## Summary of main budget variances: Forecast for year, as at 31st October 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 |
|---|---|---|
| Salaries | (30,000) | Staff vacancies have been temporarily left unfilled and superannuation budget cost was higher than required. This has not currently affected the level of service provided. |
| Compliance Costs | 25,000 | The forecast increase of £25,000 in expenditure against budget is a combination of £50,000 increase in Actuarial charges which is partly offset by an audit requirement to recognise the cost of the triennial valuation in the year the valuation was performed (2010/11) and not to the years in which it would apply as was assumed in the budget. This is a change in policy.<br><br>Increased expenditure on actuarial fees is offset by increased recharging of fees to employing bodies. |
| Compliance Costs Recharged | (50,000) | Increased recharges of actuarial fees as per above. |
| General Communication Costs | (10,000) | Greater use of freely available software has allowed savings to be made on the cost of developments in this area. |
| Investment Manager Fees | (20,000) | The budget was prepared prior to the appointment of the currency hedging manager. The full year cost of this is currently forecast to be £605,000. This is more than offset by the reductions in fees as a result of the markets lagging the return assumed in the budget. |
| **Total Underspend** | **(85,000)** | |

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