

## APPENDIX 1A

### Summary of main budget variances: Year to 31 March 2017

Variances Analysis of the full year expenditure and income, against budget.

Expenditure Heading	Variance £*	Most Significant Reasons for Variance
Salaries	(91,000)	Reduced salaries expenditure due to:- - Benefits : Posts were held open pending the restructure. There were then delays in recruitment following the restructure.
	(71,000)	- Investments: Delayed appointment of actuarial team post and Assistant Investments Manager. Maternity leave and residual left from extra resources that were approved to support pooling.
IT Strategy	(114,000)	Expenditure delayed to allow the budget to be carried over to 2017/18 as the product offer from the supplier for Employer Self Service is revised.
Other	8,500	

**Administration (267,500)**

Investment Governance & Member Training	(65,500)	Expenditure on consultants was less than budgeted because:- -The re-tender of Vote Monitoring was carried out using a National Framework agreement saving expenditure on consultants. - Work on The Asset Liability Model was started later than planned but has now commenced with costs being incurred in 2017/18. -The AVC review was also delayed due to workload pressure.
Independent Member's Costs and Member's Allowances	(9,000)	Appointments budget for Independent Members was not fully used but will be carried forward to 2017/18.
Compliance Costs	(51,500)	Less expenditure than forecast was required on legal services. The costs of the Triennial Valuation were not as high as had been anticipated at the time of setting the budget.

Compliance Costs Recharged	(84,000)	As a result of the increasing number of conversions to Academy status and outsourcings a higher proportion of compliance costs were rechargeable.
Project Brunel	44,000	Expenditure on Project Brunel largely relates to the Fund's share of the costs allocated across the ten participating Pension Funds. The budget of £110k related to Stage 3a which ended 31/12/16 when Full Business Case was finalised. At end of Stage 3 the actual expenditure was £138k.
Pensions Board	(20,000)	The Pension Board controls its own expenditure. 2016/17 was the first full year of the Board's existence. The Board did not require the total resources that were allocated at the time of setting the budget.
Global Custodian Fees	39,500	Higher than anticipated transaction fees in the currency hedging portfolio following the decision to extend the hedge to include overseas property, hedge fund and infrastructure mandates.
Investment Manager Fees	1,742,000	The larger than expected rise in asset values over the year (especially in quarter ending 30 September) have resulted in higher than anticipated expenditure on fees.

<b>Expenditure Outside</b>	<b>1,595,500</b>
<b>Direct Control</b>	
<b>Total</b>	<b><u>1,328,000</u></b>

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