

Finance Report Summary, Financial Year 2019/20 December 2019

Executive Summary

December 2019 represents the ninth month of the financial year. At the end of the month the year end position is now showing a small surplus. The Data Protection Fee income is now forecast to be at target by the year end.

The ICO has approved for a more ambitious fee income recovery/collection programme for the remainder of the year. This is mitigating the shortfall faced by the fee income over the first two quarters of the year. At the end of December the shortfall is being recovered and the forecast is now to achieve the fee income target as a minimum by the year end. Progress with these plans will be included in all future month end accounts and reported to Audit Committee and Management Board.

The travel and legal budgets are both facing considerable pressure and the year-end forecasts for each have been updated to reflect the potential overspend against each area. Both of these budgets are forecast to be greater than the initial budget set which is a reflection of the increase in demands on the organisation.

There is an increase in other income which is due to increased income to cover the costs of pensions and additional income to partly offsets the costs of litigation.

Description	YTD	April	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Year end forecast	Total Budget	Variance to Budget
	RAG RATING	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DP FEE INCOME	A	3.7m	4.6m	3.6m	3.6m	3.1m	3.6m	4.0m	3.6m	3.1m				46,560	46,560	0
GRANT IN AID	G	386	386	386	386	386	386	386	386	386				4,626	4,626	0
OTHER INCOME	G	107	107	107	254	207	145	333	143	115				2,538	1,273	1,265
OFFICE COSTS	A	246	387	69	249	210	236	286	272	266				2,999	2,651	(348)
STAFF COSTS	G	2.8m	2.8m	4.5m	2.9m	3.1m	3.2m	3.2m	2.8m	3.1m				38,660	38,660	0
TRAINING AND RECRUITMENT	G	66	85	32	61	62	57	118	93	130				835	835	0
IT COSTS	G	244	280	279	348	287	299	378	156	189				3,625	3,625	0
PROJECT SPEND	G	81	272	507	328	125	237	256	85	297				2,550	2,500	0
COMMUNICATIONS	G	109	41	41	46	24	29	30	46	18				584	684	100
FINANCIAL COSTS	G	9	6	6	14	10	12	6	12	6				188	188	0
TRAVEL	A	102	99	92	87	51	78	100	48	52				993	687	(306)
LEGAL, PROFESSIONAL & OTHER	A	94	477	264	101	355	114	252	232	234				2,600	1,978	(622)
CAPITAL SPEND	G	0	0	0	0	0	0	0	0					650	650	0
OPERATING SURPLUS	G	470	608	-1,650	160	-520	-156	233	443	-618				40	0	40

Key	RAG RATING
On track	G
Not on track but expected to be at budget at year end	A
Not expected to be at budget at year end	R

Income

The DP income for the month of December is positive by £0.3m against the budget for the month. Overall it is adverse against the year to date budget by £1.3m. Year to date, the ICO has collected Data Protection fees of £33.3m against a budget of £34.7m.

For the remainder of the financial year the organisation is assumed to be back on profile for the Data Protection fee income and recovering the shortfall of £1.3m. There is considerable work underway reviewing the Data Protection register to identify and then contact the organisations and individuals that are legally obliged but have not yet registered.

The Grant in Aid income covers income for Freedom of Information - £3.75m for the full year, NIS (Network and Information Systems Regulations) - £500k for the full year, eIDAS (electronic identification and trust services) -£46k for the full year and IPA (Investigatory Powers Act) - £330k for the full year. This is all on track for the year and is received in tranches.

Other income mainly includes a budgeted £1m of income from DCMS to cover the increase in pension costs, this has recently been confirmed at a higher rate of £1.442m, which has now been included in the latest forecast. This is for one year only and offsets a corresponding cost in the staffing budget.

Also within the full year forecast there is additional income of £600k to cover litigation costs. With the significant legal costs involved in litigation linked to fines DCMS are looking to partly offset these within year. The ICO are currently in dialogue to agree a longer term model to recover the costs of litigation connected with issuing fines.

DP Fee Income actuals vs budget per month

Month	BUDGET 2019/20	2019/20 Actual	Variance to Budget
April	3,500	3,764	+264
May	4,765	4,611	-154
June	3,897	3,644	-253
July	3,910	3,639	-271
August	3,639	3,132	-507
September	3,987	3,617	-370
October	4,161	4,095	-66
November	4,010	3,693	-317
December	2,817	3,185	+368
January	3,883		
February	3,777		
March	4,213		
Total	46,559		

Expenditure

A number of lines of expenditure are outside the expected outturn, with Travel and Legal, Professional & Other being prominent. Travel expenditure will need careful monitoring and management. Legal expenses are also tracking above the anticipated levels of spend. Work has been carried out to forecast all lines of expenditure and income to the end of the financial year. Expenditure on travel and legal are tracking at much higher levels than budgeted and are expected to be adverse to budget for the full financial year.

Project spend includes the cost of the work associated with the DP fee income collection. Other previously identified savings to offset the dip in income have now been released allowing the works to proceed

The staffing budget includes the assumed increase in costs of higher pension contributions and includes assumptions on the cost of Career Progression and revalorisation. The overall forecast for staffing costs for the financial year is expected to be on budget at the year end. Subject to further development of the fee income the staff budget will be reviewed the affordability of pay awards within year

End of year position:

The year end is forecast to be a small surplus. Further work is continuing with the fee income and this will be reviewed in January and February.