. Underspend – Costs arising from Pensions Reform and maintenance of new software systems, i.e. Member Self Service (MSS) system and GMP Reconciliation being less than originally anticipated.
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	Budget to 31/12/16	Actual Spend to 31/12/16	Accrual to 31/12/16	Amended Spend to 31/12/16	Over or (Under) to 31/12/16	Proj Annual Spend 2016/17	Proj Over or (Under) Spend 2016/17
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Staff Costs	1	102	76	52	41	93	17	131	29
Pension Fund Committee	2	4	3	5	3	8	5	11	7
Pension Board	3	1	1	1	1	2	1	3	2
External Audit Fee	4	45	34	0	27	27	(7)	36	(9)
Internal Audit Fee	5	8	6	0	6	6	0	8	0
Actuarial Fees	6	104	78	103	29	132	54	177	73
General Expenses	7	87	65	118	39	157	92	196	109
Oversight & Governance Expenses Total		351	263	279	146	425	162	562	211

Note:

1. Overspend – Implementation of new staffing structure assuming full complement of staff being in post.
2. Overspend – Arising from London/Edinburgh training events.
3. Overspend – Arising from London/Edinburgh training events.
4. Underspend – Reduction expected in the External Audit Fee for 2016/17.
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 31/12/16	Actual Spend to 31/12/16	Accrual to 31/12/16	Amended Spend to 31/12/16	Over or (Under) to 31/12/16	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	8,473	3,037	4,271	7,308	(1,165)	9,592	(1,705)
Performance Fees	2	6,117	4,588	1,010	3,329	4,339	(249)	5,364	(753)
Direct Property Expenses	3	128	96	109	43	152	56	202	74
Transaction Costs	4	1,077	808	745	93	838	30	1,118	41
Custody Fees	5	150	112	51	54	105	(7)	149	(1)
Investment Management Expenses Total		18,769	14,077	4,952	7,790	12,742	(1,335)	16,425	(2,344)

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 spend as at reporting date then projected.
4. Transaction Costs reported by BNY Mellon as at Nov'16 then projected.
5. Custody Fees based on 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.