

# Finance Report Summary, Financial Year 2022/23 July 2022

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## Executive Summary

This report provides the July management accounts for 2022/23 which show a forecast year end surplus of £1.3m.

The budgeted Income for the financial year is £81,272k, which includes Data Protection Fee Income £71,123k, Grant in Aid £7,972k, Other Government Funding £357k, and Fine Retention Income £1,820k.

YTD the income position for DP Fee income is currently £1.5m below the budgeted profile. The Fee income assumptions are being monitored and there is a potential that the fee income forecast needs to be reduced. This forecast will be completed at Q2 once data on the outcomes of the campaigns to target fee income are available.

A financial expenditure forecast review has been completed in August resulting in a forecast increase of £177k from July. A breakdown by directorate can be found in Appendix 1.

Within the full year forecast there have been significant reductions in Staff Costs across the directorates amounting to £424k. This has been offset by a reduction in the staff turnover savings target held within the Corporate Directorate. The most significant movement was driven by restructures within the Technology and Innovation directorate in preparation for ICO25 delivery.

The non-staff budget has been reprofiled to reflect the expected timing of expenditure (previously this was evenly profiled across the financial year). However, the year to date expenditure for non-staff costs remains £1.0m underspent against the reprofiled budget. Expenditure variances within IT, Projects, and Legal & Professional which account for £915k (3.8%) of the underspend year to date are due to slippage. These will be closely monitored to ensure the forecasts within these areas remain achievable for the funding to be spent this financial year.

**Table 1 July Consolidated Management Accounts**

July Consolidated Management Accounts	Year To Date - July				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jul	Var	FC Jun	FC Jul	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
ICO Consolidated										
DP FEE INCOME	£20,986	£19,465	-£1,521	-7.25%	£71,123	£71,123	£0	£71,123	£71,123	£0
GRANT IN AID	£2,658	£2,658	£0	0.00%	£7,972	£7,972	£0	£7,972	£7,972	£0
OTHER GOVERNMENT FUNDING	£87	£43	-£44	-50.57%	£357	£357	£0	£357	£357	£0
FINE RETENTION INCOME	£607	£607	£0	0.00%	£1,820	£1,791	-£29	£1,759	£1,791	£32
<b>TOTAL INCOME</b>	<b>£24,338</b>	<b>£22,773</b>	<b>-£1,565</b>	<b>-6.43%</b>	<b>£81,272</b>	<b>£81,243</b>	<b>-£29</b>	<b>£81,211</b>	<b>£81,243</b>	<b>£32</b>
OFFICE COSTS	£1,369	£1,276	£93	6.79%	£5,531	£5,569	-£38	£5,569	£5,569	£0
STAFF COSTS	£18,274	£18,068	£206	1.13%	£59,341	£59,341	£0	£59,341	£59,341	£0
TRAINING AND RECRUITMENT	£483	£494	-£10	-2.07%	£1,425	£1,490	-£65	£1,454	£1,490	-£37
IT COSTS	£1,675	£1,420	£253	15.10%	£5,286	£5,223	£63	£5,401	£5,223	£178
PROJECT SPEND	£920	£496	£424	46.09%	£3,329	£3,405	-£76	£3,172	£3,405	-£233
COMMUNICATIONS	£86	£100	-£14	-16.28%	£277	£313	-£36	£299	£313	-£14
FINANCIAL COSTS	£60	£46	£14	23.33%	£165	£218	-£53	£209	£218	-£9
TRAVEL	£103	£102	£1	0.97%	£361	£395	-£36	£371	£395	-£24
LEGAL, PROFESSIONAL & OTHER	£782	£544	£238	30.43%	£3,659	£4,030	-£369	£3,991	£4,030	-£38
<b>TOTAL COSTS</b>	<b>£23,752</b>	<b>£22,546</b>	<b>£1,205</b>	<b>5.07%</b>	<b>£79,374</b>	<b>£79,984</b>	<b>-£610</b>	<b>£79,807</b>	<b>£79,984</b>	<b>-£177</b>
Capital Spend	£0	£0	£0	0.00%	£0	£0	£0	£0	£0	£0
<b>SURPLUS/(DEFICIT)</b>	<b>£586</b>	<b>£227</b>	<b>-£359</b>	<b>-61.26%</b>	<b>£1,898</b>	<b>£1,259</b>	<b>-£639</b>	<b>£1,404</b>	<b>£1,259</b>	<b>-£145</b>

## Income

### DP Fee Income

In July we recovered £594k less income than budgeted profile with a year to date variance of £1,521k. This is mainly due to the renewal rate which year to date is running at 88.48% versus the KPI of 95% - this represents a shortfall in renewals of circa 21,660. YTD this puts the actual income recovered behind profile by £740k. Acquisitions are at 34,470 against the target of 55,000; a shortfall of circa 20k and income of circa £740k.

The Business Services team are expanding the renewal follow up activity throughout the year to drive an increase in the current renewal rate. The new acquisitions campaigns started in July with the aim of increasing income back to target and early indications are showing an increase as the campaign gathers pace.

Table 2 below sets out the budgeted profile for DP Fees for the financial year alongside the actual income year to date. The budget is based on a renewals target of 95% (2021/22 90%) and new acquisitions target of 281,000 with an anticipated overall register of 1.31 million.

**Table 2 – DP Fee Income profile for 2022/23**

<b>Month</b>	<b>Budget £</b>	<b>Actual £</b>	<b>Year to date Budget £</b>	<b>Year to date actual £</b>	<b>Variance £</b>
<b>April</b>	4,445,499	4,550,010	4,445,499	4,550,010	104,511
<b>May</b>	5,592,541	5,074,280	10,038,040	9,624,290	-413,750
<b>June</b>	5,394,798	4,881,690	15,432,838	14,505,980	-926,858
<b>July</b>	5,553,398	4,959,122	20,986,236	19,465,102	-1,521,134
<b>August</b>	6,008,001		26,994,237		
<b>September</b>	6,357,831		33,352,068		
<b>October</b>	6,361,991		39,714,059		
<b>November</b>	6,278,204		45,992,263		
<b>December</b>	4,687,626		50,679,889		
<b>January</b>	6,480,145		57,160,034		
<b>February</b>	6,687,110		63,847,144		
<b>March</b>	7,275,854		71,122,998		

### Grant in Aid

Grant in Aid funding is in place to fund our work supporting Freedom of Information (FOI), Network and Information Systems (NIS), Electronic Identification and Trust Services Regulations (eIDAS), the Investigatory Powers Act (IPA) and Adequacy Assessments.

## Other Government Funding

Other government funding has been provided via Memorandum of Understanding letters related to support the implementation of NIS Regulations in light of the increased focus on the security and resilience of digital service providers (£243K), and to support the transfer of the responsibility for maintenance and publishing of the Trusted List to the ICO under eIDAS (£114k). Both of these funding streams are ringfenced to these specific activities.

## Fine Income Retention

Prior to 2022/23 financial year, the costs of any litigation incurred in the imposition and recovery of the monetary penalties, which are imposed by the ICO on organisations who breach the DPA or PECR, were fully borne by the ICO. The ICO proposed to Government that the litigation costs incurred should be recovered from monetary penalty income, ensuring that these costs are not funded by fee-paying organisations. This cost recovery model is in practice at other UK regulators. This has now been approved by Government and is in place from 2022/23, hence the addition of Fine Retention Income to the budgeted position to offset DP / PECR associated litigation costs. YTD the income recovered from litigation is £607k with a full year forecast of £1,791k matching the forecast expenditure.

## **Year to Date Expenditure**

### **Staff Costs**

As at July, Staff costs have underspent by £206k (1.13%). The staffing budget was set based on actual costs of staff in post plus an anticipated profile of vacancies being filled. Staff costs YTD have delivered a small underspend driven by deviation in these assumptions primarily around the recruitment to vacancies.

### **Non-Staff Costs**

As at July, Non-staff costs have underspent £999k (4.2%). The non-staff budget has now been profiled based on forecast across the financial year. These variances relate to slippage from that forecast in IT, Projects and Legal & Professional Costs.

## Appendix 1 – 2022/23 Income & Expenditure by Directorate

July Consolidated Management Accounts	Year To Date - July				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jul	Var	FC Jun	FC Jul	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Chief Operating Officer Executive										
OFFICE COSTS	£1,369	£1,276	£93	6.79%	£5,531	£5,569	-£38	£5,569	£5,569	£0
STAFF COSTS	£10,848	£10,742	£106	0.98%	£33,607	£33,813	-£206	£33,861	£33,813	£48
TRAINING AND RECRUITMENT	£471	£482	-£11	-2.34%	£1,382	£1,454	-£72	£1,412	£1,454	-£42
IT COSTS	£1,664	£1,409	£254	15.26%	£5,194	£5,158	£36	£5,307	£5,158	£149
PROJECT SPEND	£920	£496	£424	46.09%	£3,185	£3,261	-£76	£3,028	£3,261	-£233
COMMUNICATIONS	£83	£100	-£17	-20.48%	£249	£285	-£36	£261	£285	-£24
FINANCIAL COSTS	£60	£46	£14	23.33%	£165	£218	-£53	£209	£218	-£9
TRAVEL	£36	£51	-£15	-41.67%	£130	£151	-£22	£146	£151	-£5
LEGAL, PROFESSIONAL & OTHER	£643	£487	£156	24.26%	£2,302	£2,321	-£19	£2,270	£2,321	-£51
<b>TOTAL COSTS</b>	<b>£16,093</b>	<b>£15,089</b>	<b>£1,004</b>	<b>6.24%</b>	<b>£51,743</b>	<b>£52,230</b>	<b>-£486</b>	<b>£52,063</b>	<b>£52,230</b>	<b>-£167</b>

The forecast movement within the COO Executive is in relation to IT Costs and Project Spend. This has been driven by:

- IT Costs are underspending due to a £30k saving identified from Cloud Hosting, as well as £75k of forecast costs being transferred from IT to the WAN Replacement project, which accounts for some of the overspend in Project Costs.
- Aside from the £75k movement of costs to the WAN Replacement project from IT, there was a £108k increase in Project Spend from the previous forecast due to a missed accrual in the Dynamic User Interface project.

July Consolidated Management Accounts	Year To Date - July				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jul	Var	FC Jun	FC Jul	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Chief Regulatory Officer Executive										
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	£6,264	£6,309	-£45	-0.72%	£20,186	£19,824	£362	£19,900	£19,824	£76
TRAINING AND RECRUITMENT	£2	£1	£1	50.00%	£12	£8	£4	£10	£8	£2
IT COSTS	£4	£5	-£1	-25.00%	£12	£15	-£3	£13	£15	-£1
PROJECT SPEND	£0	£0	£0	#DIV/0!	£114	£114	£0	£114	£114	£0
COMMUNICATIONS	£0	£0	£0	#DIV/0!	£18	£18	£0	£28	£18	£10
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£31	£31	£0	0.00%	£123	£132	-£10	£117	£132	-£15
LEGAL, PROFESSIONAL & OTHER	£28	£29	-£1	-3.57%	£436	£587	-£150	£579	£587	-£8
<b>TOTAL COSTS</b>	<b>£6,329</b>	<b>£6,375</b>	<b>-£46</b>	<b>-0.73%</b>	<b>£20,901</b>	<b>£20,699</b>	<b>£202</b>	<b>£20,761</b>	<b>£20,699</b>	<b>£62</b>

The forecast movement within the Chief Regulatory Officer Executive is in relation to Staff Costs. This has been driven by:

- Slippage in recruitment across the various directorates for current vacancies.

July Consolidated Management Accounts	Year To Date - July				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jul	Var	FC Jun	FC Jul	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Regulatory Futures and Innovation Executive										
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	£1,599	£1,323	£276	17.26%	£5,804	£5,297	£507	£5,597	£5,297	£300
TRAINING AND RECRUITMENT	£10	£11	£0	0.00%	£31	£28	£3	£31	£28	£3
IT COSTS	£7	£6	£0	0.00%	£80	£50	£30	£80	£50	£30
PROJECT SPEND	£0	£0	£0	#DIV/0!	£30	£30	£0	£30	£30	£0
COMMUNICATIONS	£3	£0	£3	100.00%	£10	£10	£0	£10	£10	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£36	£20	£16	44.44%	£108	£112	-£4	£108	£112	-£4
LEGAL, PROFESSIONAL & OTHER	£111	£28	£83	74.77%	£921	£1,122	-£200	£1,143	£1,122	£21
<b>TOTAL COSTS</b>	<b>£1,767</b>	<b>£1,389</b>	<b>£378</b>	<b>21.39%</b>	<b>£6,985</b>	<b>£6,649</b>	<b>£336</b>	<b>£6,999</b>	<b>£6,649</b>	<b>£351</b>

The forecast movement within the Regulatory Futures and Innovation Executive is in relation to Staff Costs. This has been driven by:

- A restructuring of the Technology and Innovation directorate in response to ICO25. Existing vacancies are being repurposed and reprioritised and the work to create new job descriptions and complete job evaluation ahead of recruitment will delay the expected start dates assumed in the previous forecast.

July Consolidated Management Accounts	Year To Date - July				Full Year			Full Year		
	Budget	Actual	Variance		Budget	FC Jul	Var	FC Jun	FC Jul	Var
	£000's	£000's	£000's	%	£000's	£000's	£000's	£000's	£000's	£000's
Corporate										
OFFICE COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
STAFF COSTS	-£437	-£306	-£131	29.98%	-£256	£407	-£663	-£17	£407	-£424
TRAINING AND RECRUITMENT	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
IT COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
PROJECT SPEND	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
COMMUNICATIONS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
FINANCIAL COSTS	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
TRAVEL	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
LEGAL, PROFESSIONAL & OTHER	£0	£0	£0	#DIV/0!	£0	£0	£0	£0	£0	£0
<b>TOTAL COSTS</b>	<b>-£437</b>	<b>-£306</b>	<b>-£131</b>	<b>29.98%</b>	<b>-£256</b>	<b>£407</b>	<b>-£663</b>	<b>-£17</b>	<b>£407</b>	<b>-£424</b>

The forecast movement within the Corporate Directorate is in relation to Staff Costs. This has been driven by:

- Offsetting the staff turnover target by the reductions in the Staff Costs forecasts by £424k in the August forecast reviews. YTD we have offset £663k (28%) of the annual turnover target of £2,431k at 33% of the way through the financial year.