

**Appendix I - BUDGET / FORECAST AND ACTUAL SPEND 2016/17
BUDGET / FORECAST 2017/18**

The Budget and Actual Spend 2016/17 and Indicative Budget 2017/18 for NESPF Administration Expenses are shown below:

| | Notes | Full Year Budget 2016/17 £'000 | Actual Spend 2016/17 £'000 | Over or (Under) 2016/17 £'000 | Budget 2017/18 £'000 | Notes |
|--|-------|--|-------------------------------------|--|----------------------------|-------|
| Administrative Staff Costs | 1 | 975 | 971 | (4) | 1,144 | 4 |
| Support Services Inc IT | 2 | 550 | 564 | 14 | 575 | 5 |
| Printing & Publications | 3 | 32 | 29 | (3) | 30 | 6 |
| Administration Expenses Total | | 1,557 | 1,564 | 5 | 1,749 | |

Notes to the 2016/17 actual spend:

1. Timing of implementation of new staff structure
2. Additional costs due to maintenance of new software systems, (members self service, GMP and i-connect)
3. Move to digital delivery of publications

Notes to the 2017/18 budget:

4. As per the budget report to full council (February 2017)
5. As per the budget report to full council (February 2017) plus a percentage increase for software/systems
6. Move to increased digital delivery, should contain spend

Appendix A - BUDGET / FORECAST AND ACTUAL SPEND 2016/17
BUDGET / FORECAST 2017/18 (continued)

The Budget and Actual Spend 2016/17 and Indicative Budget 2017/18 for NESPF Oversight & Governance Expenses are shown below:

| | Notes | Full Year Budget 2016/17 £'000 | Actual Spend 2016/17 £'000 | Over or (Under) 2016/17 £'000 | Budget 2017/18 £'000 | Notes |
|--|-------|--|-------------------------------------|--|----------------------------|-------|
| Investment Staff Costs | 1 | 102 | 131 | 29 | 157 | 8 |
| Pension Fund Committee | 2 | 4 | 11 | 7 | 15 | 9 |
| Pension Board | 3 | 1 | 2 | 1 | 5 | 10 |
| External Audit Fee | 4 | 45 | 32 | (13) | 35 | 11 |
| Internal Audit Fee | 5 | 8 | 7 | (1) | 10 | 12 |
| Actuarial Fees | 6 | 104 | 112 | 8 | 100 | 13 |
| General Expenses | 7 | 87 | 173 | 86 | 150 | 14 |
| Oversight & Governance Expenses Total | | 351 | 468 | 117 | 472 | |

Notes to the 2016/17 actual spend:

1. Timing of implementation of the new staffing structure
2. Additional costs arising from training events
3. Additional costs arising from training events
4. Reduction expected in External Audit Fee for 2016/17
5. Slight underspend on Internal Audit Fees
6. Additional costs due to interim valuation
7. Additional costs due to investment consultancy, implementation of agreed changes to investment strategy

Notes to the 2017/18 budget:

8. As per budget report to full council (February 2017)
9. Increase due to additional training requirements
10. Increase due to additional training requirements
11. Percentage increase on previous year
12. Percentage increase on previous year
13. Increasing inhouse skills should contain spend
14. Increasing inhouse skills should contain spend

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

The Forecast and Actual Spend 2016/17 and Indicative Forecast 2017/18 for NESPF Investment Management Expenses are shown below:

| | Notes | Full Year Forecast 2016/17 | Actual Spend 2015/16 | Over or (Under) 2015/16 | Forecast 2016/17 | Notes |
|---|-------|----------------------------------|----------------------------|-------------------------------|---------------------|-------|
| | | £'000 | £'000 | £'000 | £'000 | |
| Investment Management | 1 | 11,297 | 10,667 | (630) | 11,200 | 6 |
| Performance Fees | 2 | 6,117 | 4,202 | (1,915) | 4,620 | 7 |
| Direct Property Expenses | 3 | 128 | 347 | 219 | 400 | 8 |
| Transaction Costs | 4 | 1,077 | 1,117 | 40 | 1,200 | 9 |
| Custody Fees | 5 | 150 | 122 | (28) | 135 | 10 |
| Investment Management Expenses Total | | 18,769 | 16,455 | (2,314) | 17,555 | |

Notes to the 2016/17 actual spend:

1. Mainly arising from the revised CIPFA guidance on Accounting for Management Costs
2. Mainly arising from the revised CIPFA guidance on Accounting for Management Costs
3. Forecast based on Fund Manager projected spend, additional costs incurred in the management of the Fund's properties
4. Transactions costs will fluctuate depending on Fund Manager activity
5. Custody fees will fluctuate depending on Fund Manager activity

Notes to the 2017/18 budget:

6. Increase based on market value of assets
7. Increase based on market value of assets
8. Increase based on market value of assets and potential asset management
9. Increase based on market value of assets and potential Fund Manager activity
10. Increase based on market value of assets and potential Fund Manager activity

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.