

Financial Report – October 2024

Executive Summary

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

In September, we reported a total financial deficit of £4.3m, following budgetary changes agreed with the Delivery Group and Executive Team as part of the September mid-year reporting cycle. As at the end of October, the deficit for the financial year end now stands at £2.2m, a reduction of £2.1m, following adjustments to both income and expenditure forecasts. In summary:

DP Income

The DP income forecast has increased by £1.4m, from £69.2m to £70.6m. This reflects a review of year to date performance, and a reprofiling of the activities planned across the remainder of the financial year. It also reflects a mid range estimate of the income to be generated from the pilot commencing in November with a third party supplier which will target people who should be paying the DP fee but aren't.

Expenditure

Our expenditure forecast has reduced by £0.7m. This key movements are outlined below:

- £0.5m reduction in our external legal expenditure due to delays in appeals for our regulatory enforcement cases. These are incredibly hard to predict and forecast, with timing being outside of the ICO's control.
- £0.2m reduction in NIS project costs relating to a wider review of our utilisation of the ringfenced funding we received for NIS. Following approval to extend this funding remit to support wider Cyber regulatory activities, we are now utilising this funding across wider resource and training costs.

The overall changes between the original budget deficit of £9.2m and the current revised budget deficit of £2.2m (illustrated in Table 1) are as follows:

- Reduction of £3.0m 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.

Table 1 – Revised Forecast ICO Consolidated	Budget	Actual	Variance			Draft Budget	Forecast	Variance	23/24
	£'m	£'m	£'m	%		£'m	£'m	£'m	£'m
DP FEE INCOME	37.19	40.28	3.09	0.08		76.70	70.60	-6.10	66.20
GRANT IN AID	4.75	13.56	8.81	1.85		7.20	16.15	8.95	9.70
OTHER GOVERNMENT FUNDING	0.23	0.00	-0.23	-0.99		0.40	1.05	0.65	0.40
FINE RETENTION INCOME	1.33	1.20	-0.13	-0.10		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	0.25	0.25	-		0.00	0.40	0.40	0.40
TOTAL INCOME	43.51	55.30	11.78	0.27		85.00	89.95	4.95	87.60
STAFF COSTS	42.02	39.95	2.07	0.05		71.60	71.84	0.24	68.70
TRAINING AND RECRUITMENT	0.66	0.34	0.31	0.48		1.80	1.10	-0.70	0.90
OFFICE COSTS	2.58	3.19	-0.62	-0.24		4.50	5.10	0.60	4.70
IT COSTS	3.47	3.21	0.26	0.08		7.00	6.70	-0.30	5.00
PROJECT SPEND	1.72	0.30	1.43	0.83		3.50	2.76	-0.74	0.00
COMMUNICATIONS	0.27	0.10	0.17	0.63		0.50	0.44	-0.06	0.30
FINANCIAL COSTS	0.26	0.18	0.08	0.32		0.50	0.40	-0.10	0.30
TRAVEL	0.41	0.31	0.10	0.24		0.80	0.64	-0.16	0.70
LEGAL, PROFESSIONAL & OTHER	1.80	1.19	0.61	0.34		4.00	3.18	-0.82	5.10
TOTAL COSTS	53.19	48.78	4.41	0.08		94.20	92.16	-2.04	85.70
Capital Spend	0.00	-0.02	0.02	-		0.00	0.00	0.00	1.90
SURPLUS/(DEFICIT)	-9.68	6.54	16.22			-9.20	-2.21	6.99	0.00