

Budget Report Summary, Financial Year 2020/21

March 2021

Executive Summary

At the end of March the draft year end position shows an increased surplus from the Q3 budget review. The fee income received has significantly exceeded the forecast for the last quarter of the year by ~ £1.6m. This is due to the higher than expected performance of the Data Protection (DP) fee income over the last two months of the year.

At the year end the expenditure was £1.1m underspent against the Q3 budget. The underspends were across a number of areas of spend and reflects the continued financial planning uncertainty and caution at the end of an unprecedented year.

This generates a year end surplus position of £3.6m. This is still subject to final audit. The final year end accounts have further adjustments to be made to incorporate depreciation and the commissioners salary.

March 2021

| | <u>Full Year</u> Budget £ | <u>Year end</u> £ |
|-----------------------------------|---|---------------------------------|
| Grants and other income | 6,380,542 | 6,390,825 |
| DP fee Income | 51,600,000 | 53,210,157 |
| Income to date | 57,980,542 | 59,600,982 |
| | | |
| TOTAL OFFICE COSTS | 4,092,090 | 4,224,102 |
| TOTAL STAFF COSTS | 42,310,081 | 42,836,559 |
| TOTAL TRAINING AND RECRUITMENT | 1,173,802 | 824,718 |
| TOTAL IT COSTS | 5,264,836 | 4,486,638 |
| TOTAL PROJECT SPEND | 661,000 | 1,230,073 |
| TOTAL COMMUNICATIONS | 508,933 | 280,071 |
| TOTAL FINANCIAL COSTS | 192,501 | 151,261 |
| TOTAL TRAVEL | 56,243 | 69,643 |
| TOTAL LEGAL, PROFESSIONAL & OTHER | 2,781,519 | 1,862,615 |
| | | |
| TOTAL COSTS | 57,041,005 | 55,965,410 |
| | | |
| Surplus | 939,537 | 3,635,572 |

Income

DP Income

The fee income for the month of March has exceeded the target by over £670k. The year to date fee income is showed below by month. This profile now shows that 44% of this income is now received over the last four months of the financial year and the final financial position significantly relying on the performance over the final quarter of the year.

| Month | Fees Collected |
|--------------|-----------------------|
| April | 3,439,542 |
| May | 3,952,581 |
| June | 3,674,516 |
| July | 3,541,296 |
| August | 3,202,372 |
| September | 3,824,515 |
| October | 4,137,540 |
| November | 3,961,793 |
| December | 4,564,227 |
| January | 5,417,131 |
| February | 6,217,164 |
| March | 7,277,481 |

For the months of February and March combined fee income exceeded forecast by £1.6m.

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 the year end the expenditure was £1.1m underspent against the Q3 budget. The underspends were across a number of areas of spend and reflects the continued financial planning uncertainty and caution at the end of an unprecedented year.

Office Costs – At the year end the office costs have increased due to additional costs of the communications as part of the public register growth programme.

Staff Costs – Due to Covid and lockdown at the end of march there will be an increase liability of untaken leave. Staff have the option to sell leave where

appropriate, we also need to ensure that there is a provision to cover the remaining liability.

Training and Recruitment – there are savings made at the year end against training costs due to continued training on line. There are also savings against the amount payable with respect of the apprenticeship levy.

IT spend & Project spend – Due to additional income and underspends within the IT budget it enabled more work to be undertaken to progress IT projects. This has increased the spend within the project line while allowing additional work to take place to work on key strategic projects

Communications spend - Continued savings were made as a consequence of more activity being undertaken in house and also significant savings against activities such as conferences, printing and distribution which have been much reduced during the pandemic

Legal, Professional and Other

External professional fees have reduced significantly during COVID. Professional fees have been impacted by a delay in the AADC project which may fall into the next financial year.

The total spend across legal is heavily dependent on the view of the legal case load and litigation risk and at the year end there were savings against litigation budgets.

End of year forecast

The year end is currently budgeted to generate a surplus circa £3.6m. The final year end accounts have further adjustments to be made to incorporate depreciation and the commissioners salary.