

**Finance Report Summary, Financial Year 2019/20
June 2019**

Executive Summary

June 2019 represents the third month of the financial year. At the end of quarter one the year end position is still aiming for a break even position. There is a reforecasting on individual budget lines following a full review at the end of the quarter which is shown in the year end forecast position

There is a known increase in income with an additional line of funding to offset increases in pension costs. The staffing costs include the cost of career progression, vacancies and assumptions over revalorisation. There are known challenges to the budgets of Travel and Legal which will come under increasing pressure throughout the financial year and will need careful monitoring and action from budget holders. The DP fee income is slightly adverse to budget by c£0.1m, however it is too early in the year to start forecasting that this will outturn at a material variance to budget, particularly given the variances seen for the first three months of the financial year.

Description	YTD	April	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Year end forecast	Total Budget	Variance to Budget
	RAG RATING	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DP FEE INCOME	G	3,764	4,611	3,644										46,560	46,560	0
GRANT IN AID	G	386	386	386										4,626	4,626	0
OTHER INCOME	G	107	107	107										1,714	1,273	442
OFFICE COSTS	G	246	387	69										3,137	2,651	(485)
STAFF COSTS	G	2,833	2,847	4,496										38,179	38,660	481
TRAINING AND RECRUITMENT	G	66	85	32										827	835	8
IT COSTS	G	244	280	279										3,661	3,625	(36)
PROJECT SPEND	G	81	272	507										2,273	2,500	227
COMMUNICATIONS	G	109	41	41										684	684	0
FINANCIAL COSTS	G	9	6	6										188	188	0
TRAVEL	A	102	99	92										961	687	(274)
LEGAL, PROFESSIONAL & OTHER	A	94	477	264										2,379	1,978	(401)
CAPITAL SPEND	G	0	0	0										650	650	0
OPERATING SURPLUS	G	470	608	-1,650										(39)	0	(39)

<u>Key</u>	RAG RATING
On track	G
Not on track but expected to be at budget at year end	A
Not expected to be at budget at year end	R

Income

The DP income for the month of June is adverse (£0.25m) to budget for the month, it is adverse year to date budget by (c£0.1m). Year to date, the ICO collected DP fees of £12.0m against a budget of £12.1m. Junes income figures include a number of organisations that were due to renew and pay for the first time under the new GDPR fee regime, this means the amount collected in May 2018 (£2.85m) compared to May 2019 (£3.64m) is materially different.

The Grant in Aid income covers income for Freedom of Information - £3.75m for the full year, NIS (Network and Information Systems Regulations) - £500k for the full year, eIDAS (electronic identification and trust services) -£46k for the full year and IPA (Investigatory Powers Act) - £330k for the full year. This is all on track for the year and is received in tranches.

Other income mainly includes a budgeted £1m of income from DCMS to cover the increase in pension costs, this has recently been confirmed at a higher rate of £1.442m, which has now been included in the latest forecast. This is for one year only and offsets a corresponding cost in the staffing budget

DP Fee Income actuals vs budget per month

Month	BUDGET 2019/20	2019/20 Actual	Variance to Budget
April	3,500	3,764	+264
May	4,765	4,611	-154
June	3,897	3,644	-253
July	3,910		
August	3,639		
September	3,987		
October	4,161		
November	4,010		
December	2,817		
January	3,883		
February	3,777		
March	4,213		
Total	46,559		

Expenditure

A number of lines of expenditure are outside the expected outturn, with Travel and Legal, Professional & Other being prominent. Travel expenditure will need careful monitoring and management. Legal expenses are also tracking above the anticipated levels of spend. Further work has been carried out to forecast travel and legal spend to the end of the financial year, both of these lines of expenditure are tracking at much higher levels than budgeted and are expected to be adverse to budget for the full financial year. Travel and Legal expenses are often driven by external pressures, however travel in particular may benefit from closer scrutiny to ensure there is not a significant overspend within the financial year.

The staffing budget includes the assumed increase in costs of higher pension contributions and includes assumptions on the cost of Career Progression and revalorisation. The level of staffing costs within June accounts are as a result of the estimation and inclusion of expected costs of backdating career progression payments where applicable to August 2018. This level of expenditure within June is not expected in future months. The overall forecast for staffing costs for the financial year is expected to be favourable to budget.

End of year position:

The year end is still forecast to be a slight deficit, which is mainly driven from increased additional forecast expenditure on travel and legal and professional services, offset by favourable variances within staffing costs (including DCMS pension contribution) and careful management of project costs. Travel and Legal and Professional services costs will need careful management throughout the remainder of the financial year.