Budget Report Summary, Financial Year 2020/21

November 2020

Executive Summary

As at the end of November, our income is down 3% overall against budget year to date. This is expected to level out throughout December as the Companies House campaign has now resumed.

The report reflects those changes agreed at the Q2 budget review. The forecasted profile of Data Protection income has been revised to reflect the fees collected to date and the reprofile of Companies House activity into the remaining months of the year. The budget will be reforecast at the end of Quarter 3.

We are making savings against expenditure for the year to date.

The biggest areas of savings are across Project costs (50%), Training & Recruitment (38%) and Communications (43%), however expenditure is expected to pick up later in the year. These areas will be carefully considered at the Q3 budget review.

The pay spend is aligned with budget to only a 4.5% variance mainly due to a slow down of recruitment during the first half of the year. This will continue to be carefully monitored as it constitutes over 74% of our spend as an organisation. Additional resources have been ringfenced to service any additional recruitment through the year. This will be reported on each month as to progress.

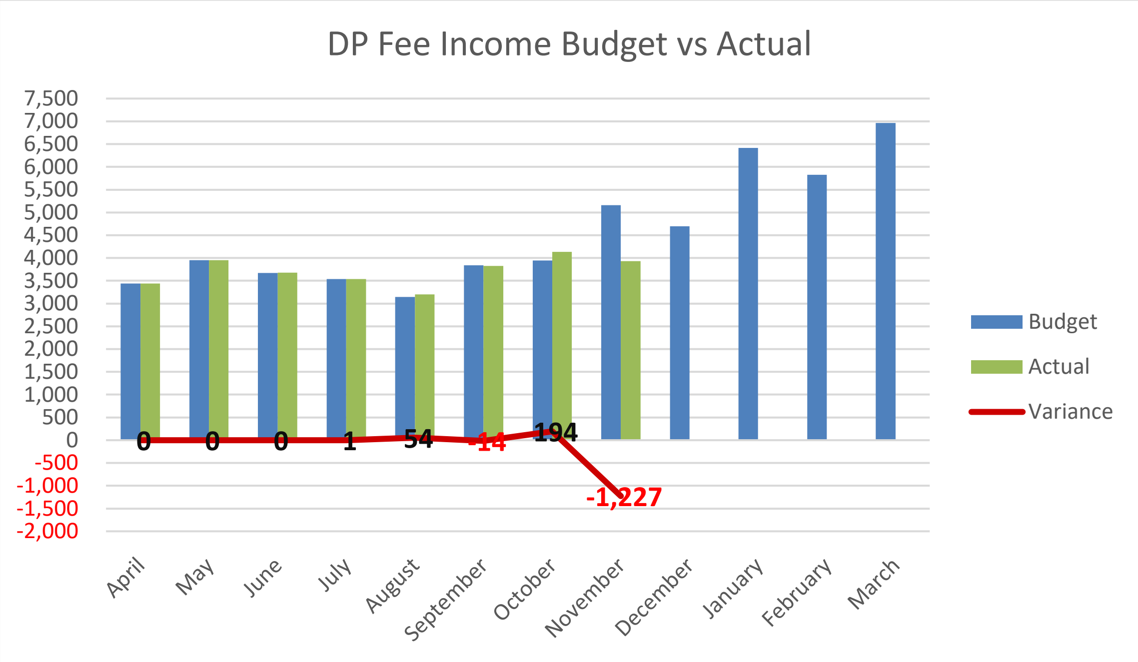
MANAGEMENT REPORT

For the Five Months Ending 30 November 2020

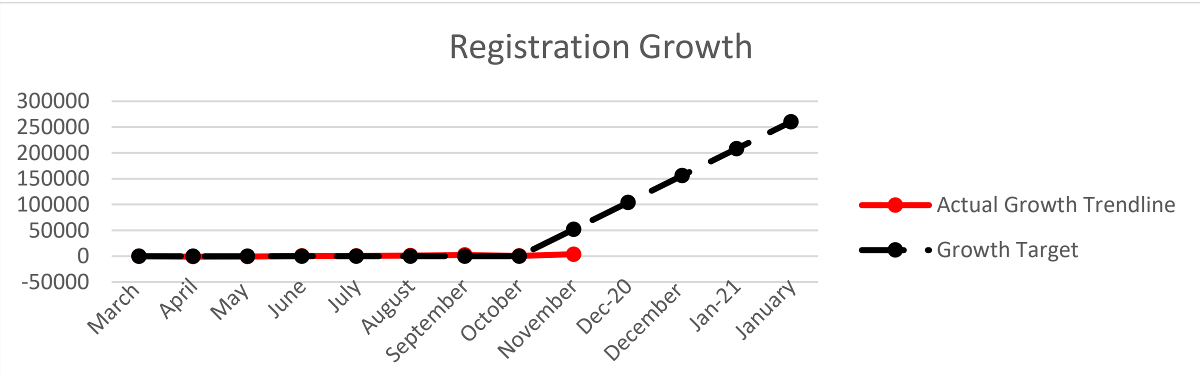
	Year To Date				Remaining	Full Year
	Budget	**Actual**	**Variance**	**Var %**	**Budget**	**Budget**
	£	**£**	**£**	**%**	**£**	**£**
GRANTS & OTHER	4,263,212	4,264,898	1,686	0.0%	2,115,644	6,380,542
DP FEE INCOME	30,694,126	29,734,155	959,971	3.1%	24,865,845	54,600,000
TOTAL INCOME	**34,957,338**	**33,999,053**	**958,285**	**2.7%**	**26,981,489**	**60,980,542**
TOTAL PROJECT SPEND	997,336	499,247	498,089	49.9%	975,753	1,475,000
TOTAL TRAINING AND RECRUITMENT	702,839	439,473	263,366	37.5%	734,329	1,173,802
TOTAL COMMUNICATIONS	286,675	163,131	123,544	43.1%	315,792	478,923
TOTAL TRAVEL	79,972	49,434	30,538	38.2%	70,566	120,000
TOTAL LEGAL, PROFESSIONAL & OTHER	1,391,659	941,016	450,643	32.4%	2,325,371	3,266,387
TOTAL FINANCIAL COSTS	86,000	78,528	7,472	8.7%	113,973	192,501
TOTAL IT COSTS	3,298,068	2,725,810	572,258	17.4%	2,407,026	5,132,836
TOTAL STAFF COSTS	28,141,993	26,879,651	1,262,342	4.5%	17,052,301	43,931,952
TOTAL OFFICE COSTS	2,137,395	2,115,313	22,082	1.0%	1,091,777	3,207,090
TOTAL COSTS	**37,121,937**	**33,891,603**	**3,230,334**	**8.7%**	**25,086,888**	**58,978,491**
CAPITAL SPEND	0	0	0	-	650,000	650,000
SURPLUS/ (DEFICIT)	**2,164,599**	**107,450**	**2,272,049**	**105.0%**	**1,244,601**	**1,352,051**

Income

DP Income & Registrations



The DP Income budget profile shows a consistent growth period from November to the end of the year aligned with the Companies House Campaign. Although DP fee recovery has not kept up with budget for November (down 3% overall), this dip is expected to level off by the end of December and start picking up in January – March. Final Year outturn is expected to be within budget forecast.



The registrations growth chart shows only a small amount of growth during the period April – November. This is as expected during the pandemic, as no letters have been sent out to build the register. This is expected to increase once the mailing campaign increases to full volume over the coming months.

The Grant in Aid & Other income covers Freedom of Information (FOI) - £4m, (NIS) - £500k, electronic identification and trust services (eIDAS), Investigatory Powers Act (IPA) - £330k and additional pension funding of £1.4m. These sums have already been paid in full to assist with any potential cash flow risk associated with Covid-19.

Expenditure

At present, cost lines are coming in behind budget. This will be reviewed in detail at the end of Q3. Those areas tracking >10% variance to budget are as follows;

Training & recruitment ↓(38%)

Recruitment is generally focussed on agency staff at the moment. We expect to see more demand for training in the coming months in line with budget.

IT spend ↓(17%)

Areas such as security contracts, website support and registrations printing are all spending less than expected whereas hardware support and telephony are expected to overspend due to the changes that have been made during lockdown. The overall position is expected to be unchanged and the spend profile will be reviewed at the end of Q3.

Project spend ↓(50%)

Many projects have been put on hold during the pandemic, however this is picking up and expected to spend, particularly across the Companies House Project.

Communications spend ↓(43%)

Many campaigns, especially those involving high print and distribution costs have been delayed, this is expected to pick up in the coming months.

Travel ↓(38%)

Travel has been reduced in the latest reforecast. This will be carefully reviewed at the next budget reforecast as it is not expected to pick up to any material degree.

Legal, Professional and Other ↓(32%)

Legal costs are reduced as many investigations resulting in litigation have been put on hold until companies have had the chance to re-assess their position and affordability of fines reconsidered. External professional fees have reduced significantly during COVID. This is expected to pick up later in the year, especially when we resume sending out NOIs and ultimately PNs.

End of year forecast

The year end is currently budgeted to break even with an immaterial surplus <3% turnover circa £1.3m. There is still uncertainty over the ongoing impact of the pandemic and a full reforecast will take place at the end of Q3.

Reporting to DCMS

There are a number of adjustments that we make to our reports to DCMS as listed below:

Surplus as reported to DCMS	***780,790***
Additional IPA funding available through GIA	165,000
Additional budget moved from capital into expenditure	200,000
Adjustments under IFRS 16 Leases	206,261
Surplus as reported in Budget Report	**1,352,051**