

Budget Report Summary, Financial Year 2020/21

December 2020

Executive Summary

As at the end of December, the budget has been revised to reflect actuals at the Q3 review. The new budget therefore reflects the ongoing risk situation and likely impact on income and expenditure. This will be reviewed each month as the situation progresses.

At the year end the forecast is to make a surplus ~ £900k. This is based on the revised assumptions over DP fee income which is directly effected by the impact of the ongoing pandemic and the current lockdown situation. There are also areas of underspend across costs line which have been managed to reflect the ongoing uncertainty and risks during the current situation.

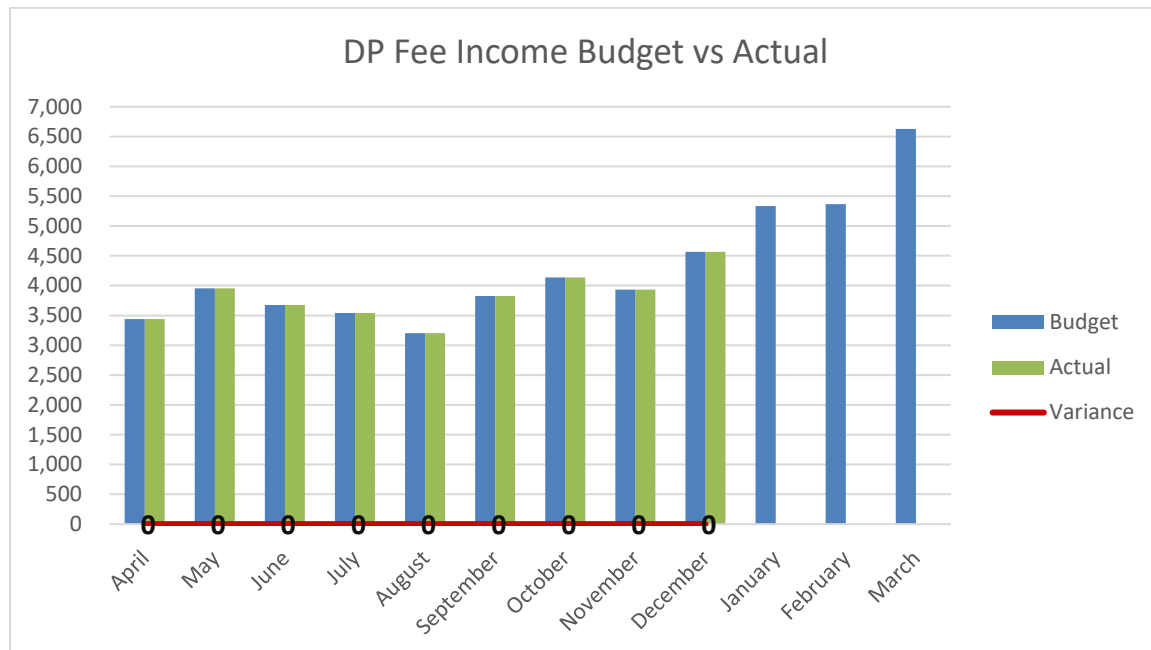
MANAGEMENT REPORT

For the Nine Months Ending 31 December 2020

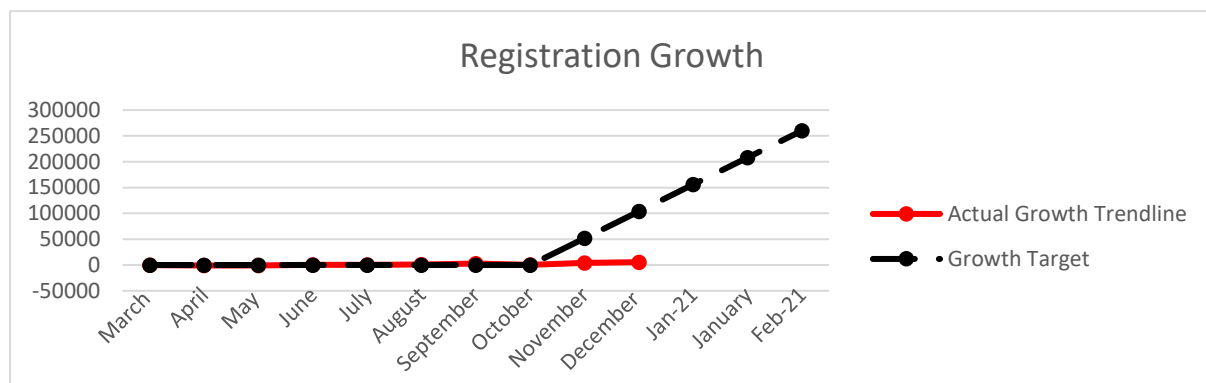
	Year To Date				Remaining	Full Year
	Budget £	Actual £	Variance £	Var % %	Budget £	Budget £
GRANTS & OTHER	4,792,545	4,794,242	1,697	5%	1,586,300	6,380,542
DP FEE INCOME	34,294,500	34,298,382	3,882	0%	17,301,618	51,600,000
TOTAL INCOME	39,087,045	39,092,624	5,579	0%	18,887,918	57,980,542
TOTAL PROJECT SPEND	458,253	557,843	99,590	-22%	546,843	661,000
TOTAL TRAINING AND RECRUITMENT	790,696	486,009	304,687	39%	687,793	1,173,802
TOTAL COMMUNICATIONS	322,238	194,056	128,182	40%	314,877	508,933
TOTAL TRAVEL	51,243	51,245	2	0%	4,998	56,243
TOTAL LEGAL, PROFESSIONAL & OTHER	1,419,906	1,107,125	312,781	22%	1,674,394	2,781,519
TOTAL FINANCIAL COSTS	96,750	91,613	5,137	5%	100,888	192,501
TOTAL IT COSTS	3,710,326	3,135,500	574,826	15%	2,129,336	5,264,836
TOTAL STAFF COSTS	31,500,161	30,538,230	961,931	3%	11,771,851	42,310,081
TOTAL OFFICE COSTS	3,068,611	2,386,027	682,583	22%	1,706,062	4,092,090
TOTAL COSTS	41,418,184	38,547,648	2,870,536	7%	17,843,356	57,041,005
CAPITAL SPEND	0	0	0	0%	650,000	650,000
SURPLUS/ (DEFICIT)	2,331,139	544,976	2,876,115	123%	1,044,562	939,537

Income

DP Income & Registrations



DP Income budget has been revised down to reflect actuals and expected recovery for the final quarter of the year. Final Year outturn is expected to be within the revised budget forecast.



The registrations growth chart shows only a small amount of growth during the period April – December. This is as expected during the initial months of the pandemic, as no letters were sent out to build the register. This is expected to increase alongside the significant ongoing mailing campaign. There does remain however a significant risk to income due to the pandemic.

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, some cost lines are coming in behind budget. Those areas tracking >10% variance to budget are as follows;

Training & recruitment ↓ (39%)

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. There will also be further recruitment costs in the final quarter to reflect the phasing of recruitment. At the year end this cost line is forecast to be at budget

IT spend ↓ (15%)

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.

Project spend ↑ (22%)

Many projects have been put on hold during the pandemic, however this has picked up and expected to spend, particularly across the Companies House Project. No overspend expected at the year end

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.

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. This is heavily dependant on the view of the litigation risk.

Office spend ↓ (22%)

Office spend is down year to date but will pick up over the last quarter with all the associated costs of postage connected to the companies house campaign

End of year forecast

The year end is currently budgeted to break even with an immaterial surplus <3% turnover circa £940k. There is still uncertainty over the ongoing impact of the pandemic.

Reporting to DCMS

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

<i>Surplus as reported to DCMS</i>	368,276
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	939,537