

## Budget Report Summary, Financial Year 2020/21

October 2020

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### **Executive Summary**

As at the end of October our income is on track for the year. We are also making savings against expenditure for the year to date.

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 five months of the year. The budget will be reforecast at the end of Quarter 3.

The biggest areas of savings are across Project costs (56%), Training & Recruitment (43%) and Communications (40%), 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 6.5% 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 73% 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.

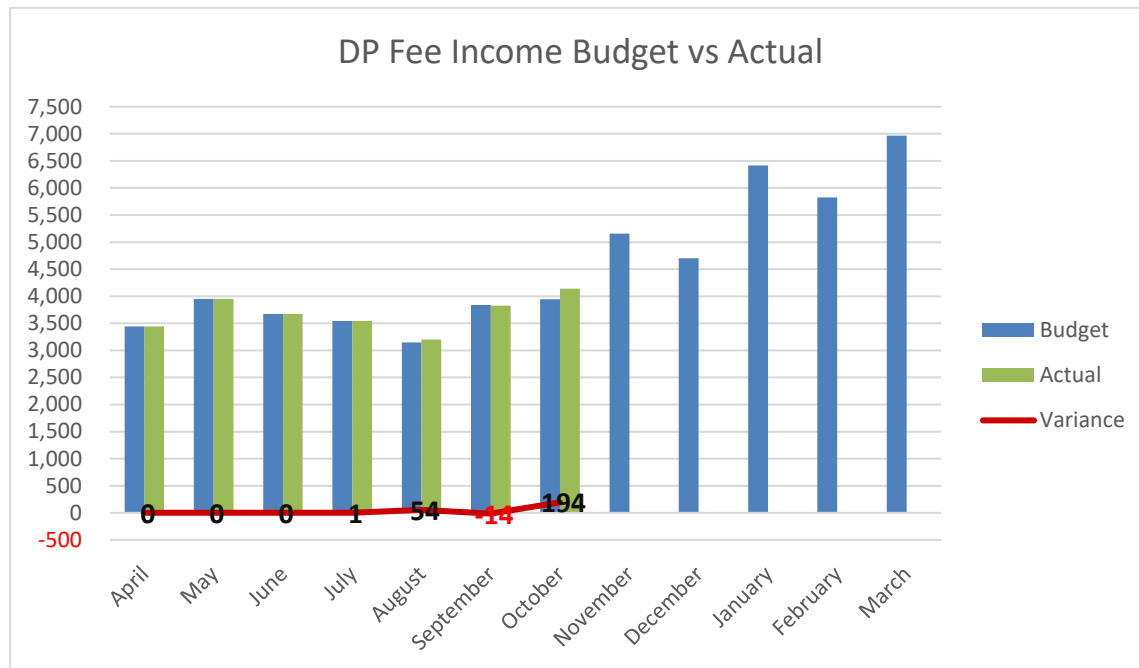
## MANAGEMENT REPORT

For the Five Months Ending 31 October 2020

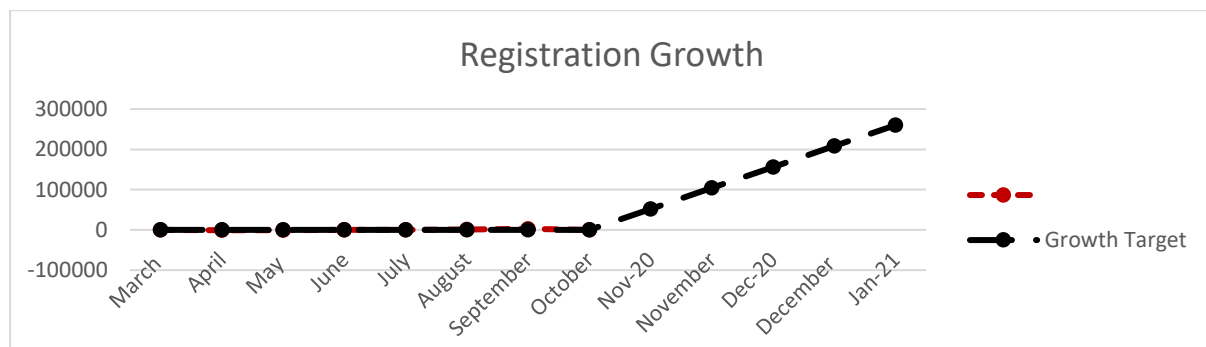
|                                   | Year To Date      |                   |                  |               | Remaining         | Full Year         |
|-----------------------------------|-------------------|-------------------|------------------|---------------|-------------------|-------------------|
|                                   | Budget<br>£       | Actual<br>£       | Variance<br>£    | Var %<br>%    | Budget<br>£       | Budget<br>£       |
| GRANTS & OTHER                    | 3,733,878         | 3,735,554         | 1,676            | 0.0%          | 2,644,988         | 6,380,542         |
| DP FEE INCOME                     | 25,536,770        | 25,772,362        | 235,592          | -0.9%         | 28,827,638        | 54,600,000        |
| <b>TOTAL INCOME</b>               | <b>29,270,648</b> | <b>29,507,916</b> | <b>237,268</b>   | <b>-0.8%</b>  | <b>31,472,626</b> | <b>60,980,542</b> |
| TOTAL PROJECT SPEND               | 872,669           | 382,493           | 490,176          | 56.2%         | 1,092,507         | 1,475,000         |
| TOTAL TRAINING AND RECRUITMENT    | 614,986           | 352,921           | 262,065          | 42.6%         | 820,881           | 1,173,802         |
| TOTAL COMMUNICATIONS              | 251,112           | 150,592           | 100,520          | 40.0%         | 328,331           | 478,923           |
| TOTAL TRAVEL                      | 69,976            | 42,586            | 27,390           | 39.1%         | 77,414            | 120,000           |
| TOTAL LEGAL, PROFESSIONAL & OTHER | 1,125,377         | 853,465           | 271,912          | 24.2%         | 2,404,841         | 3,258,306         |
| TOTAL FINANCIAL COSTS             | 75,250            | 59,496            | 15,754           | 20.9%         | 133,005           | 192,501           |
| TOTAL IT COSTS                    | 2,885,810         | 2,357,360         | 528,450          | 18.3%         | 2,775,476         | 5,132,836         |
| TOTAL STAFF COSTS                 | 24,193,803        | 23,267,433        | 926,370          | 3.8%          | 20,664,519        | 43,931,952        |
| TOTAL OFFICE COSTS                | 1,874,401         | 1,846,059         | 28,342           | 1.5%          | 1,368,693         | 3,214,752         |
| <b>TOTAL COSTS</b>                | <b>31,963,384</b> | <b>29,312,405</b> | <b>2,650,979</b> | <b>8.3%</b>   | <b>29,665,667</b> | <b>58,978,072</b> |
| CAPITAL SPEND                     | 0                 | 0                 | 0                | -             | 650,000           | 650,000           |
| <b>SURPLUS/ (DEFICIT)</b>         | <b>2,692,736</b>  | <b>195,511</b>    | <b>2,888,247</b> | <b>107.3%</b> | <b>1,156,959</b>  | <b>1,352,470</b>  |

## Income

### DP Income & Registrations



The DP Income budget profile has been revised to align expected income growth with the restart of the Companies House Campaign and remains within 1% of budget to date. Whilst the revised forecast has been set with prudent assumptions, the full impact of Covid-19 is yet to be seen following Lockdown II. This will be reviewed alongside the expenditure budget at the end of Q3.



The registrations growth chart shows only a small amount of growth during the period April – October. 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 is resumed at the end of October.

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 ↓(43%)**

Recruitment is generally focussed on agency staff at the moment. As more staff are cleared to return to work, we expect to see more demand for training and recruitment.

### **IT spend ↓(18%)**

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 ↓(56%)**

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 ↓(40%)**

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

### **Financial ↓(21%)**

Internal audit costs are yet to be received as work is ongoing and the current work profile has been slightly delayed, however this is expected to spend to budget as it is under contract.

### **Travel ↓(39%)**

Travel has been reduced in the latest reforecast. This will be carefully reviewed at the next budget reforecast.

### **Legal, Professional and Other ↓(24%)**

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 generate a surplus that is <3% turnover. There is still uncertainty over the ongoing impact of the pandemic and a full reforecast will take place at the end of Q3.