Information Commissioner's Office

Finance Report Summary, Financial Year 2020/21

August 2020

Executive Summary

As at the end of August our income is on track for the year to date while we are making savings against expenditure for the year to date. The forecasted profile of Data Protection income has been revised to reflect the fees collected to date and the reprofile of Companies House activity in the second half of the year. The budget will be reforecast at the end of Quarter 2 once the wider impact and expected future position becomes clearer.

The biggest areas of savings are across Travel (74%), Training & Recruitment (52%) and Legal & Professional (46%). These areas will be carefully considered at the Q2 budget review.

The pay spend is aligned with budget to only a 3.5% variance. This will continue to be carefully monitored as it constitutes over 70% of our spend as an organisation. Additional resources have been ringfenced to service any additional recruitment through the year and the annual pay award and career progression. This will be reported on each month as to progress.

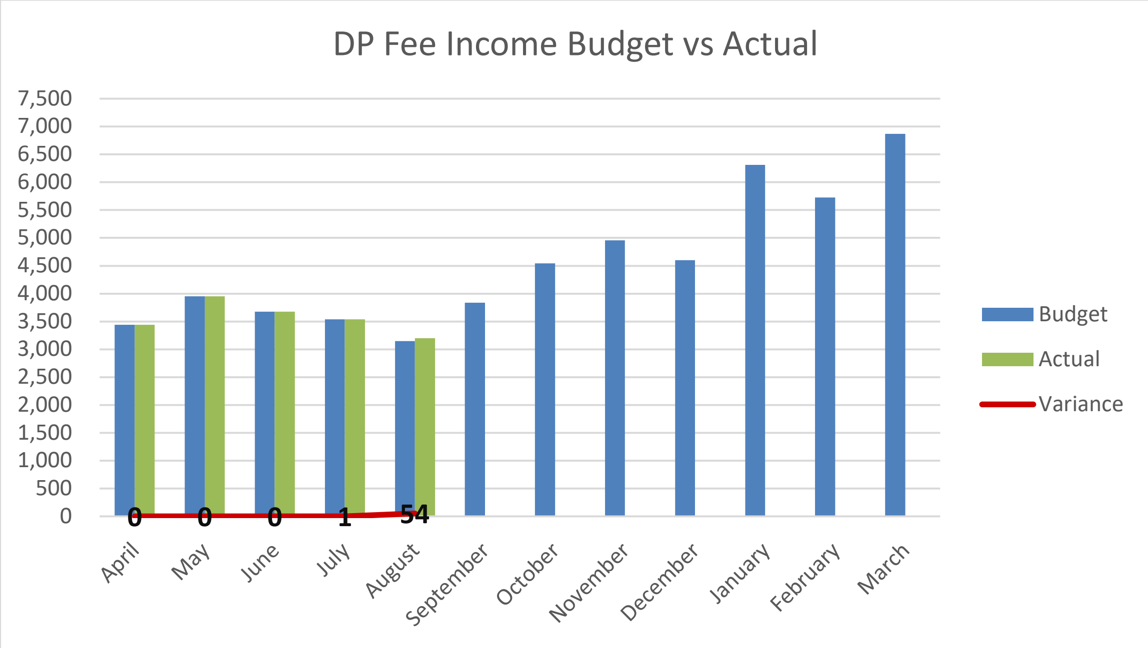
The current position continues to show a positive financial picture however there is still significant risk in the second half of the year particularly if the economic downturn negatively impacts on the number of organisations able to pay the Data Protection Fee . The full year forecast and budget will be fully reviewed at the end of Q2

For the Five Months Ending 31 August 2020

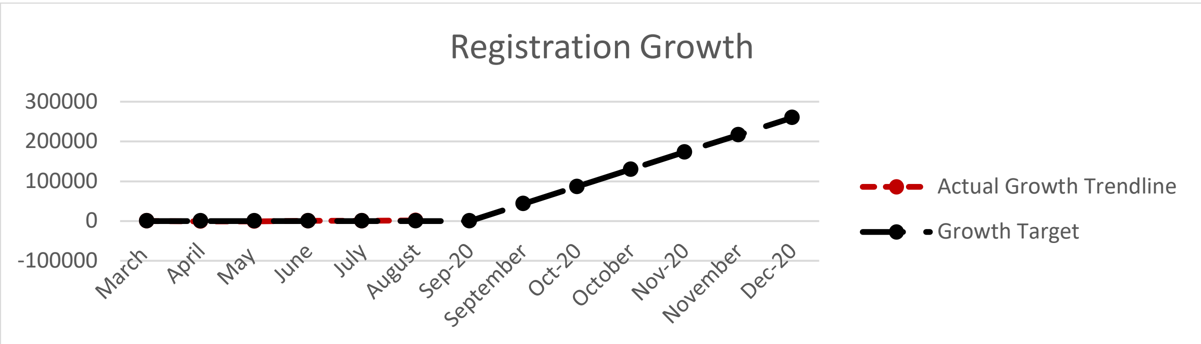
	Year To Date				Remaining	Full Year
	Budget £	Actual £	Variance £	Var % %	Budget £	Budget £
GRANTS & OTHER	2,675,211	2,676,865	1,654	0.1%	3,703,677	6,380,542
DP FEE INCOME	17,755,148	17,810,307	55,159	0.3%	36,789,693	54,600,000
TOTAL INCOME	**20,430,359**	**20,487,172**	**56,813**	**0.3%**	**40,493,370**	**60,980,542**
TOTAL OFFICE COSTS	1,339,539	1,313,821	25,718	1.9%	1,900,931	3,214,752
TOTAL STAFF COSTS	16,712,051	16,127,211	584,840	3.5%	27,804,741	43,931,952
TOTAL TRAINING AND RECRUITMENT	466,358	222,214	244,144	52.4%	1,016,588	1,238,802
TOTAL IT COSTS	2,057,125	1,559,725	497,400	24.2%	3,563,111	5,122,836
TOTAL PROJECT SPEND	623,335	402,215	221,120	35.5%	2,843,785	3,246,000
TOTAL COMMUNICATIONS	179,986	129,272	50,714	28.2%	349,651	478,923
TOTAL FINANCIAL COSTS	53,750	33,792	19,958	37.1%	155,208	189,000
TOTAL TRAVEL	180,858	47,695	133,162	73.6%	386,356	434,051
TOTAL LEGAL, PROFESSIONAL & OTHER	758,577	412,394	346,183	45.6%	2,711,412	3,123,806
TOTAL COSTS	**22,371,579**	**20,248,339**	**2,123,239**	**9.5%**	**40,731,783**	**60,980,122**
SURPLUS/ (DEFICIT)	**1,941,220**	**238,833**	**2,180,052**	**112.3%**	**238,413**	**420**

Income

DP Income & Registrations



The DP Income budget profile has been revised to align expected income growth with the restart of the Companies House Campaign. The overall profile has been adjusted to reflect the timing and risk of the Companies House Campaign. Whilst the revised forecast has been set with prudent assumptions, the full impact of Covid-19 is yet to be seen once the government assistance programmes such as furlough scheme end in October. This will be reviewed alongside the expenditure budget at the end of Q2.



The registrations growth chart shows only a small amount of growth during the period April – August. This is as expected during the pandemic, as no letters have been sent out to build the register. This is expected to increase once the mailing campaign is resumed at the end of September.

The Grant in Aid & Other income covers Freedom of Information (FOI) - £4m, (NIS) - £500k, electronic identification and trust services (eIDAS), Investigatory Powers Act (IPA) - £330k and additional pension funding of £1.4m. These sums have already been paid in full to assist with any potential cash flow risk associated with Covid-19.

Expenditure

At present, cost lines are coming in substantially behind budget. This will be reviewed in detail at the end of Q2. Those areas tracking >10% variance to budget are as follows;

Training & recruitment ↓(52%)

Recruitment is generally focussed on agency staff at the moment as we look to bring the first wave of staff back into the office over the coming months. As more staff are cleared to return to work, we expect to see more demand for training and recruitment.

IT spend ↓(24%)

Areas such as security contracts, website support and registrations printing are all spending less than expected whereas hardware support and telephony are expected to overspend due to the changes that have been made during lockdown. The overall position is expected to be unchanged and the spend profile will be reviewed at the end of Q2

Project spend ↓(36%)

Many projects have been put on hold during the pandemic, however this is expected to pick up in the coming months subject to the future accommodation plans.

Communications spend ↓(28%)

Many campaigns, especially those involving high print and distribution costs have been delayed, this is expected to pick up in the coming months.

Financial ↓(37%)

Internal audit costs are yet to be received as work is ongoing and the current work profile has been slightly delayed, however this is expected to spend to budget as it is under contract.

Travel ↓(74%)

Travel has been reduced in the latest reforecast, however it does not seem to be increasing as lockdown eases. This will be carefully reviewed at the next budget reforecast.

Legal, Professional and Other ↓(46%)

Legal costs are reduced as many investigations resulting in litigation have been put on hold until companies have had the chance to re-assess their position and affordability of fines reconsidered. External professional fees have reduced significantly during COVID. This is expected to pick up later in the year.

End of year forecast

The year end is currently budgeted to break even. There is still uncertainty over the ongoing impact of the pandemic and a full reforecast will take place at the end of Q2.