

# Financial Report – June 2024

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## Executive Summary

This report sets out the financial position as at the end of June 2024.

Due to tight financial management, the initial forecast deficit of £9.2m for 2024/25 was subsequently reduced by identifying further cost reductions to give a deficit position of £7.4m in Month 2. At the end of June this deficit was reduced further by the ICO to £5.2m. This incorporates an increase in DP Income £1.9m, and a further reduction in expenditure £0.3m. Further details on these changes are outlined below.

- DP Fee Income increase

Aligned to the opportunities reported previously, we have been working to optimise and increase our DP Income and we have now high confidence in achieving 182,826 new registrations, generating an additional £1.5m in fee income. This is based on forecasted income optimisation activities where we have a high confidence in delivering this financial year, as well as strong campaign performance in June.

We have additional activities ongoing which could yield up to a further £10m, however, at present, we have a lower confidence level for these initiatives. We will continue to monitor and update our position as we have more data in the coming weeks.

We have increased our renewals income target by a further £0.4m to reflect additional income that we expect to receive as a result of our notice of intent processing and collection of arrears.

There is a risk that we may need additional expenditure to support the generation of the revised income (up to £700k) depending on our ability to secure access to email addresses to support our ongoing campaigns. This will be confirmed as part of the Q2 forecast.

Overall, these changes have increased our budgeted fee income by £1.9m.

- Other government funding - increase in income and expenditure

The initial budget included £0.4m of other government funding – to cover the ICO’s eIDAS and NIS ringfenced activities. This has now been increased by £0.64m in line with the confirmed funding delegation from DSIT, with related increases in budgeted expenditure of £0.14m within staff costs and £0.5m within projects, with further detailed plans for relevant expenditure to be confirmed.

- Completion of the Budget Review for Q1

Further to reductions in budgeted expenditure reported within the May financial position, we have concluded the budget review in June and have reduced the expenditure within IT Costs by £0.3m. This was the outcome of a full contractual review by supplier.

This exercise across Q1 has therefore reduced the expenditure from original budget in March by £1.8m.

Separate to the work of the ICO to reduce the financial deficit, the General Election has delayed the fee review and we no longer anticipate the fee review being implemented during 2024/25. This has reduced our budgeted fee income by £9.4m. DSIT have reported this additional pressure to HMT and we wait to hear whether additional funding for the impact of the General Election delays (£9.4m) will be provided.

All of the above changes combined result in a revised overall deficit of £14.6m which is outlined in Table 1. This is made up of the original budget deficit of £9.2m:

- reduced by £1.8m relating to identified cost reductions from pausing and deferring expenditure to 2025/26
- reduced by £1.9m relating to increased fee income
- reduced by £0.3m of additional retained fine income
- increased by £9.4m for the general election related delay in the fee review.

ICO and DSIT continue to work closely as we jointly aim to address the impact of this financial position.

Table 1 - June Consolidated Management Accounts	Year To Date - June					Full Year				
	Budget	Actual	Variance			Draft Budget	Revised Budget	Variance		23/24
	£'m	£'m	£'m	%		£'m	£'m	£'m		£'m
<b>ICO Consolidated</b>										
<b>DP FEE INCOME</b>	15.08	15.44	0.36	0.02		76.70	69.20	-7.50		66.20
<b>GRANT IN AID</b>	1.79	6.41	4.62	2.58		7.20	7.16	-0.04		9.70
<b>OTHER GOVERNMENT FUNDING</b>	0.10	0.00	-0.10	-		0.40	1.05	0.65		0.40
<b>FINE RETENTION INCOME</b>	0.25	0.19	-0.06	-0.23		0.70	1.00	0.30		4.00
<b>DRAWDOWN FROM RESERVES</b>	0.00	0.00	0.00	-		0.00	0.00	0.00		6.90
<b>OTHER INCOME</b>	0.00	0.17	0.17	-		0.00	0.00	0.00		0.40
<b>TOTAL INCOME</b>	<b>17.22</b>	<b>22.21</b>	<b>4.99</b>	0.29		<b>85.00</b>	<b>78.41</b>	<b>-6.59</b>		<b>87.60</b>
<b>STAFF COSTS</b>	17.43	17.31	0.12	0.01		71.60	71.34	-0.26		68.70
<b>TRAINING AND RECRUITMENT</b>	0.33	0.16	0.17	0.52		1.80	1.50	-0.30		0.90
<b>OFFICE COSTS</b>	1.10	0.96	0.13	0.12		4.50	4.30	-0.20		4.70
<b>IT COSTS</b>	1.75	1.35	0.40	0.23		7.00	6.70	-0.30		5.00
<b>PROJECT SPEND</b>	0.21	0.05	0.16	0.76		3.50	4.00	0.50		0.00
<b>COMMUNICATIONS</b>	0.10	0.02	0.08	0.82		0.50	0.50	0.00		0.30
<b>FINANCIAL COSTS</b>	0.11	0.08	0.04	0.33		0.50	0.40	-0.10		0.30
<b>TRAVEL</b>	0.19	0.14	0.04	0.23		0.80	0.80	0.00		0.70
<b>LEGAL, PROFESSIONAL &amp; OTHER</b>	0.95	0.37	0.58	0.62		4.00	3.50	-0.50		5.10
<b>TOTAL COSTS</b>	<b>22.17</b>	<b>20.44</b>	<b>1.74</b>	0.08		<b>94.20</b>	<b>93.04</b>	<b>-1.16</b>		<b>85.70</b>
<b>Capital Spend</b>	<b>0.19</b>	<b>0.00</b>	0.19	1.00		<b>0.00</b>	<b>0.00</b>	0.00		<b>1.90</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-5.14</b>	<b>1.78</b>	<b>6.92</b>	0.65		<b>-9.20</b>	<b>-14.63</b>	<b>-5.43</b>		<b>0.00</b>

