

# Financial Report – February 2025

## Executive Summary

This report sets out the ICO's financial position at the end of February 2025.

In January, we reported a break-even position for the full financial year and this remains the forecast outturn following minor adjustments to fine income and expenditure estimates which offset one another.

The overall changes between the original budget deficit of £9.2m to the break-even position now reported (illustrated in Table 1) are as follows:

- Revised net reduction of £2.4m 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 from improved income performance;
- 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;
- Reduction of £2.7m for increase to 2024/25 DP income from fee uplift following the confirmation of the mid-February effective date for the new fee rates;
- Increase of £0.1m for alignment to final Grant-in-Aid delegation.

### Summary of Risks and Opportunities

**Expenditure:** There is considerable expenditure, £11.6m, to be spent in the final month of the financial year to ensure that we can achieve the balanced end of year outturn. Expenditure has been increasing in Quarter 4 as forecast with £9.1m spent in February against an average monthly spend to the end of January of £6.5m.

For Staff costs we know there are additional one off costs of £0.6m expected in the final month of the financial year. This is due to backdated Career Band payments and other one off financial commitments. For Non Staff costs the key areas that are forecasting an increased expenditure in March are:

- Project Costs - £2.1m of the overall £3.2m full year forecast is due to be spent in March, including the increased spend approved in January with regards to the Cardiff office fit out project. Additional suppliers have been onboarded in Q4 to support delivery, hence the increase in expenditure forecasts.

- Legal, Professional and Other - £1.2m is forecast to be spent on increased research aligned to timing of planned deliverables, and additional external legal costs in relation to timing of cases going through the litigation process.

With such an increase in expenditure planned there is a risk that some could slip into Q1 2025/26, however Finance are working with the business to mitigate this through continual monitoring of expenditure progress throughout March. Finance are also providing support to the business areas to ensure that purchase orders are in place and being receipted on a timely basis, and ensuring that areas that may need manual accruals can be identified as appropriate.

**DP Fee Income:** The DP fee income forecast of £73.3m remains the Business Services expected outturn for the financial year, however year to date we are still overachieving against this forecast by £1.6m as at the end of February, and therefore there is a risk that we will overachieve against this income forecast, creating an end of year surplus. The DP Income is recognised as being difficult to accurately forecast, particularly in Q4 when we have the highest number of renewals due in the financial year, and with so many of these being manual payments, the timing of these can vary. We recognise also that with the Statutory Instrument taking place in February to increase DP fees, this could have had an impact on data controller behaviour with more customers looking to renew and pay their fees ahead of these fee increases for the year ahead.

Table 1: February Consolidated Management Accounts	Year To Date -February					Full Year			
	Budget	Actual	Variance			Draft Budget	Forecast	Variance	23/24
	£'m	£'m	£'m	%		£'m	£'m	£'m	£'m
<b>DP FEE INCOME</b>	62.29	65.81	3.52	0.06		76.70	73.30	-3.40	66.20
<b>GRANT IN AID</b>	7.51	17.11	9.60	1.28		7.20	16.03	8.83	9.70
<b>OTHER GOVERNMENT FUNDING</b>	0.36	0.00	-0.36	-0.99		0.40	1.05	0.65	0.40
<b>FINE RETENTION INCOME</b>	1.67	1.45	-0.22	-0.13		0.70	1.61	0.91	4.00
<b>DRAWDOWN FROM RESERVES</b>	0.00	0.00	0.00	-		0.00	0.00	0.00	6.90
<b>OTHER INCOME</b>	0.00	0.40	0.40	-		0.00	0.40	0.40	0.40
<b>TOTAL INCOME</b>	<b>71.83</b>	<b>84.77</b>	<b>12.94</b>	0.18		<b>85.00</b>	<b>92.39</b>	<b>7.39</b>	<b>87.60</b>
<b>STAFF COSTS</b>	65.92	65.68	0.24	0.00		71.60	72.27	0.67	68.70
<b>TRAINING AND RECRUITMENT</b>	1.03	0.70	0.33	0.32		1.80	0.98	-0.82	0.90
<b>OFFICE COSTS</b>	4.59	4.68	-0.09	-0.02		4.50	5.06	0.56	4.70
<b>IT COSTS</b>	6.10	5.50	0.61	0.10		7.00	6.28	-0.72	5.00
<b>PROJECT SPEND (NON-CAPITAL)</b>	0.51	0.60	-0.09	-0.18		3.50	1.67	-1.83	0.00
<b>COMMUNICATIONS</b>	0.40	0.16	0.24	0.60		0.50	0.32	-0.18	0.30
<b>FINANCIAL COSTS</b>	0.41	0.30	0.11	0.26		0.50	0.35	-0.15	0.30
<b>TRAVEL</b>	0.59	0.48	0.11	0.18		0.80	0.61	-0.19	0.70
<b>LEGAL, PROFESSIONAL &amp; OTHER</b>	2.79	2.11	0.68	0.24		4.00	3.32	-0.68	5.10
<b>TOTAL COSTS</b>	<b>82.34</b>	<b>80.29</b>	<b>2.05</b>	0.02		<b>94.20</b>	<b>90.86</b>	<b>-3.34</b>	<b>85.70</b>
<b>Capital Spend</b>	<b>0.00</b>	<b>0.48</b>	-0.48	-		<b>0.00</b>	<b>1.53</b>	1.53	<b>1.90</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-10.51</b>	<b>4.00</b>	<b>14.51</b>			<b>-9.20</b>	<b>0.00</b>	<b>9.20</b>	<b>0.00</b>