Financial Report – August 2025

Executive Summary

This report sets out the ICO's financial position at the end of August 2025 – we are forecasting a £1.1m surplus for the full year. This has increased slightly by £0.1m since our last report.

The differences between full-year forecast and budget set at the start of the year are:

- Increase in expected retained fines and additional income from DRCF, the Regulatory Innovation Office and additional GIA of £3.5m
- Expected costs have increased by £2.4m as we incorporate the cost of delivering against the newly confirmed funding, as well as incorporating the costs of the pay remit.

The detail is set out in table 1:

	Income **£m**	**Expenditure** **£m**	**Surplus/(Deficit)** **£m**
Budget	**104.9**	**(104.9)**	**-**
Increase in expected retained fines	1.6		1.6
Additional Digital Regulators Cooperation Fund income	0.1		0.1
Re-assessment of bank interest and charges	0.1	0.1	0.2
Pay remit		(0.4)	(0.4)
Additional lease rentals		(0.1)	(0.1)
Additional Regulatory Innovation Office Funding	0.4	(0.4)	-
Additional Grant in Aid funding	1.3	(1.3)	-
Other changes		(0.3)	(0.3)
Current forecast	**108.4**	**(107.3)**	**1.1**

Summary Financial Performance - August 2025

Expenditure

The ICO has spent £38.4m year to date.

This represents around 94% of the budget for this period. The variance of £2.5m is spread over several business areas.

Staff costs, our most significant costs, are £0.9m below budget. This is due to several factors, including that pay remit was phased into the budget from July but has not yet been paid. We have re-assessed and confirmed the staff forecast for the full year.

The Transformation Portfolio is £1.0m below budget, although anticipated expenditure at August is largely committed – the variance therefore represents a timing difference.

Income

The ICO has received £40.5m of income to date, slightly ahead of budget by £0.3m.

DP Fee income is now £0.8m ahead, following another strong month for our campaign identifying organisations that should be registered. Our campaign performance is masking the fact that renewals rates and speed of payment for some registrants are currently tracking below budget assumptions and historic trends, pending our investigation of causes and identification of actions to be taken.

To date, fines retained are £0.6m behind due to timing assumptions. For the full-year we continue to forecast fines retained £1.6m above budget, secured by payment plans that we have agreed.

Risks and opportunities

Expenditure

Our current forecast position is a surplus. A number of risks could increase this further.

- £0.7m of funding is currently unallocated within the Transformation Portfolio and £0.2m of allocated programme funding has been identified as having reduced spend confidence.
- £1.7m of new Grant in Aid and Regulatory Innovation Office funding recently secured - we are currently planning delivery and investment activities to ensure these can be spent quickly in the remaining seven months of the year.

In relation to the Transformation Portfolio, upcoming planned investment decisions, for example on the data platform, are likely to significantly adjust this position. In addition, further priority investment opportunities have been identified, including Workday product enhancements. A H2 budget review of the portfolio is underway to support effective investment.

More broadly we have identified other opportunities to accelerate activity against priorities, such as accelerating the work to move into our new Manchester Head Office, or investment in our Causes, to address the forecast surplus and to address any other potential underspends that could emerge over the rest of the year.

The ICO continues to work through the potential resource impacts arising from proposed additional legislative reform that is not currently forecast or funded, for example the Cyber Security and Resilience Bill. This may result in further investment required in the current year.

DP Fee Income

Based on performance to date, reflecting our strong campaign results, we currently assess no risk of underperformance against the DP fee income budget and have held the forecast again at budget level.

Our income base with respect to renewals is becoming more volatile, and we continue to monitor trends and performance carefully. Finance and Business Services work together updating the income position and addressing emerging themes, underpinned by detailed and re-profiled forecasts aligned to all our fee management activities.

We are currently investigating the causes of renewal rates and speed of payment declining this year relative to historic trends that we have observed. These investigations will identify actions to be taken to optimise renewal rates and the speed that organisations pay registration fees that are due.

Fine Income Retention

We have to date received £0.1m of the £3.4m forecast fines.

Until fines are received, there is a residual risk of payment plans defaulting. We continue to closely monitor likely payment as the financial year progresses.

Table 2: 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	36.4	37.2	0.8	95.3	95.3	0.0	73.8
GRANT IN AID	3.1	3.1	0.0	7.5	8.8	1.3	17.1
FINE RETENTION INCOME	0.7	0.1	-0.6	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	0.9	0.6	0.7
TOTAL INCOME	**40.2**	**40.5**	**0.3**	**104.9**	**108.4**	**3.5**	**93.1**
STAFF COSTS	32.1	31.2	0.9	80.3	81.6	-1.3	72.5
TRAINING AND RECRUITMENT	0.6	0.5	0.1	1.4	1.3	0.1	1.0
OFFICE COSTS (NON-CAPITAL)	1.6	1.4	0.2	4.0	4.0	0.0	3.6
IT COSTS (NON-CAPITAL)	2.4	2.5	-0.1	6.3	6.4	-0.1	5.7
PROJECT SPEND (NON-CAPITAL)	1.2	0.2	1.0	5.1	3.8	1.3	1.3
COMMUNICATIONS	0.2	0.2	0.0	0.5	0.6	-0.1	0.2
FINANCIAL COSTS	0.2	0.1	0.1	0.4	0.3	0.1	0.4
TRAVEL	0.3	0.3	0.0	0.6	0.7	-0.1	0.6
LEGAL, PROFESSIONAL & OTHER	1.2	1.3	-0.1	4.2	4.6	-0.4	3.1
Sub-total	**39.8**	**37.7**	**2.1**	**102.8**	**103.3**	**-0.5**	**88.4**
Capital Cash Spend - Lease rentals							
Office costs	0.7	0.3	0.4	1.6	1.7	-0.1	1.3
IT costs	0.1	0.1	0.0	0.2	0.3	-0.1	0.3
Total	**0.8**	**0.4**	**0.4**	**1.8**	**2.0**	**-0.2**	**1.6**
Capital Cash Spend – Other							
Estates	0.0	0.0	0.0	0.0	0.0	0.0	0.8
Delivery	0.3	0.3	0.0	0.3	2.0	-1.7	0.9
Total	**0.3**	**0.3**	**0.0**	**0.3**	**2.0**	**-1.7**	**1.7**
TOTAL COSTS	**40.9**	**38.4**	**2.5**	**104.9**	**107.3**	**-2.4**	**91.8**
SURPLUS/(DEFICIT)	**-0.7**	**2.1**	**2.8**	**0.0**	**1.1**	**1.1**	**1.3**