

Finance Report Summary, Financial Year 2019/20

July 2020

Executive Summary

The financial position as at the end of July 2020 continues to track over and above the budget. The year to date income is exceeding the forecast and savings have been made across all areas of expenditure, even after the forecast was updated in May 2020. There is still uncertainty over the ongoing impact of COVID-19 and 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 (68%), Training & Recruitment (57%) and Legal & Professional (45%).

The pay spend is aligned with budget to only a 3% variance. This will continue to be carefully monitored as it constitutes over 70% 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 carefully managed and reported on each month as to progress.

Significant work is ongoing to support the DCMS Spending Review Bids across both our current base income streams and innovative projects over the next 3 years to 2023/24. Successful funding bids will be utilised by either accelerating ongoing work with current resourcing constraints or facilitate new opportunities. The outcome of this is likely to be heard in the autumn. This will greatly impact our business planning and infrastructure for 2021/22 and beyond.

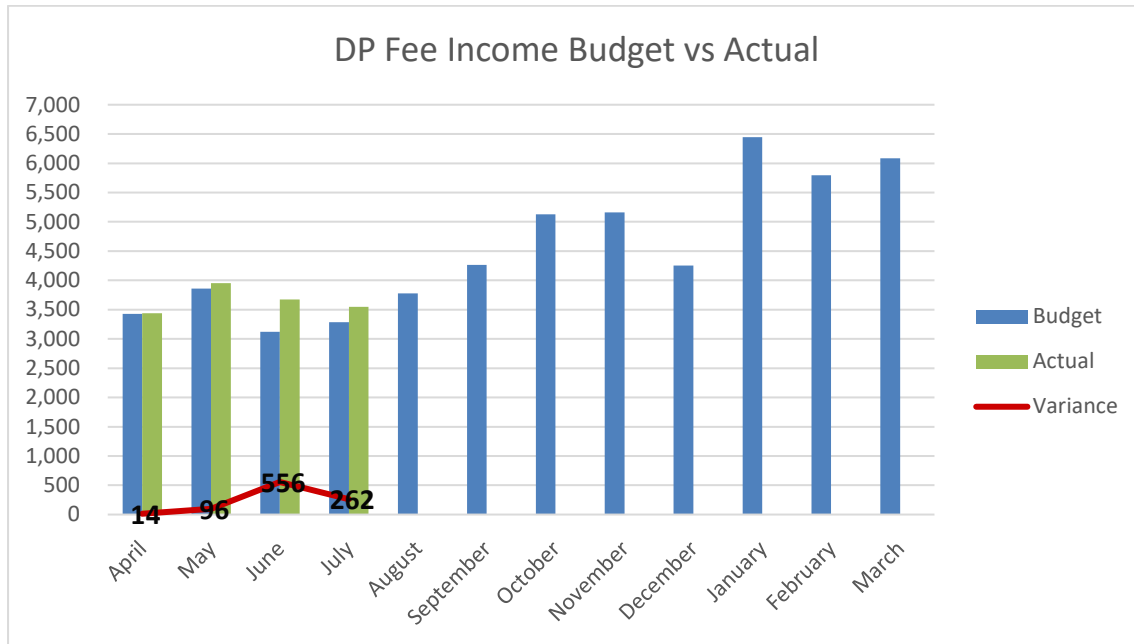
For the Four Months Ending 31 July 2020

	Actual				Actual To Date (£££)	Budget To Date	% Variance	Budget Remaining (£££)	Full Year Budget (£££)
	Apr 2020 (£££)	May 2020 (£££)	Jun 2020 (£££)	Jul 2020 (£££)					
GRANTS & OTHER	558	529	529	531	2,148	2,146	0.1%	4,233	6,381
DP FEE INCOME	3,440	3,953	3,675	3,541	14,608	13,687	6.7%	39,992	54,600
TOTAL INCOME	3,997	4,482	4,204	4,072	16,755	15,833	5.8%	44,225	60,981
TOTAL OFFICE COSTS	290	277	273	206	1,046	1,072	2.4%	2,169	3,215
TOTAL STAFF COSTS	3,312	3,289	3,136	3,155	12,892	13,292	3.0%	31,040	43,932
TOTAL TRAINING AND RECRUITMENT	29	56	9	65	160	373	57.1%	1,079	1,239
TOTAL IT COSTS	307	295	327	250	1,179	1,646	28.3%	3,943	5,123
TOTAL PROJECT SPEND	71	37	123	79	311	499	37.6%	2,935	3,246
TOTAL COMMUNICATIONS	102	12	47	-42	120	144	17.1%	359	479
TOTAL FINANCIAL COSTS	6	10	6	6	28	43	35.1%	161	189
TOTAL TRAVEL	31	8	9	-2	46	145	68.0%	388	434
TOTAL LEGAL, PROFESSIONAL & OTHER	79	61	121	78	339	611	44.6%	2,785	3,124
TOTAL COSTS	4,228	4,047	4,051	3,794	16,121	17,824	9.6%	44,859	60,980
SURPLUS/ (DEFICIT)	-231	435	152	278	635	-1,991	131.9%	-634	0

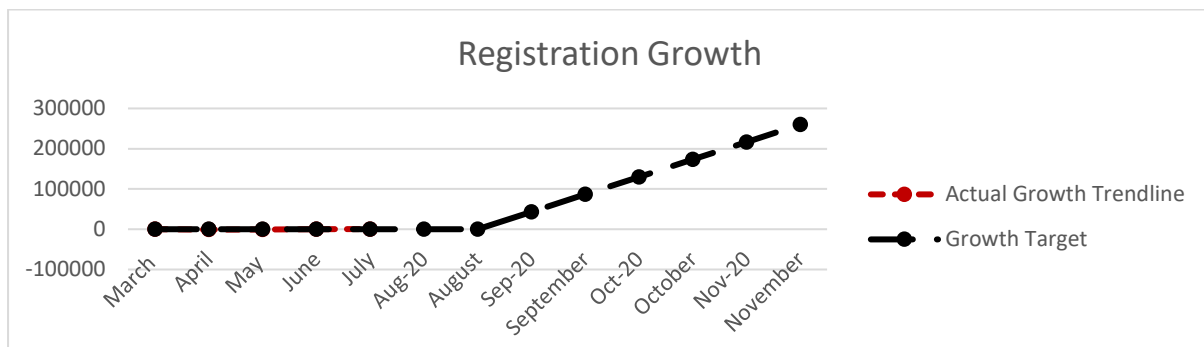
Key	RAG RATING
On track	G
Not on track but expected to be at budget at year end	A
Not expected to be at budget at year end	R

Income

DP Income & Registrations



DP Income continues to come in over budget with an additional £262k in July as indicated by the positive variance line in the above chart. This is positive in terms of cash flow, however it may not be indicative of the ongoing forecast for the rest of the year. Whilst the current 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 end in October. The cumulative additional income to date of £928k may be required to offset future months of reduced income. This will be reassessed at the end of Q2.



The registrations growth chart shows no growth during the period April – July. 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.

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. Those areas tracking >10% variance to budget are as follows;

Training & recruitment ↓ (57%)

Any recruitment is being run through agency and focussed mainly on agency staff. Seminars, conferences and training has not resumed to pre-COVID levels as yet and has therefore reduced costs. This has also impacted external training, development and venue hire in the same way.

IT spend ↓ (28%)

Areas such as security contracts, website support, registrations printing are all spending less than expected whereas hardware support and telephony are all increased, again due to the changes that have been made during lockdown.

Project spend ↓ (38%)

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

Communications spend ↓ (17%)

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

Financial ↓ (35%)

Internal audit costs are yet to be seen to the end of July, however this is expected to spend to budget as it is under contract.

Travel ↓ (68%)

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 ↓ (45%)

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.

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.