

# Financial Report – May 2025

## Executive Summary

This report sets out the ICO's financial position at the end of May 2025 which represents a £1.4m surplus at the end of the financial year. This has decreased slightly by £0.1m from April's position due to some minor expenditure forecast changes. The main driver for the end of year surplus position is the additional fine income which was agreed after the budget was set.

### *Expenditure*

The ICO has spent £14.5m year to date.

This represents over 95% of the budget set for the two-month period. The underspend variance of £0.7m is spread over several business areas.

Staff costs are our most significant cost. At the end of May, these are running within less than 1% of budget over the two-month period.

### *Income*

The ICO has received £15.2m of total income year to date.

This is over 99% of budget for the two-month period. The small shortfall of £0.1m relates to timing differences on penalty payment plans. The full-year forecast recovery of penalties remains above budget, secured by payments plans that we have agreed after the budgets were set. The realisation of these payment plans later in the year than originally planned will secure £1.6m more income than budgeted.

DP Fee income is on budget for the year to date after the first two months.

## **Risks and opportunities**

### *DP Income*

Based on current performance and campaign analysis there is a risk of underperformance against the DP fee income budget of £0.6m to £3.4m.

We are continuing to mitigate risks of under performance by:

- carefully monitoring trends in renewals by organisations that are already registered to identify relevant follow-up in the case of failure to renew and pay on-time; and
- planning and implementing targeted campaigns to identify organisations that should be registered and convert these into new registrations.

### *Fine Income Retention*

We are entitled to retain certain penalties that we impose and then recover to net off against specific legal enforcement and litigation expenditure. We recognise income once recovery is likely, although payment by those liable cannot be guaranteed. We will continue to closely monitor likely payment as the financial year progresses.

### *Pay Remit*

The pay remit was budgeted at an assumed 3% increase. In late May, the Cabinet Office announced a pay remit of 3.25% subject to affordability, with the flexibility to use an extra 0.5% to target specific workforce issues. This is not yet included in the Staff Cost forecast, and if deemed affordable and agreed this would result in an increase of circa £0.5m.

### *Expenditure*

The ICO is also working with DSIT to understand the potential impacts on resources arising from proposed additional AI and NIS legislative reform that is not currently forecast or resourced.

The Finance team will be working with the business to create a backlog of opportunities during July and August. This will ensure activity planned for future years can be advanced more quickly in the second half of the financial year, if needed, to avoid an end of year surplus position. These will be presented to Delivery Group in September, along with recommendations based on the financial forecast position at that time.

### *2024/25 Surplus*

The ICO is in discussion with DSIT regarding the £1.3m surplus from 2024/25 and is seeking permission to retain this (this surplus could be attributed to the additional one-off GiA funding provided last year to support DP activity whilst the fee review concluded). This is currently reported within the ICO reserves position in the 2024/25 accounts. The ICO will be seeking budget cover approval from DSIT to support investment in technology changes, specifically targeting GiA funded regulatory areas, to drive future efficiencies.

Table 1: May Consolidated Management Accounts	Year to date			Full year			
	Budget	Actual	Variance	Budget	Forecast	Variance	24/25
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
DP FEE INCOME	13.8	13.8	0.0	95.3	95.3	0.0	73.8
GRANT IN AID	1.2	1.2	0.0	7.5	7.5	0.0	17.1
FINE RETENTION INCOME	0.3	0.1	-0.2	1.8	3.4	1.6	1.5
DRAWDOWN FROM RESERVES	0.0	0.0	0.0	0	0	0.0	0.0
OTHER INCOME	0.0	0.1	0.1	0.3	0.3	0.0	0.7
<b>TOTAL INCOME</b>	<b>15.3</b>	<b>15.2</b>	<b>-0.1</b>	<b>104.9</b>	<b>106.5</b>	<b>1.6</b>	<b>93.1</b>
STAFF COSTS	12.3	12.2	0.1	80.2	80.2	0.0	72.5
TRAINING AND RECRUITMENT	0.2	0.2	0.0	1.4	1.3	0.1	1.0
OFFICE COSTS (NON-CAPITAL)	0.7	0.4	0.3	4.0	4.0	0.0	3.6
IT COSTS (NON-CAPITAL)	0.9	1.0	-0.1	6.3	6.3	0.0	5.7
PROJECT SPEND (NON-CAPITAL)	0.2	0.1	0.1	5.5	5.3	0.2	1.3
COMMUNICATIONS	0.1	0.1	0.0	0.5	0.6	-0.1	0.2
FINANCIAL COSTS	0.1	0.1	0.0	0.4	0.4	0.0	0.4
TRAVEL	0.1	0.1	0.0	0.6	0.7	-0.1	0.6
LEGAL, PROFESSIONAL & OTHER	0.5	0.2	0.3	4.1	4.2	-0.1	3.1
<b>Sub-total</b>	<b>15.1</b>	<b>14.4</b>	<b>0.7</b>	<b>103.0</b>	<b>103.0</b>	<b>0.0</b>	<b>88.5</b>
<b>Capital Cash Spend - Lease rentals</b>							
Office costs	0.3	0.0	0.3	1.6	1.6	0.0	1.3
IT costs	0.0	0.1	-0.1	0.3	0.3	0.0	0.3
<b>Total</b>	<b>0.3</b>	<b>0.1</b>	<b>0.2</b>	<b>1.9</b>	<b>1.9</b>	<b>0.0</b>	<b>1.6</b>
<b>Capital Cash Spend - Other</b>							
Tangible assets	0.0	0.1	-0.1	0	0.1	-0.1	0.8
Intangible assets	0.0	0.1	-0.1	0	0.1	-0.1	0.9
<b>Total</b>	<b>0.0</b>	<b>0.2</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>-0.2</b>	<b>1.7</b>
<b>TOTAL COSTS</b>	<b>15.4</b>	<b>14.7</b>	<b>0.7</b>	<b>104.9</b>	<b>105.1</b>	<b>-0.2</b>	<b>91.8</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-0.1</b>	<b>0.5</b>	<b>-0.8</b>	<b>0.0</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>