

## Finance Report Summary, Financial Year 2020/21

September 2020

---

### **Executive Summary**

As at the end of September our income is on track for the year to date while we are making savings against expenditure for the year to date. The forecasted profile of Data Protection income has been revised to reflect the fees collected to date and the reprofile of Companies House activity in the second half of the year. The budget will be reforecast at the end of Quarter 2 once the wider impact and expected future position becomes clearer.

The biggest areas of savings are across Travel (81%), Training & Recruitment (51%) and Legal & Professional (42%). These areas will be carefully considered at the Q2 budget review.

The pay spend is aligned with budget to only a 3.1% variance. This will continue to be carefully monitored as it constitutes over 72% of our spend as an organisation. Additional resources have been ringfenced to service any additional recruitment through the year and pay progression in October. This will be reported on each month as to progress.

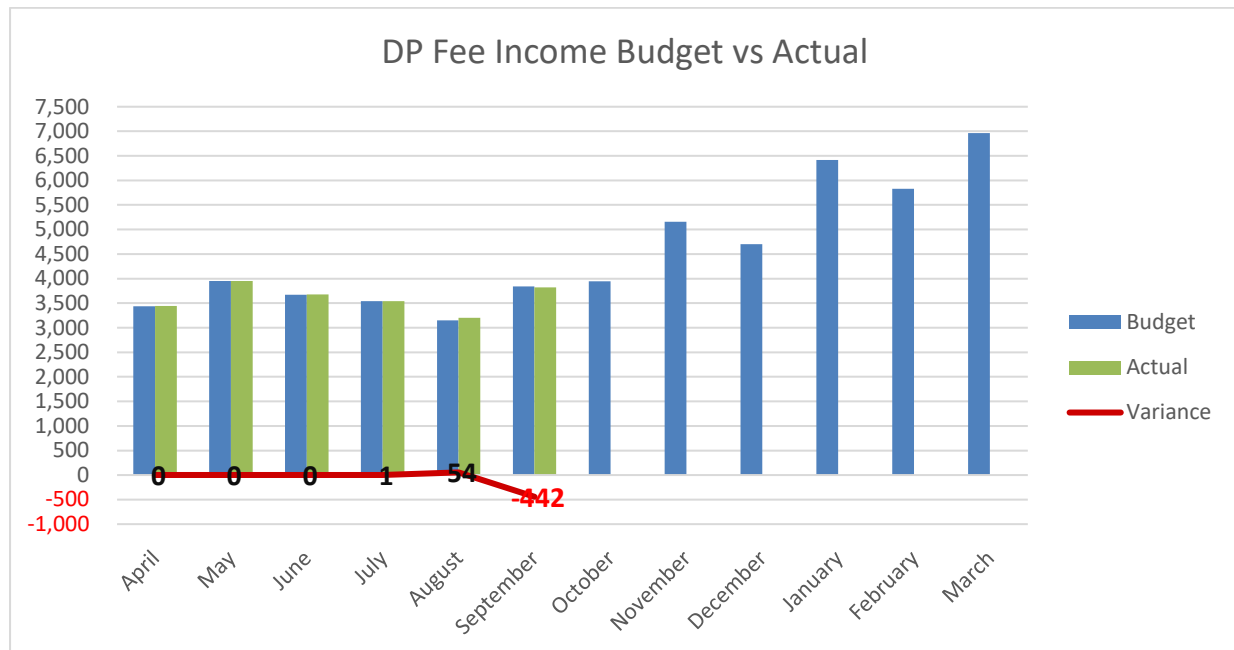
## MANAGEMENT REPORT

For the Five Months Ending 30 September  
2020

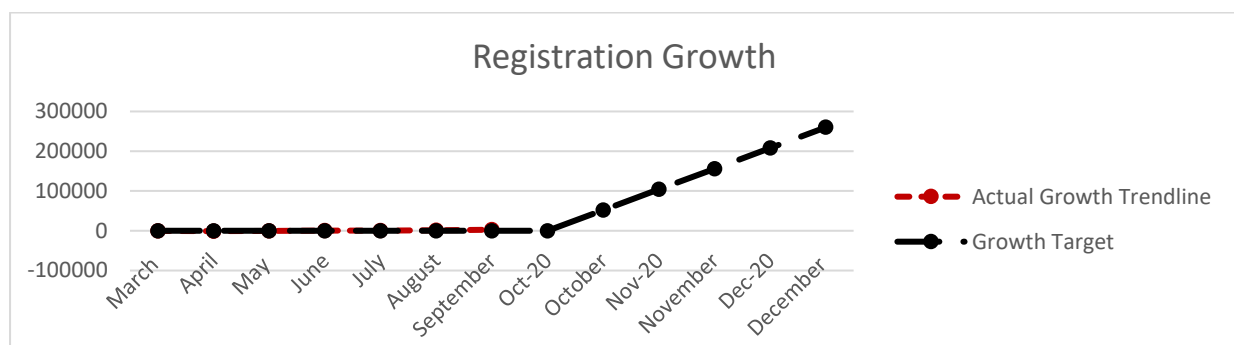
	Year To Date				Remaining	Full Year
	Budget £	Actual £	Variance £	Var % %	Budget £	Budget £
GRANTS & OTHER	3,204,544	3,206,209	1,665	0.1%	3,703,677	6,380,542
DP FEE INCOME	21,593,450	21,634,822	41,372	0.2%	36,789,693	54,600,000
<b>TOTAL INCOME</b>	<b>24,797,994</b>	<b>24,841,031</b>	<b>43,037</b>	<b>0.2%</b>	<b>40,493,370</b>	<b>60,980,542</b>
TOTAL OFFICE COSTS	1,606,463	1,562,536	43,927	2.7%	1,900,931	3,214,752
TOTAL STAFF COSTS	20,245,613	19,626,854	618,759	3.1%	27,804,741	43,931,952
TOTAL TRAINING AND RECRUITMENT	559,633	276,468	283,165	50.6%	1,016,588	1,238,802
TOTAL IT COSTS	2,468,550	1,987,812	480,738	19.5%	3,563,111	5,122,836
TOTAL PROJECT SPEND	748,002	511,847	236,155	31.6%	2,843,785	3,246,000
TOTAL COMMUNICATIONS	215,549	132,689	82,860	38.4%	349,651	478,923
TOTAL FINANCIAL COSTS	64,500	47,069	17,431	27.0%	155,208	189,000
TOTAL TRAVEL	217,035	41,205	175,830	81.0%	386,356	434,051
TOTAL LEGAL, PROFESSIONAL & OTHER	931,176	540,137	391,039	42.0%	2,711,412	3,123,806
<b>TOTAL COSTS</b>	<b>27,056,521</b>	<b>24,726,617</b>	<b>2,329,904</b>	<b>-8.6%</b>	<b>40,731,783</b>	<b>60,980,122</b>
<b>SURPLUS/ (DEFICIT)</b>	<b>2,258,527</b>	<b>114,414</b>	<b>2,372,941</b>	<b>105.1%</b>	<b>238,413</b>	<b>420</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. This is the first month we have seen a drop in expected DP fee income. This is a minor drop in fees that isn't material. Whilst the revised forecast has been set with prudent assumptions, the full impact of Covid-19 is yet to be seen once the government assistance programmes such as furlough scheme ends this month to be replaced by the second phase job retention scheme. This will be reviewed alongside the expenditure budget at the end of Q2.



The registrations growth chart shows only a small amount of growth during the period April – September. 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 substantially behind budget. This will be reviewed in detail at the end of Q2. Those areas tracking >10% variance to budget are as follows;

#### **Training & recruitment ↓ (51%)**

Recruitment is generally focussed on agency staff at the moment as we look to bring the first wave of staff back into the office over the coming months. As more staff are cleared to return to work, we expect to see more demand for training and recruitment.

#### **IT spend ↓ (20%)**

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 Q2.

#### **Project spend ↓ (32%)**

Many projects have been put on hold during the pandemic, however this is expected to pick up in the coming months subject to the future accommodation plans.

#### **Communications spend ↓ (38%)**

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

#### **Financial ↓ (27%)**

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 ↓ (81%)**

Travel has been reduced in the latest reforecast, however it does not seem to be increasing as lockdown eases. This will be carefully reviewed at the next budget reforecast.

#### **Legal, Professional and Other ↓ (42%)**

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. There is still uncertainty over the ongoing impact of the pandemic and a full reforecast will take place at the end of Q2, ready for reporting within the October Management Report.