

Summary of major budget variances: Year ending 31st March 2012

APPENDIX 2

Variances Analysis of the full year expenditure or income against budget.

Expenditure Heading	Variance *	Most Significant Reasons for Variance
Investment Expenses	(26,000)	Fewer issues incurring legal fees have been referred than was provided for in the original budget.
General Communication Costs	(44,000)	Savings have been achieved by combining the mailing of Annual Benefits Statements with newsletters. There has also been greater use of freely available software allowing savings to be made on the cost of website development. Budget provision for communicating details of the new scheme was not required, but will be needed in 2012/13.
Salaries	(71,000)	Savings have been made against staff turnover. This has not currently affected the level of service provided.
Central Allocated Costs	(24,000)	Savings made by the Council in Central costs were reflected in a reduction in recharges.
Miscellaneous income	(37,000)	Opportunities were found for the recovery of costs over and above those assumed in the preparation of the budget.
Investment Governance & Member Training	(95,000)	The Fund has commissioned less investment advice than was anticipated at the start of the year.
Compliance Costs	60,000	The increase in expenditure against budget was due to a £98,000 increase in Actuarial charges (driven by the increase in new bodies and the interim valuation as well as resolving specific funding issues). This was 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 was a change in policy. Increased expenditure on actuarial fees was offset by increased recharging of fees to employing bodies (see below).
Compliance Costs Recharged	(113,000)	Increased recharges of actuarial fees as per above.
Investment Manager Fees	283,000	The budget was prepared prior to the appointment of the dynamic currency hedging manager.

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

+ve variance represents an over-spend, or recovery of income below budget