
COMMITTEE	PENSIONS COMMITTEE
DATE	23 JUNE 2017
REPORT TITLE	BUDGET/FORECAST & ACTUAL SPEND 2016/17 BUDGET/FORECAST 2017/18
REPORT NUMBER	PC/JUN17/BUD
DIRECTOR	HEAD OF FINANCE
REPORT AUTHOR	MICHAEL SCROGGIE

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to give the Pensions Committee details of the Management Expenses Budget or Forecast and Actual Spend 2016/17 for the North East Scotland Pension Fund (NESPF) and a proposed Budget or Forecast for 2017/18.

2. RECOMMENDATION(S)

- 2.1.1 It is recommended that the Committee:
- i. Notes the update on the NESPF Management Expenses Budget/Forecast and Actual Spend for 2016/17;
 - ii. Approves the indicative NESPF Management Expenses Budget/Forecast 2017/18.

3. BACKGROUND/MAIN ISSUES

**3.1 BUDGET / FORECAST AND ACTUAL SPEND 2016/17
BUDGET / FORECAST 2017/18
(APPENDIX I)**

- 3.1.1 Administrative Expenses – all staff costs of the pension administration team are charged direct to the fund quarterly. Associated management, accommodation and other overheads are apportioned to this activity and charged annually as expenses to the Fund.
- 3.1.2 Oversight and Governance Expenses – all staff costs associated with governance and oversight are charged direct to the fund quarterly. Associated management costs are apportioned to this activity and charged annually as expenses to the Fund.
- 3.1.3 Investment Management Expenses – Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the market value of these investments change. Fund Managers charge their fees quarterly in arrears. In addition, the Fund has negotiated performance related fees with a number of its

investment managers and the forecast is based upon last year's actuals. If applicable, performance fees are charged annually at the year end. The unpredictability of market forces for these elements makes forecasting extremely difficult with any degree of accuracy.

3.2 GOVERNANCE

- 3.2.1 The Pension Fund projected costs for salaries and direct costs are included in monthly monitoring reports to the Service and Corporate Management Teams. The Head of Finance reports to the Pensions Committee on a quarterly monthly basis.

4. FINANCIAL IMPLICATIONS

- 4.1 All Pension Fund costs are paid for by the Fund.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 There are no direct risk implications arising from the recommendation of this report.

7. IMPACT SECTION

- 7.1 The Pension Fund Budget or Forecast promotes accountability and gives reassurance to the stakeholders in the Pension Fund. This report ensures transparency in costs from the administrator of the Fund.

8. BACKGROUND PAPERS

- 8.1 North East Scotland Pension Fund Annual Report & Accounts (2016/17) and Fund Governance Policy Statement.

9. APPENDICES (if applicable)

- 9.1 Appendix I, Budget/Forecast and Actual Spend 2016/17, Budget/Forecast 2017/18

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