

# Finance Report Summary, Financial Year 2022/23

## November 2022

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### Executive Summary

This report provides the November management accounts for 2022/23 which show a forecast year end deficit of £3.7m, driven by a reduced DP fee income forecast.

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.

The forecast for DP Fee income was revised downwards at Q2 to £5.8m below budget (8.1%). YTD the position for DP Fee income is currently £4.6m below the original budgeted profile, however since the forecast was reset at Q2, the variance to forecast over the past three months is only £253k (0.6%). Income will continue to be monitored closely in upcoming months to determine if the assumptions need to be reviewed further. The fee income is directly affected by the economic downturn and this risk was reported to DCMS, our sponsorship department, early in the financial year.

The financial expenditure forecast is £0.2m underspent in comparison to budget when taking capital spend into consideration. A breakdown by directorate can be found in Appendix 1.

Year to date expenditure is reporting as £2.5m underspent against the budgeted profile, £1.5m in relation to staff costs and £1.0m in relation to non-staff costs including capital.

Within the Staff Costs forecast we have a turnover saving target to offset optimism in directorate forecasts. All year to date underspends in Staff Costs are offset against a reduction in the turnover savings target.

Non-staff variances year to date mostly relate to slippage from original budget, although underspends have been forecast at Q2 within Software Licencing (IT Costs), Office Costs and Project Costs. However, based on the burn rate of expenditure to date for non-staff costs, 61% of the forecast has been spent year to date at 67% of the way through the financial year, there is potential for further slippage in remaining expenditure that could lead to reductions in forecasts across Q3 and Q4.

The Management Accounting team will meet all directors in January to conduct a deep dive on this year's forecast and budget-setting for next year.

**Table 1 November Consolidated Management Accounts**

November Consolidated Management Accounts	Year To Date - November				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Nov	Var	FC Oct	FC Nov	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
ICO Consolidated										
DP FEE INCOME	£45,992	£41,382	£4,610	-10%	£71,123	£65,355	-£5,768	£65,355	£65,355	£0
GRANT IN AID	£5,315	£5,315	£0	0%	£7,972	£7,972	£0	£7,972	£7,972	£0
OTHER GOVERNMENT FUNDING	£222	£210	£12	-5%	£357	£327	-£30	£327	£327	£0
FINE RETENTION INCOME	£1,213	£1,051	£162	13%	£1,820	£1,808	-£12	£1,808	£1,808	£0
<b>TOTAL INCOME</b>	<b>£52,742</b>	<b>£47,958</b>	<b>£4,784</b>	<b>9%</b>	<b>£81,272</b>	<b>£75,462</b>	<b>-£5,810</b>	<b>£75,463</b>	<b>£75,463</b>	<b>£0</b>
OFFICE COSTS	£3,487	£3,560	-£73	-2%	£5,531	£5,048	£483	£5,048	£5,048	£0
STAFF COSTS	£37,983	£36,518	£1,465	4%	£59,341	£58,673	£667	£58,674	£58,673	£0
TRAINING AND RECRUITMENT	£968	£858	£110	11%	£1,425	£1,404	£21	£1,404	£1,404	£0
IT COSTS	£3,501	£3,028	£473	14%	£5,286	£5,022	£264	£5,022	£5,022	£0
PROJECT SPEND	£2,412	£1,749	£663	27%	£3,329	£2,967	£362	£2,967	£2,967	£0
COMMUNICATIONS	£195	£178	£17	9%	£277	£332	-£56	£332	£332	£0
FINANCIAL COSTS	£110	£237	-£127	-115%	£165	£219	-£54	£219	£219	£0
TRAVEL	£223	£274	-£51	-23%	£361	£387	-£26	£383	£387	-£4
LEGAL, PROFESSIONAL & OTHER	£1,749	£1,235	£514	29%	£3,659	£3,808	-£148	£3,798	£3,808	-£10
<b>TOTAL COSTS</b>	<b>£50,628</b>	<b>£47,637</b>	<b>£2,991</b>	<b>6%</b>	<b>£79,374</b>	<b>£77,860</b>	<b>£1,513</b>	<b>£77,847</b>	<b>£77,860</b>	<b>-£14</b>
<b>Capital Spend</b>	<b>£0</b>	<b>£536</b>	<b>-£536</b>	<b>#DIV/0!</b>	<b>£0</b>	<b>£1,302</b>	<b>-£1,302</b>	<b>£1,302</b>	<b>£1,302</b>	<b>£0</b>
<b>SURPLUS/(DEFICIT)</b>	<b>£2,114</b>	<b>-£215</b>	<b>£2,329</b>	<b>110%</b>	<b>£1,898</b>	<b>-£3,700</b>	<b>-£5,598</b>	<b>-£3,686</b>	<b>-£3,700</b>	<b>-£14</b>

## Income

### DP Fee Income

In September, we reprofiled the forecast and KPI to reflect a H1 review of performance.

Table 2 below sets out the forecast profile for DP Fees for the financial year after the review, alongside the actual income year to date. The revised budget is based on a renewals target of 88.5% (vs original target of 95%) (2021/22 90%) and new acquisitions target of 182,000 (vs original target of 281,000) with an anticipated overall register of 1.11 million (vs original target of 1.31 million).

Following the reforecast, we recovered £253k less income, a variance of 0.6%.

The renewal rate for the month of November is 86.94% and the year to date renewal rate is 88.89% versus the revised KPI of 88.5%.

Acquisitions activity continued to progress well and in November we registered 42,947 new organisations bringing the year to date total to 135,843

We therefore require a further circa 46,000 new registrations in the remaining 4 months of the year.

**Table 2 – DP Fee Income Reforecast profile for 2022/23**

<b>Month</b>	<b>Forecast £</b>	<b>Actual £</b>	<b>Year to date Forecast £</b>	<b>Year to date actual £</b>	<b>Variance £</b>
<b>April</b>	4,445,499	4,550,010	4,445,499	4,550,010	104,511
<b>May</b>	5,592,541	5,074,280	10,038,040	9,624,290	- 413,750
<b>June</b>	5,394,798	4,881,690	15,432,838	14,505,980	- 926,858
<b>July</b>	5,553,398	4,959,122	20,986,236	19,465,102	-1,521,134
<b>August</b>	6,008,001	5,124,528	26,994,237	24,589,630	-2,404,607
<b>Reprofile Forecast</b>			24,589,630	24,589,630	-
<b>September</b>	5,344,116	5,346,130	29,933,746	29,935,760	2,014
<b>October</b>	5,660,642	5,392,652	35,594,388	35,328,412	- 265,976
<b>November</b>	6,041,054	6,053,698	41,635,442	41,382,110	- 253,332
<b>December</b>	4,334,857		45,970,299		
<b>January</b>	5,261,453		51,231,753		
<b>February</b>	6,455,876		57,687,629		
<b>March</b>	7,667,773		65,355,402		

### 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 income recovered from litigation is £1,051k with a full year forecast of £1,808k.

## **Year to Date Expenditure**

### **Staff Costs**

As at November, Staff costs have underspent by £1,465k (3.86%). The staffing budget was set based on actual costs of staff in post plus an anticipated profile of vacancies being filled and the underspend is driven by a deviation in these assumptions, primarily around the recruitment to vacancies.

### **Non-Staff Costs**

As at November, Non-staff costs have underspent £990k when including capital spend. Non-staff variances year to date mostly relate to slippage from original budget, although underspends have been forecast at Q2 within Software Licencing (IT Costs), Office Costs and Project Costs. However, based on the burn rate of expenditure to date for non-staff costs, 61.2% of the forecast has been spent year to date at 66.7% of the way through the financial year, there is potential for further slippage in remaining expenditure that could lead to reductions in forecasts across Q3 and Q4.

We are meeting directors in January for a deep dive on this year's forecast and budget-setting for next year.

## Appendix 1 – 2022/23 Income & Expenditure by Directorate

November Consolidated Management Accounts	Year To Date - November				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Nov	Var	FC Oct	FC Nov	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	£3,487	£3,560	-£73	-6.74%	£5,531	£5,048	£483	£5,048	£5,048	£0
STAFF COSTS	£21,988	£21,270	£718	4.06%	£33,607	£33,111	£496	£33,200	£33,111	£89
TRAINING AND RECRUITMENT	£941	£842	£99	10.73%	£1,382	£1,366	£16	£1,366	£1,366	£0
IT COSTS	£3,420	£3,013	£407	13.68%	£5,194	£4,927	£267	£4,927	£4,927	£0
PROJECT SPEND	£2,322	£1,749	£573	24.63%	£3,185	£2,967	£218	£2,967	£2,967	£0
COMMUNICATIONS	£166	£187	-£21	-4.82%	£249	£303	-£55	£303	£303	£0
FINANCIAL COSTS	£110	£223	-£113	-102.73%	£165	£198	-£33	£198	£198	£0
TRAVEL	£81	£159	-£78	-92.59%	£130	£185	-£55	£181	£185	-£4
LEGAL, PROFESSIONAL & OTHER	£1,432	£1,093	£339	24.16%	£2,302	£2,289	£13	£2,279	£2,289	-£10
<b>TOTAL COSTS</b>	<b>£33,945</b>	<b>£32,098</b>	<b>£1,851</b>	<b>5.74%</b>	<b>£51,743</b>	<b>£50,394</b>	<b>£1,349</b>	<b>£50,469</b>	<b>£50,394</b>	<b>£75</b>
<b>Capital Spend</b>	<b>£0</b>	<b>£536</b>	<b>-£536</b>		<b>£0</b>	<b>£1,227</b>	<b>-£1,227</b>	<b>£1,227</b>	<b>£1,227</b>	<b>£0</b>
<b>TOTAL COSTS</b>	<b>£33,945</b>	<b>£32,634</b>	<b>£1,315</b>	<b>4.17%</b>	<b>£51,743</b>	<b>£51,621</b>	<b>£123</b>	<b>£51,696</b>	<b>£51,621</b>	<b>£75</b>

The forecast movement within the COO Executive is due to a reduction in forecast for staff vacancies along with an increase in forecast for Travel in the new Executive Directorate and a payment to resolve a tribunal claim.

November Consolidated Management Accounts	Year To Date - November				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Nov	Var	FC Oct	FC Nov	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	£12,734	£12,812	-£77	-0.60%	£20,186	£19,649	£537	£19,769	£19,649	£119
TRAINING AND RECRUITMENT	£6	£1	£5	83.33%	£12	£8	£4	£8	£8	£0
IT COSTS	£8	£9	-£1	-12.50%	£12	£15	-£3	£15	£15	£0
PROJECT SPEND	£90	£0	£90	100.00%	£114	£0	£114	£0	£0	£0
COMMUNICATIONS	£22	£3	£19	86.36%	£18	£19	-£1	£19	£19	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£70	£76	-£7	-10.00%	£123	£131	-£8	£131	£131	£0
LEGAL, PROFESSIONAL & OTHER	£43	£38	£5	11.63%	£436	£375	£62	£375	£375	£0
<b>TOTAL COSTS</b>	<b>£12,972</b>	<b>£12,939</b>	<b>£33</b>	<b>0.25%</b>	<b>£20,901</b>	<b>£20,197</b>	<b>£704</b>	<b>£20,316</b>	<b>£20,197</b>	<b>£119</b>
<b>Capital Spend</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>#DIV/0!</b>	<b>£0</b>	<b>£75</b>	<b>-£75</b>	<b>£75</b>	<b>£75</b>	<b>£0</b>
<b>TOTAL COSTS</b>	<b>£12,972</b>	<b>£12,939</b>	<b>£33</b>	<b>0.25%</b>	<b>£20,901</b>	<b>£20,272</b>	<b>£629</b>	<b>£20,391</b>	<b>£20,272</b>	<b>£119</b>

The movement in staff costs is due to changes in recruitment and vacancy assumptions across the directorate.

November Consolidated Management Accounts	Year To Date - November				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Nov	Var	FC Oct	FC Nov	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Regulatory Futures and Innovation Executive										
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	£3,652	£2,742	£910	24.92%	£5,804	£4,876	£928	£5,054	£4,876	£178
TRAINING AND RECRUITMENT	£21	£15	£6	28.57%	£31	£30	£1	£30	£30	£0
IT COSTS	£73	£6	£67	91.78%	£80	£80	£0	£80	£80	£0
PROJECT SPEND	£0	£0	£0	#DIV/0!	£30	£0	£30	£0	£0	£0
COMMUNICATIONS	£7	-£12	£19	271.43%	£10	£10	£0	£10	£10	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£72	£39	£33	45.83%	£108	£71	£37	£71	£71	£0
LEGAL, PROFESSIONAL & OTHER	£274	£104	£170	62.04%	£921	£1,144	-£223	£1,144	£1,144	£0
<b>TOTAL COSTS</b>	<b>£4,099</b>	<b>£2,894</b>	<b>£1,205</b>	<b>29.38%</b>	<b>£6,985</b>	<b>£6,211</b>	<b>£773</b>	<b>£6,389</b>	<b>£6,211</b>	<b>£178</b>
<b>Capital Spend</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>#DIV/0!</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>TOTAL COSTS</b>	<b>£4,099</b>	<b>£2,894</b>	<b>£1,205</b>	<b>29.38%</b>	<b>£6,985</b>	<b>£6,211</b>	<b>£773</b>	<b>£6,389</b>	<b>£6,211</b>	<b>£178</b>

The movement in staff costs is due to changes in recruitment and vacancy assumptions.

November Consolidated Management Accounts	Year To Date - November				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Nov	Var	FC Oct	FC Nov	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	-£391	-£306	-£85	21.74%	-£256	£1,037	-£1,294	£651	£1,037	-£386
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	£14	-£14	#DIV/0!	£0	£21	-£21	£21	£21	£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
<b>COSTS</b>	<b>-£391</b>	<b>-£292</b>	<b>-£99</b>	<b>25.32%</b>	<b>-£256</b>	<b>£1,058</b>	<b>-£1,314</b>	<b>£672</b>	<b>£1,058</b>	<b>-£386</b>
<b>Capital Spend</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>#DIV/0!</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>TOTAL COSTS</b>	<b>-£391</b>	<b>-£292</b>	<b>-£99</b>	<b>25.32%</b>	<b>-£256</b>	<b>£1,058</b>	<b>-£1,314</b>	<b>£672</b>	<b>£1,058</b>	<b>-£386</b>

The increase in Staff Costs within Corporate reflect the offset of the directorate staff cost reductions against the turnover saving credit forecast £(1.5m) at Q2. Remaining turnover saving credit forecast £(0.4m).