

***Fund account, investment and administration estimates
- detailed analysis***

	2016-17 Actual £'000s	2017-18 Forecast £'000s	2018-19 Estimate £'000s
<i>Income from members</i>			
<i>Employers contributions normal</i>	(58,341)	(63,669)	(66,627)
<i>Employers contributions additional</i>	(31)	(8)	0
<i>Employers contributions deficit recovery</i>	(1,622)	(810)	0
<i>Members contributions</i>	(25,893)	(26,211)	(26,736)
<i>Transfers in from other schemes</i>	(5,225)	(3,154)	(4,000)
<i>Other income</i>	(6,382)	(5,974)	(6,200)
	(97,494)	(99,826)	(103,563)

1. The employer contribution rate increase in accordance with the Actuarial Valuation and proposed pay rises, contribute to this increase.
2. The employee contribution increase relates to the expected cost of living rise and pay increments.

	2016-17 Actual £'000s	2017-18 Forecast £'000s	2018-19 Estimate £'000s
<i>Expenditure to members</i>			
<i>Pensions paid</i>	101,668	105,046	108,953
<i>Commutations and lump sum retirement benefits</i>	21,081	24,044	25,000
<i>Lump sum death benefits</i>	3,036	3,387	3,600
<i>Payments to and on account of leavers</i>	9,084	11,698	12,000
	134,869	144,175	149,553

1. The pensions paid increase is based on an increase of 2½% rise in pensioner membership numbers and a 1% rise on the average pension paid, consistent with the profile over the past three years.

	2016-17 Actual £'000s	2017-18 Forecast £'000s	2018-19 Estimate £'000s
<i>Management expenses:</i>			
<i>Administration costs</i>	1,870	1,733	2,064
<i>Investment management expenses</i>			
<i>Custody fees</i>	11	15	16
<i>External investment management expenses</i>	449	1,090	1,736
<i>Internal investment management expenses</i>	672	700	1,177
<i>Other investment management expenses</i>	29	13	13
<i>Research and index fees</i>	154	159	165
<i>Transaction costs</i>	1,281	667	347
<i>Total Investment management expenses</i>	2,596	2,644	3,454
<i>Oversight & governance costs</i>			
<i>Actuary fees</i>	121	225	234
<i>Audit fees</i>	28	28	30
<i>Professional consultancy support</i>	58	108	600
<i>Total Oversight & governance costs</i>	207	361	864
	4,673	4,738	6,382

1. The forecast 2018-19 administration costs includes an allowance to expand the Kier Pension Administration service to enhance customer services (approx. £262,000).
2. The 2016-17 actual for external investment management expenses excludes some expenditure mis-posted to administration costs and 2017-18 outturn includes direct property costs that were previously capitalised.
3. The increase in external investment management expenses reflects the additional charge for the new passive, index tracker funds. This also reflects an estimate for BCPP sub Fund unit trusts (UK Equities only - £202,000).
4. Transaction costs reduced due to lighter trading in 2017-18, and the estimated 2018-19 reflects the move to passive funds for overseas markets and the transfer of investment activity to BCPP.
5. The professional consultancy support cost for estimated outturn for 2017/18 included estimated costs for setting up BCPP, and the forecast for 2018/19 included the remainder of costs to set up BCPP (approx. £350,000), and an allowance for a transition manager to assist the Fund with the stock transition to BCPP (approx. £250,000).
6. One-off set-up charges for 2018-19 currently run to approx. £1.1 million, reducing the estimate going forward nearer to current expenditure levels.

	2016-17 Actual £'000s	2017-18 Forecast £'000s	2018-19 Estimate £'000s
<i>Investment Income</i>			
<i>Investment income from bonds</i>	(1,038)	(292)	0
<i>Investment income from UK equities</i>	(42,159)	(38,927)	(40,000)
<i>Investment income from overseas equities</i>	(43,695)	(47,887)	(5,000)
<i>Investment income from pooled investment vehicles</i>	(3,995)	(3,484)	(4,000)
<i>Property gross rental income</i>	(10,851)	(12,017)	(13,000)
<i>Property expenses</i>	558	740	800
<i>Interest on cash deposits</i>	(970)	(1,119)	(1,200)
	(102,150)	(102,986)	(62,400)

1. The large decrease in the estimated 2018-19 for overseas equities is due to the move to passive index tracker funds.