

Summary of Budget Variances: 31st March 2011

APPENDIX 2

Variances Analysis of the budget against outturn for the full year 2010/2011

Expenditure Heading	Amount of Variance *	Most Significant Reasons for Variance
Investment Administration	(18,000)	Savings have been made through the discontinuation of the Open Air investment accounting system that had previously been running in parallel with the custodian's accounting system. Expenditure on staff training & travel costs were below budget.
Administration Costs	(24,000)	Savings were achieved through reduced spending on equipment, training, printing and tracing. The level of tracing resulting from the data cleansing exercise was less than anticipated.
Communications Costs	(51,000)	The move towards greater use of electronic delivery produced ongoing savings on guides, leaflets and postage. Expenditure on website development was also below budget. The gross savings were partly used to meet the initial one off costs of the Altair Member Self Services system, leaving the net saving of £51,000.
Salaries	(33,000)	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 worked by some staff.
Central Allocated Costs	(32,000)	The reduction in central charges was mainly as a result of reduced expenditure on IT support, Democratic Services, Financial Management Services and Business Support.
Miscellaneous Income	(42,000)	Additional income was earned from recharges for work carried out for employing bodies.
Total Directly Controlled Administration Costs	(200,000)	

Custody and Investment Manager Fees	(277,000)	The saving was due to the delaying of the appointment of an Equity Manager until 1 April 2011 which was partly offset by a general increase in Investment Management Fees due to an increase in asset values.
Governance Costs	(90,000)	The saving was due to a delay in projects planned for 2010/11 including the Custody tender and review of the Socially Responsible Investing policy. The fees for performance monitoring were also slightly reduced during the year.
Compliance Costs	(50,000)	The budget included £30k for a 1/3 rd of the cost of the Triennial Valuation. Following advice from the auditor the total cost of the valuation is being deferred to be charged over the <i>next</i> three years. Savings have also been made as a result of the reduction in external audit fees. An increase in expenditure on actuarial fees has been largely offset by an increase in recharges as shown below.
Compliance Costs Recharged	(43,000)	The increase in work carried out by the Actuary on behalf of employers has been recharged to the employers.

Total Investment Management
& Compliance Costs (460,000)

TOTAL EXPENDITURE (660,000)

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