

Financial Report – November 2024

Executive Summary

This report sets out the ICO's financial position at the end of November 2024.

In October, we reported a total financial deficit of £2.2m. As at the end of November, the forecast deficit for the financial year end now stands at £1.8m, a reduction of £0.4m, following adjustments to expenditure forecasts. In summary:

Expenditure

Our expenditure forecast has reduced by £0.4m of which the key movements are outlined below:

- £0.15m reduction Legal, Professional and Other costs. This reflects the aggregate of a number of small forecast reductions in our regulatory directorates, offset by a small increase in governance forecasts.
- £0.25m reduction in IT costs. This is a central Finance adjustment to reflect an adjustment to expenditure accrued in 2023-24.

The overall changes between the original budget deficit of £9.2m and the current forecast deficit of £1.8m (illustrated in Table 1) are as follows:

- Reduction of £3.4m relating to identified cost reductions from pausing and deferring expenditure to 2025/26, offset by an increase of £1.0m to reflect the civil service pay remit;
- Reduction of £3.3m relating to increased DP fee income;
- Reduction of £1.1m for additional retained fine income;
- Reduction of £0.4m to incorporate other income;
- Reduction of £0.6m in other government funding for NIS and Regulatory Cyber activities;
- Increase of £9.4m for the further delayed fee review;
- Reduction of £9m for the confirmed new funding to cover the impact of the election delay to the fee review.

Summary of Risks and Opportunities

1. DP Fee Income Opportunity

Fee review

The revised DP fee income budget does not assume any impact from the fee review this financial year. Whilst not yet confirmed, the prospect of the fee uplift taking place with effect from 17th February 2025 has been raised by DSIT. If confirmed (subject to the progress of a negative SI in Parliament), this would lead to uplifted fee income for the final six weeks of the 2024-25 financial year. The estimated additional fee income, if this timeline is achieved, would be £2.7m. This would clearly address the remainder of the financial deficit this financial year.

Third party pilot

There is £0.2m included in the financial forecast for anticipated DP fee income from the third party pilot being completed across Q3/Q4. This is an estimate which will need to be validated as the pilot results are evaluated.

Table 1: November Consolidated Management Accounts	Year To Date -November				Full Year			
	Budget	Actual	Variance		Draft Budget	November Forecast	Variance	23/24
	£'m	£'m	£'m	%	£'m	£'m	£'m	£'m
ICO Consolidated								
DP FEE INCOME	43.68	46.90	3.21	0.07	76.70	70.60	-6.10	66.20
GRANT IN AID	5.44	14.66	9.22	1.69	7.20	16.15	8.95	9.70
OTHER GOVERNMENT FUNDING	0.27	0.00	-0.26	-0.99	0.40	1.05	0.65	0.40
FINE RETENTION INCOME	1.42	1.23	-0.19	-0.13	0.70	1.75	1.05	4.00
DRAWDOWN FROM RESERVES	0.00	0.00	0.00	-	0.00	0.00	0.00	6.90
OTHER INCOME	0.00	0.28	0.28	-	0.00	0.40	0.40	0.40
TOTAL INCOME	50.81	63.07	12.26	0.24	85.00	89.95	4.95	87.60
STAFF COSTS	47.09	47.62	-0.53	-0.01	71.60	71.84	0.24	68.70
TRAINING AND RECRUITMENT	0.79	0.44	0.35	0.44	1.80	1.10	-0.70	0.90
OFFICE COSTS	3.09	3.59	-0.50	-0.16	4.50	5.10	0.60	4.70
IT COSTS	3.91	3.49	0.42	0.11	7.00	6.45	-0.55	5.00
PROJECT SPEND	0.51	0.49	0.02	0.04	3.50	2.76	-0.74	0.00
COMMUNICATIONS	0.30	0.10	0.20	0.66	0.50	0.44	-0.06	0.30
FINANCIAL COSTS	0.30	0.21	0.09	0.30	0.50	0.40	-0.10	0.30
TRAVEL	0.46	0.37	0.09	0.20	0.80	0.64	-0.16	0.70
LEGAL, PROFESSIONAL & OTHER	1.89	1.41	0.47	0.25	4.00	3.04	-0.96	5.10
TOTAL COSTS	58.32	57.72	0.61	0.01	94.20	91.77	-2.43	85.70
Capital Spend	0.00	-0.02	0.02	-	0.00	0.00	0.00	1.90
SURPLUS/(DEFICIT)	-7.52	5.38	12.89		-9.20	-1.82	7.38	0.00