

Summary of main budget variances: Forecast for year, as at 31st January 2012

APPENDIX 2

Variance Analysis of the full year forecast expenditure or income against budget to the year end.

Expenditure Heading	Amount of Variance *	Most Significant Reasons for Variance
Investment Expenses	(10,000)	Fewer issues incurring legal fees have been referred than was provided for in the original budget.
General Communication Costs	(10,000)	Greater use of freely available software has allowed savings to be made on the cost of developments in this area.
Salaries	(40,000)	Staff vacancies have been temporarily left unfilled and the superannuation budget cost was higher than required. This has not currently affected the level of service provided.
Investment Governance & Member Training	(32,000)	The Fund has commissioned less investment advice than was anticipated at the start of the year.
Compliance Costs	45,000	The forecast increase of £45,000 in expenditure against budget is partly due to a £70,000 increase in Actuarial charges (driven by the increase in new bodies and the interim valuations as well as resolving specific funding issues). This is partly offset by the result of an audit requirement to recognise the cost of the triennial valuation in the year the valuation was performed (2010/11) and not in the years in which it would apply as was assumed in the budget. This is a change in policy. Increased expenditure on actuarial fees is offset by increased recharging of fees to employing bodies (see below).
Compliance Costs Recharged	(80,000)	Increased recharges of actuarial fees as per above.
Total Underspend	(127,000)	

*() variance represents an under-spend, or recovery of income over budget
+ve variance represents an over-spend, or recovery of income below budget