

Finance Report, Financial Year 2017/18 February 2018

Executive Summary

Financial Year End 2017/18

We are expecting to over-recover our income to a level of circa £400k or 2% of original forecast (8% overall increase from prior year).

Looking ahead to the year-end position, we anticipate being in line with our revised forecast overall, taking into account the increased income described above. Spend based on usage or a time-dependent work in progress estimate are the most challenging to predict. This is most likely to have a material impact on costs in relation to legal cases, IT business as usual, IT projects and travel. We will be looking to minimise any overspend in these areas and will use the over recovery of income and savings from the training budget and legal & professional budgets to offset any additional costs.

Our FTE currently stands at 498.5 (485.7 prior month), this represents a net increase of over 59 (gross 119.6 recruited, 60.5 leavers) from the 439.6 FTE reported at 31 March 2017.

We are expecting to come in within budget overall across staff, training and recruitment budgets.

Financial year 2018/19

Recruitment to the new Director roles, as detailed in the resource proposals signed off in early 2018, have now been advertised and work has begun on infrastructure planning for the remaining positions. It is likely that this will be in a phased approach according to departmental priorities throughout 2018/19 and beyond.

The budget for 2018/19 has now been agreed with DCMS and work has begun internally on how this will be profiled. Heads of department will be consulted on this as an ongoing process.

Data Protection Funding Model

The Statutory Instrument, which was laid in Parliament on 20 February 2018, has now been agreed.

We have not seen any drop in Data Protection fee in the run up to the new funding model implementation date (25 May 2018) which gives us

confidence that our income forecasts for 2018/19 based on a register uplift of between 6 and 7% will remain valid.

Other Funding

NIS funding has now been agreed as Grant in Aid for the coming two financial years and is expected to be between £300-£400k in total. We will be looking at cost recovery methods, most likely a fee paying model, over the coming months to be in place for when the grant funding ceases.

eIDAS funding is currently set at £46k for 2018/19, however based on the current expectation of workload, we expect this to rise to £100k and continue to negotiate with our funding partners.

We continue to explore the Government's new Regulators' Pioneer Fund, a £10 million fund designed to help unlock the potential of emerging technologies within a safe regulatory framework; this will help regulators to develop innovative approaches aimed at getting new products and services to market. We are currently looking at how we could utilise this fund both for our own initiatives and as a support network for other regulators looking to innovate. Whilst no formal update has been provided on this funding, we are at the forefront of discussions with BEIS in how the fund may be shaped and developed.

Financial Overview as at 28 February

Spend under/ (over) variance tolerance of 10%:

Budget	% Variance	Comments
Training & Recruitment	11.5%	Bespoke training in enforcement and policy teams that was been booked for the final quarter is now not likely to occur this year, this additional resource will be utilised for additional staff costs.
Project Spend	(59.9%)	Pending a final capital review before the year end, much of this overspend is capital in nature and will be capitalised in the coming months. We are expecting to overspend in this area largely covered by our over recovered income.
Travel	(19.1%)	Travel is expected to overspend by circa 15% (£80k) by the end of the year. Additional resources from income will be allocated to cover this.
Legal & Professional	33.9%	This area is being kept under review. If required this resource can be diverted into areas of overspend such as IT BAU where usage has exceeded expectation. Grants fund will spend to allocated budget as it has all been awarded (subject to contract completion)

Cash Flow

The cash flow remains robust and we will end the financial year in a strong cash position. This position affords us more flexibility in paying back the £1.4m we have advanced from DCMS during the year without having to fully rely on the income received within 2018/19.

DP Income

Month	Budget*	Actual	Variance	%
	(£000)	(£000)	(£000)	
April	1,528	1,458	(70)	(5%)
May	1,547	1,731	185	12%
June	1,640	1,698	58	4%
July	1,736	1,644	(92)	(5%)
August	1,569	1,645	76	5%
September	1,948	1,829	(119)	(6%)
October	1,863	1,973	111	6%
November	1,763	1,856	94	5%
December	1,253	1,204	(49)	(4%)
January	2,080	2,200	120	6%
February	1,857	1,929	72	4%
Subtotal	18,785	19,168	383	2%
March	1,969			
£ Year	*20,754			

*Budget reflects an uplift of 6% from the previous year.

The number of registrations has steadily increased from April 2017, showing an increase of 35,837 or 7.6% by the end of February. If this level of growth continues, we would expect fees to be up to 8.3% ahead of the previous year against a budget of +6%. No drop off has yet been recorded in the run up to GDPR going live.

Month End Financial Summary

MANAGEMENT REPORT

For the Eleven Months Ending 28 February 2018

	Year To Date				Full Year	Prior Year
	Budget £	Actual £	Variance £	Var % %	Forecast £	2016/17 £
GRANT IN AID	3,482,500	3,482,500	0	-	3,795,000	3,790,000
DP FEE INCOME	18,785,347	19,168,539	-383,192	(2.0%)	20,754,800	19,729,439
IPA INCOME	247,500	247,500	0	-	330,000	330,000
BANK INTEREST	0	99	-99	-	0	75
TOTAL INCOME	22,515,347	22,898,638	-383,291	(1.7%)	24,879,800	23,849,514
OFFICE COSTS	1,388,677	1,416,874	-28,197	(2.0%)	1,500,216	1,523,289
STAFF COSTS	16,574,367	16,592,783	-18,415	(0.1%)	18,098,424	16,029,657
TRAINING AND RECRUITMENT	564,455	499,765	64,690	11.5%	676,190	579,010
IT COSTS	2,488,877	2,667,836	-178,959	(7.2%)	2,713,825	2,505,735
PROJECT SPEND	638,452	1,021,194	-382,742	(59.9%)	674,675	688,500
COMMUNICATIONS	347,229	318,989	28,240	8.1%	388,400	507,460
FINANCIAL COSTS	91,375	89,487	1,888	2.1%	107,500	153,134
TRAVEL	439,799	523,995	-84,195	(19.1%)	540,700	526,336
LEGAL, PROFESSIONAL & OTHER	1,181,393	781,044	400,349	33.9%	1,429,870	595,466
TOTAL COSTS	23,714,625	23,911,967	-197,343	(0.8%)	26,129,800	23,108,588
CAPITAL SPEND	560,000	415,007	144,993	25.9%	650,000	616,614
OPERATING SURPLUS	-1,759,278	-1,428,337	-330,941	18.8%	-1,900,000	124,312
GIA PROGRAMME 1819 ADVANCE	1,260,000	1,260,000	0	-	1,400,000	0
SURPLUS	-499,278	-168,337	-330,941	66.3%	-500,000	124,312

*Project spend includes some capital spend which is reviewed quarterly alongside the revenue budget. Capital spend is estimated at £415k to date and expected to spend to budget of £750k.

Civil Monetary Penalties (CMPs)

Below is the summary of those debts we still consider recoverable from the previous year plus new penalties issued to January 2018.

Gross debts B/fwd from 2016-17	594,600
Issued penalties gross	4,678,629
Issued prompt payment discount	(501,100)
Irrecoverable debts written off	-
Net	4,772,129
Receipts*	2,123,563
Balance	2,648,567

*Of this sum, £586,044 is due to be paid to the consolidated fund in April 2018.

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

<https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40>

Heather Dove
March 2018