

Summary of Major Budget Variances: Forecast for year, as at 31st January 2011

APPENDIX 2

Variances Analysis of the full year budget against forecasted outturn to the year end

Expenditure Heading	Amount of Variance *	Most Significant Reasons for Variance
Administration Costs	(11,000)	Savings on administration have been achieved in the purchase of equipment, subscriptions, training and tracing. The budget for Tracing was prepared on the assumption that the data cleansing exercise would generate an increase in Tracing work. This has not been required to the level that was anticipated.
Communications Costs	(4,000)	Reduced expenditure on guides and leaflets and postage in the current year will be partly off set by some of the initial one off costs of the Heywood's Member Self Services system.
Information Systems	11,000	The increased expenditure on Information Systems relates to the implementation of the Heywood's Member Self Services system and the Heywood's Employer system. This increased expenditure will be offset by savings elsewhere in the budget. It is planned that the savings generated by this system will recoup its cost over the next two years.
Salaries	(20,000)	The saving in the cost of salaries is mainly as a result of there being no pay award. There has also been a small reduction in hours.
Custody Fees	(4,000)	A small reduction in custody fees is expected as a result of the appointment of a Global Equity Manager taking place later than was assumed in the preparation of the budget.
Investment Manager Fees	42,000	An increase in manager fees is expected as a result of the performance of the markets, particularly in the emerging markets. Note: £115,000 of the forecast fees is due to performance related fees.

Governance Costs	(42,000)	The forecast reduction in spending on Governance Costs mainly relates to lower Investment Consultancy costs due to a number of projects which were planned for 2010/11, being delayed until 2011/12. These include the review of SRI policy and the custody tender. The costs of these will be included in the 2011/12 budget.
Compliance Costs	14,000	The increased expenditure in compliance costs is due to increased use of the Actuary in particular in relation to FRS17 and new Admitted Bodies. The non rechargeable costs have been offset by the reduction in external audit fees. Rechargeable costs have been offset by the increase in recharges shown below.
Compliance Costs recharged	(17,000)	The increased recharges reflect the increased volume of actuarial work on behalf of external bodies in particular relating to FRS17 and new admitted bodies.

-ve variance represents an under-spend or recovery of income over budget

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