

# Financial Report – October 2025

## Executive Summary

This report sets out the ICO's financial position at the end of October 2025 – we are currently forecasting a small £0.4m year-end surplus.

The differences between full-year forecast and budget set at the start of the year are:

- Increase in expected retained fines and additional income from Digital Regulators Cooperation Forum (DRCF), the Regulatory Innovation Office (RIO) and additional Grant in Aid (GIA) together totalling £3.9m. ICO's involvement in the DRCF Digital Library project is yet to be specified. Following receipt of the Capita settlement, we will be re-forecasting our retained fine income and associated costs in the November report.
- Increase in expected costs by £3.5m to cover the delivery costs associated with new funding, Manchester office preparation, the pay remit in excess of budget and additional anticipated fine recovery costs that qualify under the Netting-off Agreement.

The detailed changes since budget are set out in the following table:

	<b>Income £m</b>	<b>Expenditure £m</b>	<b>Surplus/(Deficit) £m</b>
<b>Budget</b>	<b>104.9</b>	<b>(104.9)</b>	<b>-</b>
Increase in expected retained fines	2.0	-	2.0
Additional DRCF income	0.1	-	0.1
Pay remit in excess of budget	-	(0.4)	(0.4)
Additional RIO Funding	0.4	(0.4)	-
Additional GIA funding	1.3	(1.3)	-
Manchester office in-year spend following commitment of lease	-	(1.0)	(1.0)
Additional lease rentals	-	(0.1)	(0.1)
Other changes	0.1	(0.3)	(0.2)
<b>Current forecast</b>	<b>108.8</b>	<b>(108.4)</b>	<b>0.4</b>

## Summary Financial Performance - October 2025

### Expenditure

The ICO has spent £54.6m year to date, 94% of the budget for this period. The variance of £3.7m is spread over several business areas.

Staff costs are £2.1m below budget. This is due to several factors, including that pay remit was phased into the budget from July but has not yet been paid and vacancies have been running higher than budgeted .

The Transformation Portfolio is £0.9m below budget at October, although anticipated expenditure at the end of October is largely committed – the variance therefore represents a timing difference. An update on the Transformation Portfolio was provided to Delivery Group on 13 November and any decisions from DG will be reflected in next month's report.

### Income

The ICO has received £61.5m of income to date and is now ahead of budget by £2.2m.

DP Fee income is ahead, mainly due to acquisitions following another strong month for our campaigns identifying organisations that should be registered, whilst fines retained are behind due to timing assumptions in the budget. Year to date cancellations are averaging 6.27% per month (prior year being 4.88%).

## Risks and opportunities

### Expenditure

Several risks could impact on our reported position.

- Almost £1.5m of forecast expenditure within the Transformation portfolio is flagged as low confidence expenditure at this stage. This has reduced since last month as we have specified the investments we plan to make before year end. Further priority investment opportunities are currently being assessed.
- Planning for the fit out of the Manchester office is progressing. We have identified an estimated £1.8m of costs likely to be incurred in the current financial year in advance of our actual move. These estimates are likely to fluctuate over coming months as timelines are firmed up.

More broadly we continue to identify other opportunities to accelerate activity against priorities, to address any potential underspends that could emerge over the remaining months of the year.

In relation to delivering our £9.9m capital investment programme, £6.9m relates to estate leases which are low risk. In relation to the other £3m, £2.6m is unspent at October. The majority relates to the Manchester office move, the detailed designs and planning for which are still in progress and are not expected to be incurred until later in 2025/26.

The ICO continues to work through the potential resource impacts arising from proposed additional legislative reform that is not currently forecast or funded, for example the Cyber Security and Resilience Bill. This may result in further investment required in the current year.

### **DP Fee Income**

Based on performance to date, reflecting our strong campaign results, we currently assess no risk of underperformance against the DP fee income budget, with some potential for upside.

Our income base with respect to renewals is becoming more volatile, and we continue to monitor trends and performance carefully. Finance and Business Services work together updating the income position and addressing emerging themes, underpinned by detailed and re-profiled forecasts aligned to all our fee management activities.

### **Fine Income Retention**

We have to date received £0.5m of the £3.9m forecast fines.

We have since received a significant settlement from Capita which will be reflected in the November report and are still awaiting a settlement from Advanced, which together will enable us to report no risk once payment is confirmed.

Table 1: Consolidated Management Accounts	Year to date			Full year			
	Budget	Actual	Variance	Budget	Forecast	Variance	2024/25
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
DP FEE INCOME	53.9	56.5	2.6	95.3	95.3	0.0	73.8
GRANT IN AID AND GOVERNMENT FUNDING	4.3	4.4	0.1	7.5	9.1	1.6	17.1
FINE RETENTION INCOME	1.0	0.5	-0.5	1.8	3.9	2.1	1.5
DRAWDOWN FROM RESERVES	0.0	0.0	0.0	0	0	0.0	0.0
OTHER INCOME	0.1	0.1	0.0	0.3	0.5	0.2	0.7
<b>TOTAL INCOME</b>	<b>59.3</b>	<b>61.5</b>	<b>2.2</b>	<b>104.9</b>	<b>108.8</b>	<b>3.9</b>	<b>93.1</b>
STAFF COSTS	45.7	43.6	2.1	80.3	81.5	-1.2	72.5
TRAINING AND RECRUITMENT	0.8	0.6	0.2	1.4	1.3	0.1	1.0
OFFICE COSTS (NON-CAPITAL)	2.3	2.2	0.1	4.0	4.1	-0.1	3.6
IT COSTS (NON-CAPITAL)	3.2	3.4	-0.2	6.3	6.4	-0.1	5.7
PROJECT SPEND (NON-CAPITAL)	1.7	0.8	0.9	5.0	3.2	1.8	1.3
COMMUNICATIONS	0.3	0.2	0.1	0.5	0.6	-0.1	0.2
FINANCIAL COSTS	0.3	0.3	0.0	0.4	0.3	0.1	0.4
TRAVEL	0.4	0.4	0.0	0.6	0.7	-0.1	0.6
LEGAL, PROFESSIONAL & OTHER	2.1	1.8	0.3	4.2	5.3	-1.1	3.1
<b>Sub-total</b>	<b>56.8</b>	<b>53.3</b>	<b>3.5</b>	<b>102.7</b>	<b>103.4</b>	<b>-0.7</b>	<b>88.4</b>
<b>Capital Cash Spend - Lease rentals</b>							
Office costs	0.9	0.7	0.2	1.6	1.7	-0.1	1.3
IT costs	0.2	0.2	0.0	0.2	0.3	-0.1	0.3
<b>Total</b>	<b>1.1</b>	<b>0.9</b>	<b>0.2</b>	<b>1.8</b>	<b>2.0</b>	<b>-0.2</b>	<b>1.6</b>
<b>Capital Cash Spend - Other</b>							
Estates	0.0	0.1	-0.1	0.0	1.0	-1.0	0.8
Delivery	0.4	0.3	0.1	0.4	2.0	-1.6	0.9
<b>Total</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>	<b>3.0</b>	<b>-2.6</b>	<b>1.7</b>
<b>TOTAL COSTS</b>	<b>58.3</b>	<b>54.6</b>	<b>3.7</b>	<b>104.9</b>	<b>108.4</b>	<b>-3.5</b>	<b>91.8</b>
<b>SURPLUS/(DEFICIT)</b>	<b>1.0</b>	<b>6.9</b>	<b>5.9</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>	<b>1.3</b>