

The latest forecast for 2022/23 is £89.2m

We expect to end this financial year £6.3m below budget compared with the 2022/23 budget announced in January 2022 (£95.5m).

As outlined in November's *Outlook*, we now expect to pay out compensation on fewer claims, most of which relate to the Life Distribution and Investment Intermediation and Investment Provision classes.

Further, we will not be using the unlevied reserve (£15m) and any budget surpluses (currently £6.3m) will be used to help offset the levy for the relevant classes in 2023/24.

Table 3 - 2022/23 latest forecast vs 2022/23 budget

Category	2022/23 latest forecast			2022/23 budget			Variance		
	Budget (£m)	Controllable costs (£m)	Volume and complexity driven (£m)	Budget (£m)	Controllable costs (£m)	Volume and complexity driven (£m)	Total variance (£m)	Controllable costs (£m)	Volume and complexity driven (£m)
Staff costs	27.0	21.6	5.4	27.2	21.0	6.2	0.3	(0.5)	0.8
Non-project contractor costs	10.4	1.2	9.2	6.2	0.5	5.7	(4.2)	(0.6)	(3.5)
Facilities	2.2	2.2	0.0	2.2	2.2	-	0.1	0.1	(0.0)
IT	6.6	6.1	0.5	6.0	5.5	0.5	(0.5)	(0.6)	0.0
Communications	3.8	3.8	-	3.8	3.8	-	0.1	0.1	-
Legal and professional	12.1	9.3	2.9	11.6	8.9	2.7	(0.6)	(0.4)	(0.2)
External providers	0.4	0.4	0.0	0.6	0.5	0.0	0.2	0.2	0.0
Depreciation	1.1	1.1	-	1.4	1.4	-	0.4	0.4	-
Other / contingency	0.5	0.5	0.0	0.5	0.5	-	(0.0)	(0.0)	(0.0)
Outsourced claims handling	12.4	-	12.4	21.4	-	21.4	8.9	-	8.9
Outsourced printing and scanning services	0.3	0.3	0.1	0.6	0.4	0.3	0.3	0.1	0.2
Strategic change portfolio	4.3	4.3	-	4.0	4.0	-	(0.3)	(0.3)	-
Bank charges	6.9	6.9	-	8.0	8.0	-	1.1	1.1	-
Pension deficit funding	1.3	1.3	-	1.9	1.9	-	0.6	0.6	-
Management expenses	89.2	58.7	30.5	95.5	58.7	36.8	6.3	(0.0)	6.3