

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 30/09/17	Actual Spend to 30/09/17	Accrual to 30/09/17	Amended Spend to 30/09/17	Over or (Under) to 30/09/17	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	572	345	259	604	32	1,035	(109)
Support Services Inc IT		575	288	359	90	449	161	586	11
Printing & Publications		30	15	5	6	11	(4)	29	(1)
Administration Expenses Total		1,749	875	709	355	1,064	189	1,650	(99)

Note (Spend Variance \pm 5%):

1. Under spend – 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	Budget to 30/09/17	Actual Spend to 30/09/17	Accrual to 30/09/17	Amended Spend to 30/09/17	Over or (Under) to 30/09/17	Proj Annual Spend 2017/18	Proj Over or (Under) Spend 2017/18
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Staff Costs		157	79	43	38	81	2	154	(3)
Pension Fund Committee		15	7	0	2	2	(5)	15	0
Pension Board		5	3	0	0	0	(3)	5	0
External Audit Fee		35	17	0	17	17	0	34	(1)
Internal Audit Fee		10	5	0	5	5	0	10	0
Actuarial Fees	1	100	50	48	39	87	37	145	45
General Expenses		150	75	61	14	75	0	150	0
Oversight & Governance Expenses Total		472	236	152	115	267	31	513	41

Note (Spend Variance \pm 5%):

1. Over spend – Projection based upon current spend trend. However, this spend trend is unlikely to be constant and may increase or decrease in response to actions taken elsewhere within the Pension Fund. However, if the trend of current spend continues, an over spend is anticipated.

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 30/09/17	Actual Spend to 30/09/17	Accrual to 30/09/17	Amended Spend to 30/09/17	Over or (Under) to 30/09/17	Proj Annual Spend 2017/18	Proj Over or (Under) Spend 2017/18
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management		11,200	5,600	204	4,907	5,111	(489)	11,194	(6)
Performance Fees		4,620	2,310	0	2,198	2,198	(112)	4,395	(225)
Direct Property Expenses	1	400	200	121	24	145	(55)	265	(135)
Transaction Costs	2	1,200	600	1,217	243	1,460	860	2,919	1,719
Custody Fees		135	68	18	66	84	16	138	3
Investment Management Expenses Total		17,555	8,778	1,560	7,438	8,998	220	18,911	1,356

Note (Spend ± 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, an over spend is anticipated.

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.