

APPENDIX 2

Summary of main budget variances for full year to 31 March 2014

Variances Analysis of full year budget against actual expenditure / income at year end.

Expenditure Heading	Variance £*	Most Significant Reasons for Variance
Communication Costs	(67,500)	Production of 2014 new scheme leaflet postponed until 2014/15 due to delays in government announcements regarding details of the scheme. Savings in postage were achieved by combining the distribution of the newsletter with the sending out of payslips.
Salaries	(19,000)	Reduced expenditure following delayed appointments of staff to Benefits and Data Quality sections. Positions are now filled.
Information Systems	(15,500)	The replacement of a server has been avoided by the use of extended maintenance.
Central Allocated Costs and other minor variances.	(10,000)	The budget included £10,000 for an Employer's data base. This has not yet been developed. It is proposed that the 2014/15 budget will include a provision for this.
Miscellaneous recoveries	(59,000)	There has been an increase in the number of Pension Sharing cases, the costs of which are recharged.
Administration	(171,000)	
Investment Governance & Member Training etc.	(174,000)	The budget for investment advice included a contingency for new mandate searches and further projects arising from the investment review some of which was not used. Some of the projects have been delayed and are included in the 2014/15 budget (including the infrastructure search, hedge fund review and LDI project).
Compliance Costs	55,000	Additional actuarial fees have been incurred in relation to the Triennial Valuation and to the production of FRS17 / IAS19 statements required for employer's end of year Statements of Accounts. The FRS17 / IAS19 costs are passed on to the employers (see below).
Compliance Costs Recharged	(57,000)	A greater amount of actuarial costs than anticipated were at the discretion of employers and therefore rechargeable.
Governance & Compliance	(176,000)	
Directly Controlled Budget	(347,000)	

Expenditure subject to Markets

Global Custody Fees	(36,000)	The cost of transition to new portfolios and the custody costs of the new portfolios were less than allowed for in the budget.
Investment Manager Fees	(1,159,000)	Investment Manager fees were below the budgeted estimate due to the new managers for Emerging Markets and the Diversified Growth Fund being appointed later than had been assumed in the budget. The fees include those that are paid or become due for payment during the year.
Expenditure Outside Direct Control	(1,195,000)	
Total Overspend	(1,542,000)	

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