

Finance Report Summary, Financial Year 2022/23 June 2022

Executive Summary

This report provides the June management accounts for 2022/23 which currently show a forecast year end surplus of £1.5m.

The budgeted Income for the financial year is £81,272k, which includes Data Protection Fee Income £71,123k, Grant in Aid £7,972k, Other Government Funding £357k, and Fine Retention Income £1,820k.

YTD the income position for DP Fee income is £0.9m below the budgeted profile. The Fee income assumptions are being monitored and there is a potential that the fee income forecast needs to be reduced. This forecast review will be completed at Q2 once data on the outcomes of the campaigns to target fee income are available.

A financial expenditure forecast review has been completed during June with the key focus on the non-staff expenditure position following May's review of the Staff Cost position and forecast. The expenditure forecast position has increased by £433k since budget predominantly due to additional funding allocations approved by Resources Board in May.

A breakdown of the directorate financial positions can be found in Appendix 1. In month there has been significant movements in the forecast for Staff Costs between the directorates and Corporate in comparison to the May forecast. The main driver for the movement is the reallocation of the ringfenced NIS and eIDAS funding to the appropriate directorates from Corporate (this was budgeted within Corporate due to timing of the funding confirmations). The forecast also now reflects an internal reorganisation regarding ownership for the Sandbox.

The year to date expenditure is reporting as £2.3m underspent against the budgeted profile. The Staff Costs underspend has been offset in the full year financial forecast by a reduction in the turnover savings target set at budget. Non-staff variances are timing related as the budget profile was set equally dispersed across the year. Finance are working to reprofile the budget to ensure more accurate YTD variance analysis can be completed. This will be updated in next month's report.

Table 1 June Consolidated Management Accounts

Table 1 June Consolidated Management Accounts	Year To Date - June				Full Year			Full Year		
	Budget	Actual	Variance		Budget	Forecast Jun	Var	Forecast May	Forecast Jun	Var
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
DP FEE INCOME	£15,433	£14,506	-£927	6.0%	£71,123	£71,123	£0	£71,123	£71,123	£0
GRANT IN AID	£1,993	£1,993	£0	0.0%	£7,972	£7,972	£0	£7,972	£7,972	£0
OTHER GOVERNMENT FUNDING	£53	£32	-£21	39.3%	£357	£357	£0	£357	£357	£0
FINE RETENTION INCOME	£455	£329	-£126	100.0%	£1,820	£1,759	-£61	£1,820	£1,759	-£61
TOTAL INCOME	£17,934	£16,860	-£1,074	7.8%	£81,272	£81,211	-£61	£81,272	£81,211	-£61
OFFICE COSTS	£1,383	£770	£613	44.3%	£5,531	£5,569	-£38	£5,591	£5,569	£22
STAFF COSTS	£13,491	£13,406	£85	0.6%	£59,341	£59,341	£0	£59,341	£59,341	£0
TRAINING AND RECRUITMENT	£385	£333	£52	13.5%	£1,425	£1,454	-£29	£1,423	£1,454	-£31
IT COSTS	£1,340	£926	£414	30.9%	£5,361	£5,401	-£40	£5,350	£5,401	-£51
PROJECT SPEND	£818	£297	£521	63.7%	£3,254	£3,172	£82	£3,361	£3,172	£189
COMMUNICATIONS	£69	£54	£15	21.7%	£277	£299	-£22	£295	£299	-£4
FINANCIAL COSTS	£41	£37	£4	9.8%	£165	£209	-£44	£204	£209	-£5
TRAVEL	£90	£68	£22	24.4%	£360	£371	-£11	£351	£371	-£20
LEGAL, PROFESSIONAL & OTHER	£915	£369	£546	59.7%	£3,660	£3,991	-£331	£3,876	£3,991	-£115
TOTAL COSTS	£18,532	£16,260	£2,272	12.3%	£79,374	£79,807	-£433	£79,792	£79,807	-£16
CAPITAL SPEND	£0	£0	£0	0.0%	£0	£0	£0	£0	£0	£0
SURPLUS/ (DEFICIT)	-£598	£600	£1,198	200.4%	£1,898	£1,404	-£494	£1,481	£1,404	-£76

Income

DP Fee Income

In May we recovered £518k less income than budgeted profile which contributes to a year to date variance of £927k. This is mainly due to the renewal rate which year to date is running at 89.04% versus the budgeted KPI of 95% - this represents a shortfall in renewals of circa 15,000, approximately £550k variance. Acquisitions have a similar shortfall as renewals year to date.

The Business Services team are expanding the renewal follow up activity throughout the year to drive an increase in the current renewal rate. The new acquisitions campaigns start in July with the aim of increasing income back to target.

Table 2 below sets out the budgeted profile for DP Fees for the financial year alongside the actual income year to date. The budget is based on a renewals target of 95% (2021/22 90%) and new acquisitions target of 281,000 with an anticipated overall register of 1.31 million by the end of the financial year.

Table 2 – DP Fee Income profile for 2022/23

Month	Budget £	Actual £	Year to date Budget £	Year to date actual £	Variance £
April	4,445,499	4,550,010	4,445,499	4,550,010	104,511
May	5,592,541	5,074,280	10,038,040	9,624,290	-413,750
June	5,394,798	4,881,690	15,432,838	14,505,980	-926,858
July	5,553,398		20,986,236		
August	6,008,001		26,994,237		
September	6,357,831		33,352,068		
October	6,361,991		39,714,059		
November	6,278,204		45,992,263		
December	4,687,626		50,679,889		
January	6,480,145		57,160,034		
February	6,687,110		63,847,144		
March	7,275,854		71,122,998		

Grant in Aid

Grant in Aid funding is in place to fund our work supporting Freedom of Information (FOI), Network and Information Systems (NIS), Electronic Identification and Trust Services Regulations (eIDAS), the Investigatory Powers Act (IPA) and Adequacy Assessments.

Other Government Funding

Other government funding has been provided via Memorandum of Understanding letters related to support the implementation of NIS Regulations in light of the increased focus on the security and resilience of digital service providers (£243K), and to support the transfer of the responsibility for maintenance and publishing of the Trusted List to the ICO under eIDAS (£114k). Both of these funding streams are ringfenced to these specific activities.

Fine Income Retention

Prior to 2022/23 financial year, the costs of any litigation incurred in the imposition and recovery of the monetary penalties, which are imposed by the ICO on organisations who breach the DPA or PECR, were fully borne by the ICO. The ICO proposed to Government that the litigation costs incurred should be recovered from monetary penalty income, ensuring that these costs are not funded by fee-paying organisations. This cost recovery model is in practice at other UK regulators. This has now been approved by Government and is in place from 2022/23, hence the addition of Fine Retention Income to the budgeted position to offset DP / PECR associated litigation costs. YTD the fine income retained to cover litigation activity is £329k with a full year forecast of £1,759k.

Year to Date Expenditure

Staff Costs

As at June, Staff costs have underspent by £85k (0.63%). The staffing budget was set based on actual costs of staff in post plus an anticipated profile of vacancies being filled. Staff costs YTD have delivered a small underspend driven by deviation in these assumptions primarily around the recruitment to vacancies.

Non-Staff Costs

As at June, Non-staff costs have underspent £2,187k. Unlike the staffing budget, the non-staff budget has been profiled in equal increments of 12 across the financial year and so these variances relate to timing differences.

The finance team are working with budget holders to reprofile the non-staff costs within their budget. In July these will be uploaded to create a new budget profile and ensure more accurate year to date reporting and analysis.

Appendix 1 – 2022/23 Income & Expenditure by Directorate

June Consolidated Management Accounts	Year To Date - June				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jun	Var	FC May	FC Jun	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Chief Operating Officer Executive										
OFFICE COSTS	£1,383	£770	£613	44.32%	£5,531	£5,569	-£38	£5,590	£5,569	£21
STAFF COSTS	£8,104	£8,064	£40	0.49%	£33,561	£33,861	-£301	£33,655	£33,861	-£207
TRAINING AND RECRUITMENT	£374	£323	£51	13.64%	£1,382	£1,412	-£30	£1,379	£1,412	-£33
IT COSTS	£1,317	£917	£400	30.37%	£5,269	£5,307	-£39	£5,268	£5,307	-£39
PROJECT SPEND	£783	£297	£486	62.07%	£3,110	£3,028	£82	£3,217	£3,028	£189
COMMUNICATIONS	£62	£54	£8	12.90%	£249	£261	-£12	£267	£261	£6
FINANCIAL COSTS	£41	£37	£4	9.76%	£165	£209	-£44	£204	£209	-£5
TRAVEL	£32	£32	£1	3.13%	£130	£146	-£17	£118	£146	-£28
LEGAL, PROFESSIONAL & OTHER	£575	£315	£260	45.22%	£2,302	£2,270	£32	£2,196	£2,270	-£74
TOTAL COSTS	£12,671	£10,808	£1,863	14.70%	£51,697	£52,063	-£367	£51,894	£52,063	-£169

June Consolidated Management Accounts	Year To Date - June				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jun	Var	FC May	FC Jun	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Chief Regulatory Officer Executive										
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	£4,677	£4,690	-£13	-0.28%	£20,233	£19,900	£332	£19,622	£19,900	-£279
TRAINING AND RECRUITMENT	£3	£0	£3	100.00%	£12	£10	£2	£12	£10	£2
IT COSTS	£3	£3	£0	0.00%	£12	£13	-£1	£2	£13	-£11
PROJECT SPEND	£28	£0	£28	100.00%	£114	£114	£0	£114	£114	£0
COMMUNICATIONS	£5	£0	£5	100.00%	£18	£28	-£10	£18	£28	-£10
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£31	£21	£10	32.26%	£123	£116	£7	£119	£117	£1
LEGAL, PROFESSIONAL & OTHER	£109	£31	£78	71.56%	£436	£579	-£142	£536	£579	-£42
TOTAL COSTS	£4,855	£4,745	£110	2.27%	£20,948	£20,760	£187	£20,423	£20,761	-£339

June Consolidated Management Accounts	Year To Date - June				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jun	Var	FC May	FC Jun	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Regulatory Futures and Innovation Executive	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	£1,138	£958	£180	15.82%	£5,804	£5,597	£207	£5,424	£5,597	-£172
TRAINING AND RECRUITMENT	£8	£10	-£2	-25.00%	£31	£31	£0	£31	£31	£0
IT COSTS	£20	£6	£14	70.00%	£80	£80	£0	£80	£80	£0
PROJECT SPEND	£8	£0	£8	100.00%	£30	£30	£0	£30	£30	£0
COMMUNICATIONS	£3	£0	£3	100.00%	£10	£10	£0	£10	£10	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£27	£16	£11	40.74%	£108	£108	£0	£113	£108	£5
LEGAL, PROFESSIONAL & OTHER	£230	£23	£207	90.00%	£921	£1,143	-£221	£1,144	£1,143	£2
TOTAL COSTS	£1,433	£1,013	£420	29.31%	£6,985	£6,999	-£15	£6,833	£6,999	-£166

June Consolidated Management Accounts	Year To Date - June				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jun	Var	FC May	FC Jun	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Corporate	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	-£427	-£306	-£121	28.34%	-£256	-£17	-£239	£641	-£17	£658
TRAINING AND RECRUITMENT	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
IT COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
PROJECT SPEND	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
COMMUNICATIONS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
LEGAL, PROFESSIONAL & OTHER	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TOTAL COSTS	-£427	-£306	-£121	28.34%	-£256	-£17	-£239	£641	-£17	£658