



North East Scotland Pension Fund

nespf

Budget/Forecast 2023-24

Period 1 April 2023 to 31 March 2024

1. Budget or Forecast 2023-24

Section 2 below shows the NESPF Budget/Forecast 2023-24. The budget/forecast includes a re-alignment of cost headings that follows guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for Pension Funds. Additional NESPF Budget/Forecast is added for costs outwith the Council's Budget and for those costs directly paid for by the Fund.

Administrative Expenses – all staff costs of the pension administration team are charged direct to the Fund quarterly. Associated management costs are apportioned to this activity and charged annually as expenses to the Fund.

Oversight and Governance Expenses – all staff costs associated with oversight and governance are charged direct to the Fund quarterly. Associated management costs are apportioned to this activity and charged annually as expenses to the Fund.

Investment Management Expenses – Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointment. 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 few of its investment managers. 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.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has reviewed and revised their guidance to Pension Funds on Accounting for Scheme Management Costs, as a result, the Fund no longer accounts for indirect partnership fees.

Transaction Costs and Direct Property Expenses are included within the section 'Investment Management Expenses'. Other Investment related expenses (e.g. investment advice and litigation, etc) are included within the section 'Oversight & Governance Expenses'.

2. Budget/Forecast 2023-24

	Notes	ACC Full Year Budget/Forecast 2023-24	Additional Budget/Forecast 2023-24	NESPF Full Year Budget/Forecast 2023-24
		£'000	£'000	£'000
Administrative Staff Costs		1,713	91	1,804
Information Technology		41	486	527
Supplies & Services		108	69	177
Accommodation		0	507	507
Printing & Publications		0	17	17
Administration Expenses Total		1,862	1,170	3,032
Investment Staff Costs		241	27	268
Pension Fund Committee		2	8	10
Pension Board		1	4	5
External Audit Fee		0	53	53
Internal Audit Fee		12	0	12
Actuarial Fees		0	500	500
General Expenses		0	271	271
Oversight & Governance Expenses Total		256	863	1,119
Investment Management Fees		0	12,722	12,722
Performance Fees		0	5,150	5,150
Direct Operating Property Expenses		0	862	862
Transaction Costs		0	1,001	1,001
Custody Fees		0	151	151
Investment Management Expenses Total*		0	19,886	19,886
Management Expenses Grand Total		2,118	21,919	24,037

***Note:**

Investment Management Expenses are 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.