Financial Report – September 2025.

Executive Summary

This report sets out the ICO’s financial position at the end of September 2025 – we are currently forecasting a year end breakeven position.

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 Digital Regulators Cooperation Forum (DRCF), the Regulatory Innovation Office (RIO) and additional Grant in Aid (GIA) together totalling £3.5m. We will be re-forecasting our retained fine income and associated costs upon receipt of the recently agreed Capita settlement.
- Expected costs have increased by £3.5m to cover the delivery cost of new funding, Manchester office preparation and the pay remit.

The detail is set out in the following table:

	Income £m	Expenditure £m	Surplus/(Deficit) £m
Budget	**104.9**	**(104.9)**	**-**
Increase in expected retained fines	1.6	-	1.6
Additional DRCF income	0.1	-	0.1
Pay remit in excess of budget	-	(0.4)	(0.4)
Additional RIO Funding	0.4	(0.4)	-
Additional GIA funding	1.3	(1.3)	-
Manchester office in-year spend following commitment of lease	-	(1.0)	(1.0)
Additional lease rentals	-	(0.1)	(0.1)
Other changes	0.1	(0.3)	(0.2)
Current forecast	**108.4**	**(108.4)**	**-**

Summary Financial Performance - September 2025

Expenditure

The ICO has spent £46.6m year to date, 94% of the budget for this period. The variance of £3m is spread over several business areas.

Staff costs are £1.3m 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 and vacancies have been running higher than budgeted for the first half of the year. We have re-assessed and confirmed the staff forecast for the full year.

The Transformation Portfolio is £1.2m below budget, although anticipated expenditure at the end of September is largely committed – the variance therefore represents a timing difference.

Income

The ICO has received £50.4m of income to date and is now ahead of budget by £1.2m.

DP Fee income is ahead, following another strong month for our campaign identifying organisations that should be registered, whilst fines retained are behind due to timing assumptions.

Risks and opportunities

Expenditure

Several risks could impact on our reported position.

- There is £2.3m of budget allocated to specific projects within the Transformation Portfolio of which a significant part is flagged as either amber or red risk at this stage.
- £1.7m of new GIA and RIO funding recently secured – we have now agreed the full usage of the new funding and, in the case of GIA await final confirmation from DSIT.
- Now that the Manchester office lease is committed and planning for the fit out is progressing, we have identified initial estimates for £1m of costs likely to be incurred in the current financial year in advance of our actual move. In relation to the Transformation Portfolio, upcoming planned investment decisions are likely to adjust this position. Further priority investment opportunities are

currently being assessed, following a half-year budget review of the portfolio to support effective investment.

More broadly we have identified other opportunities to accelerate activity against priorities, to address any 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.

Fine Income Retention

We have to date received £0.2m of the £3.4m forecast fines. We will report on the settlement reached with the Capita Group in future reports.

Table 1: 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	44.6	46.3	1.7	95.3	95.3	0.0	73.8
GRANT IN AID	3.7	3.8	0.1	7.5	8.8	1.3	17.1
FINE RETENTION INCOME	0.9	0.2	-0.7	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	**49.2**	**50.4**	**1.2**	**104.9**	**108.4**	**3.5**	**93.1**
STAFF COSTS	38.9	37.6	1.3	80.3	81.8	-1.5	72.5
TRAINING AND RECRUITMENT	0.7	0.5	0.2	1.4	1.3	0.1	1.0
OFFICE COSTS (NON-CAPITAL)	2.0	1.8	0.2	4.0	4.1	-0.1	3.6
IT COSTS (NON-CAPITAL)	2.8	3.0	-0.2	6.3	6.4	-0.1	5.7
PROJECT SPEND (NON-CAPITAL)	1.5	0.3	1.2	5.0	3.1	1.9	1.3
COMMUNICATIONS	0.2	0.2	0.0	0.5	0.6	-0.1	0.2
FINANCIAL COSTS	0.2	0.3	-0.1	0.4	0.4	0.0	0.4
TRAVEL	0.3	0.3	0.0	0.6	0.7	-0.1	0.6
LEGAL, PROFESSIONAL & OTHER	1.7	1.4	0.3	4.2	5.0	-0.8	3.1
Sub-total	**48.3**	**45.4**	**2.9**	**102.7**	**103.4**	**-0.7**	**88.4**
Capital Cash Spend - Lease rentals							
Office costs	0.8	0.7	0.1	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	**0.9**	**0.8**	**0.1**	**1.8**	**2.0**	**-0.2**	**1.6**
Capital Cash Spend - Other							
Estates	0.0	0.0	0.0	0.0	1.0	-1.0	0.8
Delivery	0.4	0.4	0.0	0.4	2.0	-1.6	0.9
Total	**0.4**	**0.4**	**0.0**	**0.4**	**3.0**	**-2.6**	**1.7**
TOTAL COSTS	**49.6**	**46.6**	**3.0**	**104.9**	**108.4**	**-3.5**	**91.8**
SURPLUS/(DEFICIT)	**-0.4**	**3.8**	**4.2**	**0.0**	**0.0**	**0.0**	**1.3**