

Financial Report – January 2025

Executive Summary

This report sets out the ICO's financial position at the end of January 2024.

In December, we reported a total financial surplus of £1.0m. As at the end of January, we are now reporting a break even position for the financial year end due to the following adjustments to expenditure forecasts. In summary:

Expenditure

In line with the financial expenditure opportunities highlighted in last months report, we have brought forward previously deferred expenditure which has increased our expenditure forecast by £1.0m, with key movements outlined below:

- £0.4m increase to capital costs for the Cardiff office modernisation. This ensures that we have offices that support hybrid working, improved collaboration and productivity, and that improve our employee experience;
- £0.4m increase to staff costs. This covers the backdating of career banding payments to April 2024, as previously promised if our financial position allowed;
- £0.1m increase in IT costs following approval of Enterprise Architecture software in February 2025 (with the expectation that this will enable cost efficiencies in 2025-26 and beyond).

The overall changes between the original budget deficit of £9.2m to break even(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 now anticipated from mid February;
- Increase of £0.1m for alignment to final Grant-in-Aid delegation;

Summary of Risks and Opportunities

1. DP Fee Income Opportunity

Fee Income Performance

Fee income is ahead of our anticipated forecast year to date, however this is believed to be a timing variance due to income generation campaigns being front-loaded to the first three quarters of 2024-25.

The fee uplift has been forecast, but this impact is largely dependent upon customer behaviour, as some customers may pay earlier in order to avoid the fee uplift and there will be a period of additional financial exceptions as we make the changes which may result in incorrect fees being paid.

Third party pilot

There is £0.2m included in the financial forecast for anticipated DP fee income from the third party pilot being completed across the second half of 2024-25. This is an estimate which will need to be validated as the pilot results are evaluated.

2. Fine Income

There is a significant penalty in progress which could have an impact on the current financial year fine income position. It is not possible to quantify this at present.

Table 1: January Consolidated Management Accounts	Year To Date -January 2025					Full Year				
	ICO Consolidated	Budget	Actual	Variance			Draft Budget	Revised Forecast	Variance	23/24
		£'m	£'m	£'m		%	£'m	£'m	£'m	£'m
DP FEE INCOME	55.72	58.77	3.04	0.05		76.70	73.30	-3.40	66.20	
GRANT IN AID	6.82	16.08	9.26	1.36		7.20	16.03	8.83	9.70	
OTHER GOVERNMENT FUNDING	0.33	1.05	0.72	2.16		0.40	1.05	0.65	0.40	
FINE RETENTION INCOME	1.58	1.35	-0.23	-0.14		0.70	1.75	1.05	4.00	
DRAWDOWN FROM RESERVES	0.00	0.00	0.00	-		0.00	0.00	0.00	6.90	
OTHER INCOME	0.00	0.37	0.37	-		0.00	0.40	0.40	0.40	
TOTAL INCOME	64.46	77.62	13.16	0.20		85.00	92.53	7.53	87.60	
STAFF COSTS	59.63	59.65	-0.01	0.00		71.60	72.27	0.67	68.70	
TRAINING AND RECRUITMENT	0.94	0.58	0.36	0.38		1.80	0.98	-0.82	0.90	
OFFICE COSTS	4.09	3.70	0.39	0.09		4.50	5.06	0.56	4.70	
IT COSTS	5.63	4.66	0.98	0.17		7.00	6.38	-0.62	5.00	
PROJECT SPEND (NON-CAPITAL)	2.11	0.25	1.86	0.88		3.50	1.67	-1.83	0.00	
COMMUNICATIONS	0.35	0.14	0.21	0.59		0.50	0.32	-0.18	0.30	
FINANCIAL COSTS	0.37	0.27	0.11	0.29		0.50	0.35	-0.15	0.30	
TRAVEL	0.55	0.45	0.10	0.18		0.80	0.61	-0.19	0.70	
LEGAL, PROFESSIONAL & OTHER	2.43	1.77	0.65	0.27		4.00	3.32	-0.68	5.10	
TOTAL REVENUE COSTS	76.10	71.46	4.65	0.06		94.20	90.96	-3.24	85.70	
Capital Spend	0.00	0.26	-0.26	-		0.00	1.53	1.53	1.90	
SURPLUS/(DEFICIT)	-11.64	5.91	17.55			-9.20	0.0	9.2	0.00	

