

Budget and Cash Flow Forecast

APPENDIX 4

<u>Three Year Budget</u>	Budget for 2018/19 £	Forecast 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £
Investment Expenses	21,375	21,375	23,043	23,504	23,974
Administration Costs	75,392	74,392	79,050	62,231	63,436
Communication Costs	72,619	72,619	74,071	75,553	77,064
Payroll Communication Costs	85,171	85,171	170,689	142,413	144,171
Information Systems	247,405	247,405	289,637	310,030	315,531
Salaries	2,049,797	1,929,797	2,400,942	2,443,625	2,492,497
Central Allocated Costs	537,067	537,067	527,700	538,254	549,019
IT Strategy	72,202	1,000	72,202	0	0
Miscellaneous Recoveries/Income	(220,842)	(220,842)	(196,000)	(199,920)	(203,918)
Total Administration	2,940,186	2,747,984	3,441,335	3,395,690	3,461,774
Governance Costs	383,380	343,380	415,170	365,403	320,641
- Members' Allowances	38,260	38,260	39,025	39,806	40,602
- Independent Members' Costs	28,000	28,000	65,000	65,900	66,818
Compliance Costs	567,305	598,305	931,500	668,630	661,003
Brunel Expenses	25,000	25,000	25,000	25,000	25,000
Compliance Costs recharged	(326,000)	(326,000)	(225,000)	(229,500)	(234,090)
Governance & Compliance	715,945	706,945	1,250,695	935,239	879,974
Pensions Board	20,000	15,000	20,000	20,400	20,808
Global Custodian Fees	165,000	215,000			
Brunel Management Fees	790,000	835,000	1,477,000	1,477,000	1,477,000
<u>Investment Manager Fees</u>					
Annual Management Fees	19,762,393	19,370,836	19,832,956	21,022,934	22,284,310
Performance Related Fees	4,446,683	5,597,572	9,083,313	9,628,312	10,206,010
Investment Fees	25,164,076	26,018,408	30,393,269	32,128,245	33,967,320
TOTAL COST TO FUND	28,840,207	29,488,337	35,105,299	36,479,574	38,329,875

<u>Cash Flow Forecast</u>		<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
(Excluding Administration and Investment costs)		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Benefits Outflows</u>				
Benefits	Pensions	(146,732)	(156,044)	(162,910)
	Lump sums	(32,524)	(30,777)	(34,821)
Total Benefits Outflows		(179,255)	(186,821)	(197,731)
<u>Inflows</u>				
Deficit recovery		17,994	108,656	18,721
Future service Contributions		138,023	138,023	140,784
Total Contributions		156,017	246,680	159,505
Net Cash Flow (excluding Administration & Investment costs)		(23,238)	59,858	(38,226)
Divestments & Investment income received as cash		34,000	(49,000)	50,000
Net Pension Transfers In / Out		0	0	0
Cash outflow due to administration of the Fund		(11,362)	(11,589)	(11,821)
Net Cash Flow (Out-Flow)		(600)	(731)	(47)
Notes				
- Net cash requirements will be met from divestments and cash balances				
- Transfers in and out are assumed to net to zero				
- The cash outflow due to administration includes Investment Management Fees that are invoiced to the Fund.				
- The forecast for 2020/21 includes the assumption that employers will not make up front three year deficit payments in advance.				
The deficit payments in 2019/20 and 2021/22 are smaller due to some employers making three year advance deficit payments.				