

# Financial Report – June 2025

## Executive Summary

This report sets out the ICO's financial position at the end of June 2025 which represents a £1.4m surplus at the end of the financial year. This has not changed since we reported our May financial position.

The main driver for the end of year surplus position is the additional fine income which was agreed after the budget was set.

### *Expenditure*

The ICO has spent £22.6m year to date.

This represents nearly 95% of the budget set for the first quarter. The underspend variance of £1.3m is spread over several business areas.

Staff costs are our most significant cost. For the first quarter, these are running £0.4m below budget which phased in career banding pay increases from April. These assessments have not yet been completed, however once these have been applied and backdated this will address the year to date variance.

### *Income*

The ICO has received £23.3m of total income year to date.

This is over 99% of budget for the first quarter. The small shortfall of £0.1m relates to timing differences on penalty payment plans. The full-year forecast remains above budget, secured by payments plans that we have agreed after the budgets were set. The realisation of these payment plans later in the year than originally planned will secure £1.6m more income than budgeted.

DP Fee income is slightly ahead of budget for the first quarter.

## **Risks and opportunities**

### *DP Income*

Based on current performance and campaign analysis there is a risk of underperformance against the DP fee income budget of £0.9m to £3.4m. The main factor within our risk is an apparent reduction in the in-month renewal of existing registrations below historic trends, which we are carefully monitoring.

We are continuing to mitigate risks of under performance by:

- carefully monitoring trends in renewals by registered organisations to identify relevant follow-up in the case of failure to renew and pay on-time; and
- planning and implementing targeted campaigns to identify organisations that should be registered and convert these into new registrations.

### *Fine Income Retention*

We are entitled to retain penalties that we recover to net off against specific legal enforcement and litigation expenditure. We recognise income once recovery is likely, although payment by those liable cannot be guaranteed. We will continue to closely monitor likely payment as the financial year progresses. There is £3.3m of potential income forecast for the year that has not yet been received.

### *Pay Remit*

The pay remit was budgeted at an assumed 3% increase. In late May, the Cabinet Office announced a pay remit of 3.25% subject to affordability, with the flexibility to use an extra 0.5% to target specific workforce issues. This is not yet included in the Staff Cost forecast, and if deemed affordable and agreed this would result in an increase of circa £0.5m.

### *Expenditure*

The ICO is also working with DSIT to understand the potential impacts on resources arising from proposed legislative reform that is not currently forecast or resourced.

The Finance team will be working with the business to create a backlog of opportunities during July and August. This will ensure activity planned for future years can be advanced more quickly in the second half of the financial year, if needed, to avoid an end of year surplus position. These will be presented to Delivery Group in September, along with recommendations based on the financial forecast position at that time.

### *2024/25 Surplus*

The ICO is in discussion with DSIT regarding the £1.3m surplus from 2024/25 and is seeking permission to retain this (this surplus could be attributed to the additional one-off GiA funding provided last year to support DP activity whilst the fee review concluded). This is currently reported within the ICO reserves position in the 2024/25 accounts. The ICO will be seeking budget cover approval from DSIT to support investment in technology changes, specifically targeting GiA funded regulatory areas, to drive future efficiencies.

Table 1: June Consolidated Management Accounts	Year to date			Full year			
	Budget	Actual	Variance	Budget	Forecast	Variance	24/25
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
DP FEE INCOME	21.1	21.2	0.1	95.3	95.3	0.0	73.8
GRANT IN AID	1.9	1.9	0.0	7.5	7.5	0.0	17.1
FINE RETENTION INCOME	0.4	0.1	-0.3	1.8	3.4	1.6	1.5
DRAWDOWN FROM RESERVES	0.0	0.0	0.0	0	0	0.0	0.0
OTHER INCOME	0.0	0.1	0.1	0.3	0.3	0.0	0.7
<b>TOTAL INCOME</b>	<b>23.4</b>	<b>23.3</b>	<b>-0.1</b>	<b>104.9</b>	<b>106.5</b>	<b>1.6</b>	<b>93.1</b>
STAFF COSTS	18.7	18.3	0.4	80.2	80.2	0.0	72.5
TRAINING AND RECRUITMENT	0.3	0.2	0.1	1.4	1.3	0.1	1.0
OFFICE COSTS (NON-CAPITAL)	1.0	0.7	0.3	3.9	4.0	-0.1	3.6
IT COSTS (NON-CAPITAL)	1.5	1.6	-0.1	6.3	6.4	-0.1	5.7
PROJECT SPEND (NON-CAPITAL)	0.4	0.0	0.4	5.1	5.0	0.1	1.3
COMMUNICATIONS	0.1	0.1	0.0	0.5	0.6	-0.1	0.2
FINANCIAL COSTS	0.1	0.1	0.0	0.4	0.4	0.0	0.4
TRAVEL	0.2	0.2	0.0	0.6	0.7	-0.1	0.6
LEGAL, PROFESSIONAL & OTHER	0.7	0.6	0.1	4.2	4.2	0.0	3.1
<b>Sub-total</b>	<b>23.0</b>	<b>21.8</b>	<b>1.2</b>	<b>102.6</b>	<b>102.8</b>	<b>-0.2</b>	<b>88.4</b>
<b>Capital Cash Spend - Lease rentals</b>							
Office costs	0.4	0.3	0.1	1.6	1.6	0.0	1.3
IT costs	0.1	0.1	0.0	0.3	0.3	0.0	0.3
<b>Total</b>	<b>0.5</b>	<b>0.4</b>	<b>0.1</b>	<b>1.9</b>	<b>1.9</b>	<b>0.0</b>	<b>1.6</b>
<b>Capital Cash Spend - Other</b>							
Estates	0.0	0.0	0.0	0.0	0.0	0.0	0.8
Delivery	0.4	0.4	0.0	0.4	0.4	0.0	0.9
<b>Total</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>	<b>1.7</b>
<b>TOTAL COSTS</b>	<b>23.9</b>	<b>22.6</b>	<b>1.3</b>	<b>104.9</b>	<b>105.1</b>	<b>-0.2</b>	<b>91.8</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-0.5</b>	<b>0.7</b>	<b>1.2</b>	<b>0.0</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>

