

Appendix I – 2017/18 BUDGET/FORECAST AND PROJECTED SPEND

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

	Notes	Full Year Budget 2017/18	Budget to 30/06/17	Actual Spend to 30/06/17	Accrual to 30/06/17	Amended Spend to 30/06/17	Over or (Under) to 30/06/17	Proj Annual Spend 2017/18	Proj Over or (Under) Spend 2017/18
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Staff Costs	1	1,144	286	9	330	339	53	1,041	(103)
Support Services Inc IT		575	144	7	124	131	(13)	576	1
Printing & Publications		30	7	3	0	3	(4)	29	(1)
Administration Expenses Total		1,749	437	19	454	473	36	1,646	(103)

Note (Spend Variance \pm 5%):

1. Underspend – New posts yet to be advertised and filled.

Appendix I – 2017/18 BUDGET/FORECAST AND PROJECTED SPEND (continued)

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

	Notes	Full Year Budget 2017/18 £'000	Budget to 30/06/17 £'000	Actual Spend to 30/06/17 £'000	Accrual to 30/06/17 £'000	Amended Spend to 30/06/17 £'000	Over or (Under) to 30/06/17 £'000	Proj Annual Spend 2017/18 £'000	Proj Over or (Under) Spend 2017/18 £'000
Investment Staff Costs	1	157	39	0	46	46	7	154	(3)
Pension Fund Committee		15	4	0	2	2	(2)	14	(1)
Pension Board		5	1	0	1	1	0	5	0
External Audit Fee		35	9	0	8	8	(1)	34	(1)
Internal Audit Fee		10	2	0	2	2	0	10	0
Actuarial Fees		100	25	13	38	51	26	98	(2)
General Expenses		150	38	37	30	67	29	154	4
Oversight & Governance Expenses Total		472	118	50	127	177	59	469	(3)

Note (Spend Variance \pm 5%):

There is no projected spend for 2017-18 that has a variance of greater or less than 5%.

Appendix I – 2017/18 BUDGET/FORECAST AND PROJECTED SPEND (continued)

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

	Notes	Full Year Forecast 2017/18	Forecast to 30/06/17	Actual Spend to 30/06/17	Accrual to 30/06/17	Amended Spend to 30/06/17	Over or (Under) to 30/06/17	Proj Annual Spend 2017/18	Proj Over or (Under) Spend 2017/18
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management		11,200	2,800	(9)	2,604	2,595	(205)	11,009	(191)
Performance Fees		4,620	1,155	0	1,099	1,099	(56)	4,395	(225)
Direct Property Expenses	1	400	100	9	57	66	(34)	265	(135)
Transaction Costs	2	1,200	300	150	334	484	184	1,936	736
Custody Fees		135	34	0	33	33	(1)	132	(3)
Investment Management Expenses Total		17,555	4,389	150	4,127	4,277	(112)	17,737	(182)

Note (Spend Variance ± 5%):

1. The Projected Spend for 2017/18 is based upon the Fund Manager's estimation for the year. The Fund Manager does not foresee the same level of 'lease surrender' as previously experienced in 2016-17. However, caution should be exercised regarding this 'underspend'. Predicting the property market is extremely difficult especially when seeking to determine whether or not there will be an element of the unknown, i.e. 'lease surrender', in the spend for the year.

2. Transaction Costs are reported by the Custodian (BNPP) as at the reporting date then projected for the remaining part of the year. Albeit a useful guide, using past transaction activity as a basis for projecting costs carries the risk of over/under stating the spend for the year. If current transaction activity continues, including Fund Manager transitions, then it is anticipated that there will be an overspend.

General

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.