

Finance Report Summary, Financial Year 2022/23

September 2022

Executive Summary

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

YTD the income position for DP Fee income is currently £2.4m below the budgeted profile. The forecast DP Fee income is £5.8m below budget (8.1%). 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 had been reported to DCMS, our sponsorship department early in the financial year.

A financial expenditure forecast is £0.2m underspent in comparison to budget. Last month, the expenditure was reviewed to determine the split of revenue and capital expenditure. A new project has also been included within this latest forecast for the ICO Website Rebuild. This project is due to commence in Q4 and is a high priority project to ensure the website remains within support and therefore £150k Capital forecast has been allocated to this.

A breakdown by directorate can be found in Appendix 1.

The year-to-date expenditure is reporting as £1.9m underspent against the budgeted profile. The Staff Costs underspend has been offset in the full year financial forecast by a reduction in the turnover savings target set at budget. Non-staff variances are driven by underspends in Project Costs and IT with slippage in the timing of ERP as well as underspends in Software Licencing. There is also an adjustment in Project Spend for projects which have now been capitalised. Based on the burn rate of expenditure to date, there is likely optimism in the future forecasts and therefore likelihood that expenditure forecasts will reduce, or slip, further across Q3 and Q4.

Table 1 September Consolidated Management Accounts

September Consolidated Management Accounts	Year To Date - September				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Sep	Var	FC Aug	FC Sep	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
ICO Consolidated										
DP FEE INCOME	£26,994	£24,590	-£2,405	-8.91%	£71,123	£65,355	-£5,768	£65,009	£65,355	£346
GRANT IN AID	£3,322	£3,322	£0	0.00%	£7,972	£7,972	£0	£7,972	£7,972	£0
OTHER GOVERNMENT FUNDING	£120	£119	-£2	-1.29%	£357	£327	-£30	£327	£327	£0
FINE RETENTION INCOME	£758	£635	-£124	-16.29%	£1,820	£1,808	-£12	£1,808	£1,808	£0
TOTAL INCOME	£31,194	£28,665	-£2,530	-8.11%	£81,272	£75,463	-£5,809	£75,116	£75,463	£347
OFFICE COSTS	£2,428	£2,230	£198	8.15%	£5,531	£5,048	£483	£5,048	£5,048	£0
STAFF COSTS	£27,885	£27,240	£645	2.31%	£59,341	£58,716	£625	£58,791	£58,716	£75
TRAINING AND RECRUITMENT	£744	£722	£22	2.96%	£1,425	£1,404	£21	£1,404	£1,404	£0
IT COSTS	£2,558	£2,185	£372	14.54%	£5,286	£5,022	£264	£5,156	£5,022	£134
PROJECT SPEND	£1,532	£167	£1,365	89.10%	£3,329	£2,967	£362	£3,102	£2,967	£135
COMMUNICATIONS	£140	£138	£2	1.43%	£277	£332	-£56	£332	£332	£0
FINANCIAL COSTS	£78	£200	-£123	-157.69%	£165	£198	-£33	£198	£198	£0
TRAVEL	£160	£182	-£22	-13.75%	£361	£383	-£22	£383	£383	£0
LEGAL, PROFESSIONAL & OTHER	£1,335	£794	£540	40.45%	£3,659	£3,798	-£138	£4,014	£3,798	£216
TOTAL COSTS	£36,860	£33,858	£2,999	8.14%	£79,374	£77,868	£1,506	£78,428	£77,868	£560
Capital Spend	£0	£1,135	-£1,135	#DIV/0!	£0	£1,302	-£1,302	£1,063	£1,302	-£239
SURPLUS/(DEFICIT)	-£5,666	-£6,328	-£663	11.70%	£1,898	-£3,707	-£5,605	-£4,375	-£3,707	£668

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, in September we recovered £2k more income. The renewal rate in September is 85.6% versus the revised KPI of 88.5% and limited acquisitions activity which is due to increase in October.

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

Month	Forecast £	Actual £	Year to date Forecast £	Year to date actual £	Variance £
April	4,445,499	4,550,010	4,445,499	4,550,010	104,511
May	5,592,541	5,074,280	10,038,040	9,624,290	- 413,750
June	5,394,798	4,881,690	15,432,838	14,505,980	- 926,858
July	5,553,398	4,959,122	20,986,236	19,465,102	-1,521,134
August	6,008,001	5,124,528	26,994,237	24,589,630	-2,404,607
Reprofile Forecast			24,589,630	24,589,630	-
September	5,344,116	5,346,130	29,933,746	29,935,760	2,014
October	5,660,642		35,594,388		
November	6,041,054		41,635,442		
December	4,334,857		45,970,299		
January	5,261,453		51,231,753		
February	6,455,876		57,687,629		
March	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 £635k with a full year forecast of £1,808k.

Year to Date Expenditure

Staff Costs

As at September, Staff costs have underspent by £645k (2.3%). The staffing budget was set based on actual costs of staff in post plus an anticipated profile of vacancies being filled. Staff costs YTD have delivered a small underspend driven by deviation in these assumptions primarily around the recruitment to vacancies.

Non-Staff Costs

As at September, Non-staff costs have underspent £2,354k. The non-staff budget has now been profiled based on forecast across the financial year. These variances relate to slippage from that forecast in Project Spend and Legal, Professional and Other Costs and it is likely that there remains optimism in the future forecasts that will also result in further forecast reductions.

Appendix 1 – 2022/23 Income & Expenditure by Directorate

September Consolidated Management Accounts	Year To Date - September				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Sep	Var	FC Aug	FC Sep	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	£2,428	£2,230	£198	8.15%	£5,531	£5,048	£483	£5,048	£5,048	£0
STAFF COSTS	£16,328	£15,951	£377	2.31%	£33,607	£33,684	-£77	£33,684	£33,684	£0
TRAINING AND RECRUITMENT	£724	£707	£17	2.35%	£1,382	£1,366	£16	£1,366	£1,366	£0
IT COSTS	£2,542	£2,173	£368	14.48%	£5,194	£4,927	£267	£5,091	£4,927	£164
PROJECT SPEND	£1,455	£167	£1,288	88.52%	£3,185	£2,967	£218	£2,958	£2,967	-£9
COMMUNICATIONS	£124	£147	-£23	-18.55%	£249	£303	-£55	£303	£303	£0
FINANCIAL COSTS	£78	£179	-£102	-130.77%	£165	£198	-£33	£198	£198	£0
TRAVEL	£57	£101	-£44	-77.19%	£130	£181	-£51	£181	£181	£0
LEGAL, PROFESSIONAL & OTHER	£1,038	£724	£314	30.25%	£2,302	£2,279	£23	£2,339	£2,279	£60
TOTAL COSTS	£24,773	£22,381	£2,392	9.66%	£51,743	£50,953	£790	£51,168	£50,953	£215
Capital Spend	£0	£1,135	-£1,135	#DIV/0!	£0	£1,227	-£1,227	£1,063	£1,227	-£164
TOTAL COSTS	£24,773	£23,516	£1,257	5.07%	£51,743	£52,180	-£436	£52,231	£52,180	£52

The forecast movement within the COO Executive is minimal in month with the largest change being a reduction in IT costs following a deep dive forecast review. This was offset by an increase in Capital costs to fund a new project for the ICO Website Rebuild which will commence in Q4. There was also a reduction of £60k in Legal, professional and Other Costs in Corporate Communications for Research which will not take place this financial year.

September Consolidated Management Accounts	Year To Date - September				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Sep	Var	FC Aug	FC Sep	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Chief Regulatory Officer Executive	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	£9,439	£9,577	-£138	-1.46%	£20,186	£19,708	£478	£19,783	£19,708	£75
TRAINING AND RECRUITMENT	£4	£1	£3	75.00%	£12	£8	£4	£8	£8	£0
IT COSTS	£6	£6	£0	0.00%	£12	£15	-£3	£15	£15	£0
PROJECT SPEND	£77	£0	£77	100.00%	£114	£0	£114	£114	£0	£114
COMMUNICATIONS	£11	£3	£8	72.73%	£18	£19	-£1	£19	£19	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£49	£52	-£3	-6.12%	£123	£131	-£8	£131	£131	£0
LEGAL, PROFESSIONAL & OTHER	£35	£36	-£1	-2.86%	£436	£375	£62	£565	£375	£190
TOTAL COSTS	£9,621	£9,675	-£54	-0.56%	£20,901	£20,255	£646	£20,634	£20,255	£379
Capital Spend	£0	£0	£0	#DIV/0!	£0	£75	-£75	£0	£75	-£75
TOTAL COSTS	£9,621	£9,675	-£54	-0.56%	£20,901	£20,330	£571	£20,634	£20,330	£304

The change in forecast in the Chief Regulatory Officer Executive is due to removing double counting in the August Project forecast relating to eIDAS work (£113,850) as well as capitalising the Trusted List project implementation costs related to eIDAS. Further changes to Legal, Professional and Other costs were based on a reduction in Investigations forecast spend (£360k) netted off with an increase in Professional Services for training in FOI (£170k).

September Consolidated Management Accounts	Year To Date - September				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Sep	Var	FC Jul	FC Sep	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	£2,576	£2,018	£558	21.66%	£5,804	£5,236	£568	£5,236	£5,236	£0
TRAINING AND RECRUITMENT	£16	£14	£2	12.50%	£31	£30	£1	£30	£30	£0
IT COSTS	£10	£6	£4	40.00%	£80	£80	£0	£50	£80	-£30
PROJECT SPEND	£0	£0	£0	#DIV/0!	£30	£0	£30	£30	£0	£30
COMMUNICATIONS	£5	-£12	£17	340.00%	£10	£10	£0	£10	£10	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£54	£29	£25	46.30%	£108	£71	£37	£71	£71	£0
LEGAL, PROFESSIONAL & OTHER	£262	£34	£227	86.64%	£921	£1,144	-£223	£1,110	£1,144	-£34
TOTAL COSTS	£2,923	£2,090	£833	28.50%	£6,985	£6,571	£414	£6,537	£6,571	-£34
Capital Spend	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TOTAL COSTS	£2,923	£2,090	£833	28.50%	£6,985	£6,571	£414	£6,537	£6,571	-£34

September Consolidated Management Accounts	Year To Date - September				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Sep	Var	FC Aug	FC Sep	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Corporate										
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	-£458	-£306	-£152	33.19%	-£256	£88	-£344	£88	£88	£0
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	£21	-£21	#DIV/0!	£0	£0	£0	£0	£0	£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
COSTS	-£458	-£285	-£173	37.77%	-£256	£88	-£344	£88	£88	£0
Capital Spend	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TOTAL COSTS	-£458	-£285	-£173	37.77%	-£256	£88	-£344	£88	£88	£0