

Information Commissioner's Office

Budget 2011-12

Spending plans 2012-13 to 2014-15

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2011-12 Budget split by department

(Final version: 14 March 2011)

o. Background

The Information Commissioner's Office is funded by two streams of income. Data protection work is funded by notification fees paid by Data Controllers. Freedom of information work is funded by grant-in-aid from the Ministry of Justice. Overheads and other shared costs are apportioned between the two income streams.

The challenge for the ICO in 2011-12 and over the four years to 2014-15 is to manage our overall budget in the face of significant reductions in grant-in-aid for our current levels of FOI work.

The ICO has made significant efficiency improvements in recent years. In no area has this been more striking than FOI casework, a function that is entirely funded by grant in aid. At the beginning of 2009/2010, the ICO had a significant backlog of very old FOI cases. The MoJ provided a £500K temporary increase in funding based on an ICO business case that promised to deliver a significant reduction in these cases.

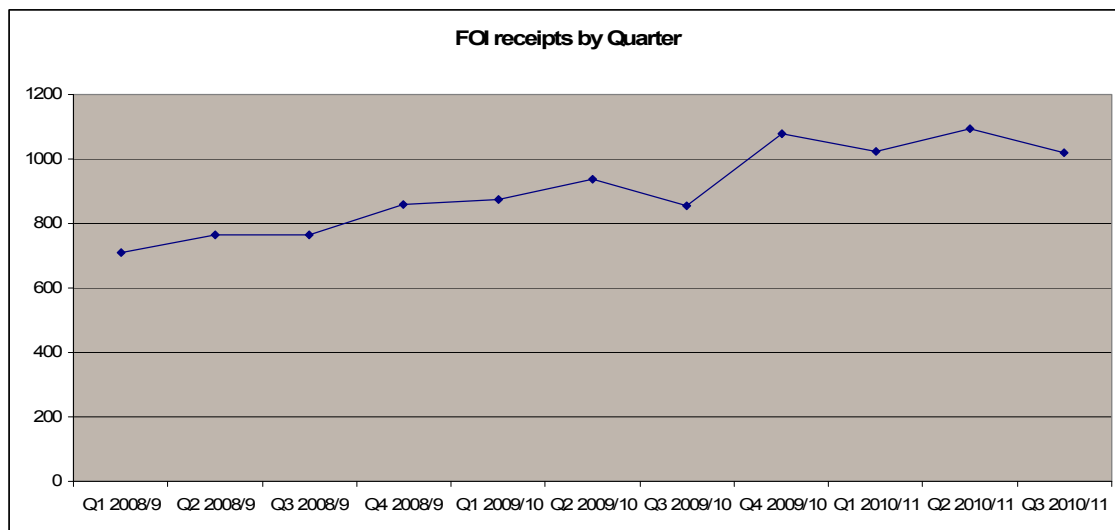
The ICO business case for additional resources was based on the best available information on the likely level of receipts of new cases. The assumption was that, during 2009/2010, the ICO would receive 3,100 new FOI referrals. In fact receipts were higher at 3,749. Despite this 20% increase, the ICO, closed 4,197 cases (an increase of 39%). This was only achieved by constantly refining processes and procedures. It was also helped by employing six temporary caseworkers on secondment to the ICO at the expense of the seconding department. As a result, the ICO's overall FOI caseload was reduced and, crucially, there was a significant reduction in the age of the remaining cases.

In 2010/11, the ICO has seen a further 15% increase in the number of new cases. This is a major cause of concern. The MoJ statistics on the number of FOI requests received by central government also increased when compared to the previous year.

The ICO has made some planning assumptions based on projections for the number of receipts in 2011/12.

The graph below shows that the increase in new cases was not a gradual increase. Instead, there was a big jump in receipts in the final quarter of 2009/10. Quarterly receipts rose to just over 1,000 and have remained at this level throughout 2010/11. The ICO has based its planning assumptions of these quarterly figures, which indicate that the level of receipts is not set to rise significantly in 2011/12. If this trend is not continued, and 2011/2012 sees a

further increase in receipts, then meeting the challenging objectives set out below will require the ICO to revisit its spending assumptions.



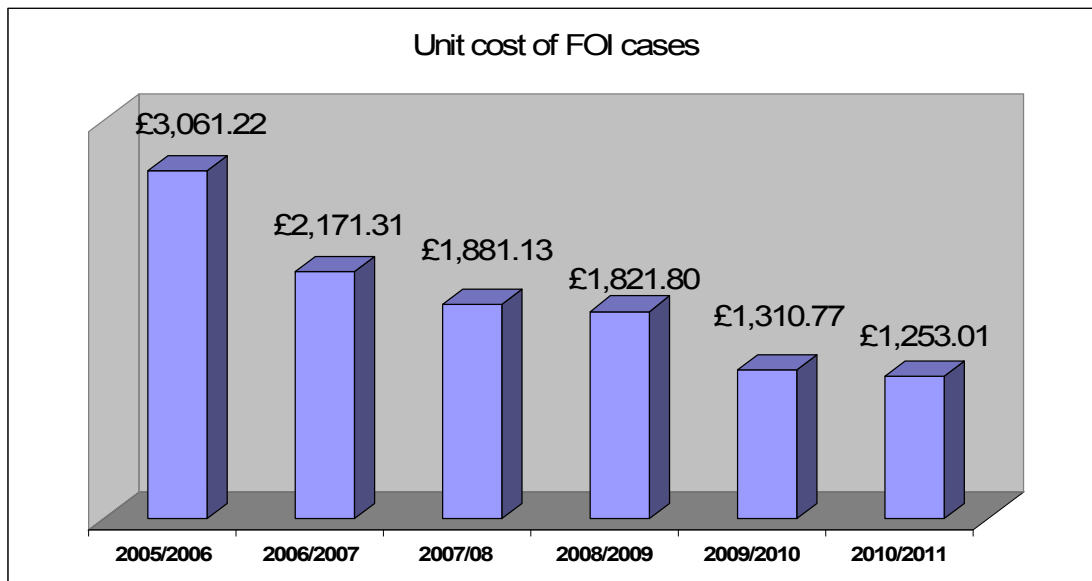
The ICO has a very limited influence on the level of receipts and there are number of external factors that might well cause numbers to grow. These would include changes to the legislation to bring more public authorities within jurisdiction and dealing with the problems that would be associated with any reduction in the resources that public authorities devote to responding to FOI requests.

To counter this increased demand, the ICO continues to work on efficiency improvements. These have involved changes to its structure, adapting the overall process for dealing with FOI cases and reviewing how individual investigations are conducted. The result is that the projected number of closures for 2010/2011 will be similar to 2009/2010.

This level of performance has been achieved in extremely challenging circumstances:

- The ICO's funding has been reduced, in year, by £300K.
- In anticipation of a reduction to baseline funding in 2011/2012, recruitment to vacancies was frozen.
- By mid-year, all secondees had returned to their sponsor departments
- New case load receipts rose by over 15%.
- Any reduction in the quality of the work was unacceptable.

The efficiency gains can be demonstrated by looking at a model showing the costs of individual case closures:



This clearly demonstrates how much the ICO has already done to drive efficiency improvements. It is also clear from the outcomes of individual appeals and comments from the Information Tribunal that these improvements have not had an adverse affect on the quality of the ICO's work. In fact, the opposite is true.

The result for 2010/2011 is that, despite achieving similar levels of performance to last year, with reduced resources, the ICO will see an increase in its caseload. Clearly, this poses significant challenges for the future against a backdrop of a continued reduction in resources.

We are working on further improvements, but there is a limit to how much these can achieve. We predict no significant increase in receipts next year. If there is an increase, it will be far more challenging for the ICO to meet its corporate aims in this area. The ICO will keep the MoJ informed of progress, but this is clearly a high risk area and has the potential to have a significant deleterious affect on the governments stated objectives in respect of transparency and freedom of information generally.

This budget has not taken into account any changes to the remit of the ICO or other future initiatives except where specifically stated. Any additional work will need to be costed separately and can only be effectively delivered if appropriate funding is made available.

1. Proposal

In response to the announced reductions to the Ministry of Justice (MOJ) budget, this paper aims to demonstrate how the Information Commissioner's Office (ICO) might operate within a corresponding reduction in grant-in-aid funding from the MOJ Parliamentary vote – delivering better for less and supporting our front line service by a more efficient approach to back office functions.

This paper therefore assumes a 25% reduction to baseline funding over the next four years from £5,000K to £3,750K per annum. This represents a 28% reduction in expenditure from 2010-11 levels

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Grant-in-aid (from MOJ)	5,200	4,500	4,250	4,000	3,750
Cumulative percentage reduction in expenditure		13.5%	18.3%	23.0%	28.0%
Grant-in-aid baseline	5,000				
Cumulative percentage reduction in baseline funding		10.0%	15.0%	20.0%	25.0%

A detailed budget for 2011-12 has been prepared to demonstrate how the ICO expects to allocate its available resources, and includes the biggest tranche of grant-in-aid reduction of 10%. This is a reduction in expenditure of £700K from the level of the previous year using a variety of initiatives which can be built upon to achieve the planned savings for later years.

The spending plans for 2012-13 to 2014-15 reflect our intention to achieve further reductions to grant-in-aid of £250K per annum.

Without significant review and planning it is impossible to project individual budget lines and the detail of changes with much certainty; instead general areas have been identified and indicative targets set for the level of savings that will be required, and that, although unpalatable, at this stage in the planning process are thought to be achievable with work.

In achieving these savings the strategy is to resist making reductions in the numbers of front-line operational staff for as long possible, reflecting the ICO intention to maintain the present customer service levels, in a period of increasing caseloads, while allowing time to identify process and productivity improvements.

In 2010-11 freedom of information casework is expected to increase by at least 15%. If this level is sustained it would be an extraordinary challenge to cope with such ongoing increases with

the current operational staffing, let alone a smaller complement. It should also be noted that in 2010-11 the expected additional funding allocated to the ICO to clear the ICO's oldest freedom of information cases was reduced in year from £500K to £200K. Additionally the ICO no longer has any temporary casework resource seconded from Government Departments.

The intention is to achieve savings in 2012-13 onwards from:

- A comprehensive review during 2011-12 to reduce freedom of information apportioned salaries by £187K in 2012-13, £190K in 2013-14 and £250K in 2014-15. A cumulative reduction of £627K. Currently 68% of grant-in-aid is spent on salaries, and this would fall to 64% over four year. A detailed transition plan to manage vacancies will be prepared to minimise the risk of any early departures being required through this process.
- A reduction in expenditure on learning and development to bring the spend closer to the public sector norm by concentrating on in-house delivery of training.
- Relocation of re-prioritised ambassadorial Regional Offices (based on the model currently in place in Scotland) into smaller premises as contractual arrangements allow, working with the MOJ to utilise surplus government estate.
- The preparation of an IS strategy in advance of the upcoming re-procurement of the IS Managed Services Agreement to deliver cost savings from any new agreement. To undertake a detailed audit of the current service charges and development plans to deliver savings.
- Undertaking a detailed review of corporate affairs and communications to reduce expenditure.
- The preparation and subsequent implementation of a strategy to reduce the reliance on external legal services.
- Ensuring future business plans set out explicit initiatives to reduce the levels of business travel undertaken.
- Continually reviewing the way in which costs are apportioned between data protection and freedom of information to maintain the integrity of the apportionment model and the reasonableness and consistency of the assumptions used.

- To work with the MOJ to capitalise on any opportunities to move forward to an approach of funding information rights rather than separate data protection and freedom of information in the context of post legislative review, and potential for direct charging (on a cost recovery basis) of some services such as conferences, publications and training.

2. Overview

The tables below represent the planned expenditure for the ICO for the current four year spending review period to 2014-15.

This expenditure model illustrates a planned reduction in grant-in-aid year by year to move from the £5,200K spent in 2010-11 to £3,750K in 2014-15, an overall decrease of 28% (or a reduction of 25% on the agreed baseline for 2009-10 of £5,000K).

The first table illustrates the spending plans for the office as a whole combining the data protection and freedom of information spending streams.

ICO	%	2011-12 £K	2012-13 £K	2013-14 £K	2014-15 £K
Payroll	61	12,045	12,250	12,250	12,150
Human resources	1	275	260	250	250
Facilities	9	1,813	1,800	1,700	1,700
Information services	17	3,354	3,050	3,000	3,000
Corporate affairs	7	1,320	1,300	1,300	1,300
Legal and professional	3	506	500	450	450
Travel and subsistence	2	368	359	350	350
TOTAL EXPENDITURE	100	19,681	19,519	19,300	19,200
DP fee income	78	15,181	15,269	15,300	15,450
Grant-in-aid	22	4,500	4,250	4,000	3,750
TOTAL INCOME	100	19,681	19,519	19,300	19,200

The second table demonstrates the freedom of information savings required in order to apportion the ICO expenditure reasonably to demonstrate that there is no cross subsidisation of freedom of information activities from data controllers paying the data protection notification fee, in the spirit of the Treasury fees and charges guide and the ICO Framework Agreement.

Freedom of Information	%	2011-12 £K	2012-13 £K	2013-14 £K	2014-15 £K
Payroll	68	3,066	2,850	2,660	2,410
Human resources	1	65	62	60	60
Facilities	9	406	408	385	385
Information services	9	387	345	345	345
Corporate affairs	6	270	281	270	270
Legal and professional	5	222	220	196	196
Travel and subsistence	2	84	84	84	84
TOTAL EXPENDITURE	100	4,500	4,250	4,000	3,750
Grant-in-aid	100	4,500	4,250	4,000	3,750

Scope for faster reductions in grant-in-aid

At this point in the planning cycle it is not possible to project any faster reduction in grant-in-aid without risking serious impact on the services the ICO delivers.

The number of cases received is still on an upward trend, and evidence as to whether it will continue to increase, or not, will impact on our plans.

Indeed, given that much of the reduction will need to be achieved from payroll, accelerating the cuts would certainly lead to a need for early departures and any payroll savings in that year would be offset by early departure costs.

Similarly, savings from information services are dependent on re-procurement of the IS Managed Services Agreement which does not expire until July 2012.

However, as the detailed planning proceeds, the ICO will remain alert to opportunities, and will discuss these with the MOJ annually when agreeing that year's grant-in-aid.

Approach

The ICO has moved progressively to a more integrated approach around information rights (rather than separate data protection and freedom of information silos). This provides a sensible and more efficient approach to delivering our statutory functions and activities, and represents better value for money. We have adopted this approach in response to the increasingly integrated nature of information rights. There is a data protection dimension to freedom of information; and vice versa. We are also increasingly dealing with integrated information functions in stakeholder organisations.

Separate funding streams for data protection and freedom of information, and the need to apportion expenditure between these streams, makes financial planning much more complicated when trying to achieve best value for money – and reflects the reality of our information rights work less and less.

In 2009-10 a major re-structuring of the office was completed (part of the ICO's Project Evolve). This created a closely integrated operations directorate and combined data protection and freedom of information responsibilities for policy and strategic liaison within the same teams for the first time.

Currently most costs incurred by the ICO are apportioned between data protection and freedom of information activities. For this reason reducing freedom of information expenditure has the perverse effect of freeing up data protection funding as well. As a rule of thumb a £1 freedom of information spending reduction, unintentionally releases £3 in data protection funding.

In order to re-deploy this 'unlocked' expenditure, whilst maintaining the integrity of the ICO apportionment model, every area of expenditure has been examined to explore the funding effect in order that the ICO makes best use of the fee income it receives.

Budget construction process

Under the recently adopted 'Golden Thread' Governance paper, the derivation of the ICO budget would come after the agreement of a corporate plan and detailed business plans formed and collated by members of the Executive Team.

However, there is a pressing desire from the MOJ to try and settle grant-in-aid funding for the ICO for the four year spending review period 2011-12 to 2014-15, and a desire by the ICO to understand what resources are likely to be available to it prior to undertaking detailed budget planning work in a context of public expenditure reductions.

The budget as presented sets out to match expenditure as closely as possible to the anticipated funding streams for data protection and freedom of information. Any subsequent changes to the budget must maintain that balance.

This budget has included some proposed changes to the apportionment model, which are highlighted in Section 5 (Office costs).

It should be noted that work on the Corporate Plan is proceeding separately, but in parallel. The Corporate Plan will consider developments arising from the Cabinet Office Transparency Agenda. These developments will need to be funded over and above the existing ICO freedom of information baseline and impact assessments will be required for each initiative.

Key risks and assumptions

The budget has been prepared on the basis of the following assumptions:

- Pay deals have been included on the basis of Treasury Guidelines for 2010 and 2011. Pay increases of 2% have been assumed for subsequent years. Pay will be managed within the cap of the overall payroll budget, which may at times involve leaving vacancies unfilled.
- Casework volumes are continuing to increase. Freedom of information casework receipts are likely to be at least 15% higher in 2010-11. The ICO remains committed to working towards challenging targets where cases are closed within six months of receipt, however this becomes increasingly difficult given the drive for spending reductions.
- Data protection fee income is assumed to continue to rise each year by 1%, and that fees carried forward from 2010-11 will be the maximum 3% of cleared fees permitted under the current Framework Document, as agreed with the MOJ.
- IS development plans can be funded from the 'development reserve' under the Managed Services Agreement, which assumes that such expenditure will be achieved before the expiry of the current Managed Services Agreement in July 2012 (or if agreed between both parties July 2013) bearing in mind that the procurement process is likely to have a moratorium on changes to the infrastructure at some stages.
- By their very nature legal costs remain particularly difficult to project as they depend on the nature, timing and number of cases brought. The ICO has seen an increase in appeals in line with increased case closures, and remains committed to dealing with as many appeals without recourse to external lawyers as possible. We will also be further developing our selective approach to the cases to which we devote the most resources.
- Any additional responsibilities passed to the ICO must be funded from additional resources.

Increase in value added tax

All running cost budgets are expected to deliver an annual efficiency saving of 2.5% in order to fund the increase in Value Added Tax from 17.5% to 20% from January 2011. Hence where budgets have been set at the same level as last year – there has in fact been an absorbed 2.5% efficiency saving projected, equivalent to around £160K.

BUDGET 2011-12	ORIGINAL BUDGET 2010-11	CURRENT FORECAST 2010-11	DP	FOI	PROPOSED BUDGET 2011-12
			APPORTIONED £	APPORTIONED £	
Gross salaries - staff in post/offers	9,207,275	8,486,760	7,013,557	2,404,953	9,418,510
Gross salaries - NEBM's	48,000	48,000	38,180	11,820	50,000
Overtime	75,000	87,500	66,651	13,349	80,000
Employers NIC	674,621	587,179	547,601	186,968	734,570
Pensions	1,717,221	1,553,175	1,313,482	448,683	1,762,165
Payroll	11,722,117	10,762,614	8,979,472	3,065,773	12,045,245
Health and safety	50,000	40,000	19,090	5,910	25,000
Learning and development	250,000	254,826	95,451	29,549	125,000
Conference attendances	30,000	30,000	15,272	4,728	20,000
Staff recruitment	150,000	50,000	38,180	11,820	50,000
HR support	55,000	55,000	41,998	13,002	55,000
Agency and Temporary Staff	120,000	120,000	-	-	-
Human resources	655,000	549,826	209,991	65,009	275,000
Property rent and rates	1,315,277	1,315,277	963,890	271,239	1,235,129
Property maintenance charges	47,000	47,000	25,672	7,328	33,000
Property fuel and utilities	73,750	73,750	64,652	19,848	84,500
Property other (security, cleaning etc.)	104,400	152,878	80,761	23,639	104,400
Accommodation - fit out works	762,183	2,171,705	-	-	-
Accommodation - dilapidations	165,000	165,000	-	-	-
Postage	75,000	75,000	49,634	15,366	65,000
Document Destruction	9,000	9,000	7,636	2,364	10,000
Furniture and equipment	24,000	26,000	18,326	5,674	24,000
General Administration: kitchen	50,000	50,000	38,180	11,820	50,000
General Administration: other	20,000	20,000	15,272	4,728	20,000
Van	1,500	1,500	1,145	355	1,500
Photocopying	5,000	-	3,818	1,182	5,000
Repairs/Maintenance	24,000	6,000	18,326	5,674	24,000
Stationery	96,000	76,000	58,034	17,966	76,000
Telecommunications	60,000	80,000	61,088	18,912	80,000
Facilities	2,832,110	4,269,110	1,406,436	406,093	1,812,529
IS service contract	2,040,000	2,040,000	1,874,880	357,120	2,232,000
IS development	100,000	217,835	84,000	16,000	100,000
IS development provision	-	535,000	-	-	-
IS development: Replacement DUIS	-	750,000	750,000	-	750,000
IS DUIS postage	200,000	200,000	212,000	-	212,000
Library and Subscriptions	94,500	64,500	45,898	13,602	59,500
IS	2,434,500	3,807,335	2,966,778	386,722	3,353,500
Communications planning	845,559	745,559	624,000	176,000	800,000
Online	335,300	261,965	258,000	42,000	300,000
Internal communications	22,700	7,000	11,469	3,531	15,000
Research	133,000	106,000	103,222	31,778	135,000
Corporate governance	80,000	60,000	53,522	16,478	70,000
Corporate affairs	1,416,559	1,180,524	1,050,213	269,787	1,320,000
Legal costs	400,000	449,471	80,544	209,456	290,000
Specialist support	129,358	129,358	42,000	3,000	45,000
Information rights: research & projects	125,000	100,000	100,000	-	100,000
Audit fees external	30,000	29,000	24,042	6,958	31,000
Professional subscriptions	-	-	7,636	2,364	10,000
Bank charges	30,000	30,000	30,000	-	30,000
Legal and professional	714,358	737,829	284,223	221,777	506,000
T & S UK	348,550	316,000	246,356	73,644	320,000
T & S Overseas	48,000	48,528	37,522	10,478	48,000
Travel and subsistence	396,550	364,528	283,878	84,122	368,000
Accruals adjustments					
Total expenditure	20,171,194	21,671,766	15,180,991	4,499,283	19,680,274
Grant-in-aid	5,500,000	7,170,000		4,500,000	4,500,000
Tier 1 fees	11,416,405	11,696,977	12,078,000	-	12,078,000
Tier 2 fees	3,055,730	3,055,730	3,022,000	-	3,022,000
Fees 2010/11 brought forward	199,059	199,059	450,000	-	450,000
Total income	20,171,194	22,121,766	15,550,000	4,500,000	20,050,000
(UNDERSPEND)/OVERSPEND	-	(450,000)	(369,009)	(717)	(369,726)

3. Income

Grant-in-aid for freedom of information type activities

This budget projects the following grant-in-aid (to fund current activities) over the next four years.

Any additional functions that may arise during the spending review period are assumed to be self funded with additional grant-in-aid.

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Grant-in-aid (from the Ministry of Justice)	5,200	4,500	4,250	4,000	3,750
Cumulative percentage reduction in expenditure		13.5%	18.3%	23.0%	28.0%
Cumulative percentage reduction in baseline funding ¹		10.0%	15.0%	20.0%	25.0%

¹ Baseline funding in 2009-10 was agreed between the ICO and MOJ as £5,000K. The MOJ provided above baseline funding of £200K in response to a business case requesting £500K to fund caseworkers targeting older FOI caseloads.

Fee income for data protection type activities

Fee income is notoriously difficult to predict, but as at 30 November 2010 total fee income was 2.1% higher than forecast.

In the current economic environment it seems prudent to assume that continuing growth will be muted, and thus a planning assumption of a further annual increase in fee income of 1% has been included in the budget projections.

As the grant-in-aid anticipated for 2010-11 was reduced in the second half of the year we took corrective actions to manage the ICO's freedom of information budget within these reduced financial limits. When worked through the apportionment model these changes resulted in significant amounts of data protection apportioned expenditure becoming unspent. On that basis the full carry over of 3% of cleared funds (as set out in the Framework Agreement) has been projected into 2011-12.

The fees forecasts over the spending review period are set out in the table below, but will be subject to annual and constant in-year review.

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Fee income from notification fees	14,850	15,100	15,150	15,300	15,450
Cumulative carry over	450	369	250	250	250
Cumulative percentage increase		4.4%	5.4%	6.4%	7.7%
Fee income spent		15,181	15,269	15,300	15,450

4. Payroll

Pay deal

The salaries forecast has been prepared on the basis of an increase of £250 per employee earning under £21K per annum, and £75 for all other employees.

Progression within the development zone has been modelled on the assumption that it is a contractual obligation.

The 2010 pay deal is assumed to be implemented prior to the start of 2011-12 and the 2011 deal is assumed to be implemented in 2011-12.

Vacant posts

The salaries forecast has been modelled on the basis of the full staff complement (as at 30 November 2010).

Staff turnover savings of 3% of the total budget have been projected across all departments to reflect potential vacancies. Continual monitoring of progress in meeting this target will be required throughout the year.

New posts

In line with the ICO's existing strategy, the salaries forecast includes a second Good Practice audit team in place from the start of the year and a third team in October 2011.

Non Executive Board Members

The budget has assumed four non executive board members remunerated at £12K per annum. A further £2K has been included in respect of the intended recruitment of a further non-executive member of the Audit Committee.

Overtime

Overtime has been included broadly as budgeted for 2010-11, with some minor adjustments to correct for one off activities such as the 2010-11 refurbishment of Wycliffe House in Wilmslow.

Employers' national insurance

The composite rate for the ICO at 30 November 2010 was 6.5%, so in view of the announced budget increases of 1%, contributions have been modelled at an averaged rate of 7.5%.

The additional expenditure absorbed as a result of the 1% rise in Employers National Insurance contributions is £95K.

Pension contributions

The composite rate for the ICO at 30 November 2010 was 18.0%, rates and thresholds for 2011-12 remain very similar so pension contributions have been modelled at the same averaged rate of 18.0%.

	2010-11	2010-11	2011-12	2011-12
	Salary band	ASLC rate	Revised salary band	ASLC rate
Band 1	Under £21,000	16.7%	Under £21,000	16.7%
Band 2	21,001-43,000	18.8%	21,001-43,500	18.8%
Band 3	43,501-74,000	21.8%	43,501-74,500	21.8%
Band 4	Above 74,001	24.3%	Above 74,501	24.3%

Early departure costs

This budget includes no provision for any early departures, so should such funding be required provision will need to be found.

5. Human resources

Health and safety

This budget funds staff medicals and medical referrals, eye tests, health and safety equipment and occupation health nurse provision.

This budget has been set at £25K (2010-11 £50K) reflecting the following savings:

- Reduction in need for health and safety equipment (especially chairs) in view of the equipment purchases as part of the refurbishment of Wycliffe House in 2010-11
- Following training, members of the Facilities team are now able to undertake Workstation Health and Safety assessments, rather than procuring this externally.
- Occupation health contract to be re-procured in 2010-11
- Budget for 2010-11 was reduced to £40K in October 2010.

Learning and development

This budget has been included at £125K (50% of the £250K provided in 2010-11)

The rationale for the halving of the size of this budget is:

- To bring the size of the overall budget closer to public sector benchmarks. The CIPD annual survey calculates the median training spend for a public sector body to be £116 per head (2009: £127) which translates to £46K for the 398 staff in the ICO staff complement.
- Over recent years the ICO has invested heavily in learning and development in response to new functions and organisation restructuring and should now be able to reap the rewards of that training.
- Much data protection and freedom of information training is now delivered in-house.
- The previous two financial years included over £100K of expenditure for management development assessment and development including 360° feedback. This programme is now in its delivery of identified development needs and is expected to complete during 2012-13.

It is assumed that there will be further scope to reduce this budget in subsequent years to a target more in line with the CIPD public sector average. The ICO requires a large range of skills and knowledge and needs to be maintain a high skill base, hence the

reluctance to reduce expenditure in this area further, before the full impact of the cuts for 2011-12 are understood.

Conference attendances

This budget of £20K (2010-11: £30K) will cover the necessary attendance at international and national data protection and freedom of information conferences in a learning and influencing capacity.

Each conference attendance will be subject to a business case for attendance and more than one member of the ICO staff attending any one event will be subject to senior level approval.

Staff recruitment

This budget has been cut to £50K (2010-11: £150K) reflecting:

- The current economic environment has resulted in a significant reduction in staff turnover, and consequently there is a reduction in recruitment activity.
- Over the last two years the ICO has made significant investment and implemented a Careers Website, which reduces the amount of recruitment advertising required.
- Vacancies are increasingly able to be grouped and advertised as one package rather than a number of separate posts.

HR support

This budget covers specific HR related activities involving specialist skills or knowledge that the ICO does not retain in-house.

	2011-12 £K	2012-13 £K
Payroll, pensions administration and P11D reporting	30	30
Remuneration committee support	10	10
Equality and diversity support	5	5
Health and well being support	10	10
Total	55	55

Agency and temporary staff

This budget has been included as nil (2010-11 £120K+) on the assumption that the current staff complement is complete and fully costed. Therefore any requirement for agency or temporary staff, that would be funded from the salaries forecast, with an eye to ensuring that the 3% required turnover savings are achieved.

6. Office costs

Property rent and rates

The projected costs of the current property leases and business rates estimates are set out in the table below.

Location	Tenure	Rent £K	Rates £K	Total rent & rates £K	2010-11 £K	Maintenance charges £K	2010-11 £K
Wilmslow	Lease	753	265	1,018	1,099	20	34
Belfast	Lease	35	15	50	49	6	6
Cardiff	Lease	28	15	43	43	7	7
Edinburgh	Licence	48	-	48	48	-	-
London	Licence	60	-	60	60	-	-
Secure storage	Licence	16	-	16	16	-	-
Total		940	295	1,235	1315	33	47

Wilmslow

In 2010-11 the ICO achieved the rationalisation of its estate in Wilmslow onto a single expanded site, and the above table reflects the projected savings from the project.

Regional offices

Following the establishment of an end-to-end operations process, covering both data protection and freedom of information, under Project Evolve, there is a strong case for reviewing the management of casework in the regional offices so as to achieve greater productivity and consistency of approach.

Following the rationalisation of the main office accommodation stock in 2010-11, the ICO also plans to review the use and functions of the four regional offices and the leases/licences which can all be vacated over the next two years.

The current tenure is:

Location	Tenure	Expiry	Lease break	Notice
Wilmslow	Lease	01Jan2017		
Belfast	Lease		19Dec2012	
Cardiff	Lease		07Sep2011	
Edinburgh	Licence			3 months
London	Licence			3 months
Secure storage	Licence	31Jul2012		

The ICO intends to remodel the current Regional Offices along the smaller ambassadorial data protection model adopted when setting up the Regional Office in Edinburgh; moving casework functions back to Wilmslow.

This will result in a need for smaller premises which the ICO would seek to address by seeking alternative accommodation surplus to the MOJ or Government stock.

In order to avoid redundancies and the loss of experienced caseworkers, who represent a valuable resource of local knowledge and expertise and who contribute to the ICO priority of clearing the backlog of older FOI cases, the intention is to re-designate casework staff in the Regional Offices as home-workers and provide them with necessary resources. The Regional Office casework staff will form part of the complaints department from the start of 2011-12 and be performance managed from Wilmslow. We are also investigating the cost of relocating staff to Wilmslow, recognising that some staff might opt for redundancy rather than move.

It is assumed that the costs of the Regional Offices will not decrease in 2011-12 given the set up and removal costs that may arise during relocation, but conversely it is envisaged that total costs will not exceed those which would be incurred by remaining in the current accommodation stock. There will, however, be scope for expenditure reductions in future years.

In London, the space originally procured to accommodate the secondees from central government to help clear the backlog of older freedom of information cases is no longer required and will be replaced with an ad-hoc meeting room base in London.

Given the revised approach to accommodation the following changes to the apportionment model are proposed:

The transfer of 11 level E posts to the Wilmslow complement are primarily transfers of freedom of information resource and the apportionment for complaints handling has been revised to compensate for this.

The additional caseworkers and the information rights approach to casework leads the intention to increase the complaints department apportionment to 50%DP/50% FOI (2010-11: 55%DP/45% FOI), and to regard Policy Delivery as an extension of the complaints process and revise that apportionment to match 50%DP/50% FOI (2010-11: 30%DP/70%FOI), making transfers of staff and

processes interchangeable between the two departments, as the ICO looks to further streamline casework processing.

The apportionment for Strategic Liaison have been changed to 80%DP/20% FOI in line with Belfast and Cardiff, to reflect the anticipated split of resources following embedding of the Project Evolve re-organisation.

		2011-12 apportionment	2010-11 apportionment
Complaints	Absorbs FOI casework complement from Belfast and Cardiff	50% DP 50% FOI	55% DP 45% FOI
Policy	Policy advice on complaints cases reduced through new process	50% DP 50% FOI	30% DP 70% FOI
Belfast	6 Level E posts transferred to Complaints	80%DP 20% FOI	40%DP 60% FOI
Cardiff	5 Level E posts transferred to Complaints	80%DP 20% FOI	40%DP 60% FOI
Edinburgh	No FOI work.	100%DP 0% FOI	95%DP 5% FOI
London	Meeting space only	80%DP 20% FOI	0%DP 100% FOI
Strategic Liaison	Re-balancing of workload on a model consistent to Regional Offices	80%DP 20% FOI	75%DP 25% FOI

Property fuel and utilities

The budget has been estimated at £84.5K (2010-11 £74K). The effect of now working from one site in Wilmslow is at present difficult to quantify, though logically energy consumption is expected to fall now that there is only one server room and lift, which are significant sources of energy consumption.

Energy charges in the vacated office building Town House, Wilmslow were paid through the lease management charges, and this budget assumes that 50% of that energy cost can be saved as a result of now occupying a single site.

Property other (security, cleaning etc.)

The budget has been set at the same level as last year £104.4K, as the ICO reviews how it can make the best use and savings from the newly expanded and refurbished premises in Wilmslow.

The re-procurement of cleaning and security functions had been put off in the light of the move to a single site, but are now proceeding.

ICO outsources security, but a single site has enabled the Security Guard to man our reception function, freeing up a post within the Facilities team already.

Postage

The budget has been set at £65K (2010-11: £75K). It is anticipated that future increases in postage rates will be offset by a revised policy on the use of postal services, such as defaulting to second class mail and reduced use of guaranteed next day services.

Document destruction

The budget has been set at £10K (2010-11: £9K). The ICO continues to attach high importance to safe and secure document destruction, and uses a weekly on site shredding service.

Furniture and equipment

The budget has been set at £24K (2010-11: £24K) to cover to replacement of essential office equipment when required.

General administration: kitchen

The budget has been set at £50K (2010-11: £50K) to cover the costs of the current contracted vending machines and water coolers and associated costs such as cleaning supplies.

Although the ICO is keen to cut all unnecessary expenditure, these are contractual commitments, so the ICO will review this expenditure at the expiry of the current contracts aiming to achieve savings in later years.

General administration: other

The budget has been set at £20K (2010-11: £20K) to cover general sundries and unanticipated expenditure.

Van

The budget has been set at £1.5K (2010-11: £1.5K).

The van is used mainly for the transportation of archive filing to and from the secure storage site.

Photocopying

The budget has been set at £5K (2010-11: £5K) to cover photocopier servicing etc. in the Regional Offices. Photocopying costs in Wilmslow form part of the IT Managed Services Agreement.

Repairs and maintenance

The budget has been set at £24K (2010-11: £24K) to cover sundry repairs and maintenance that may be required to property and equipment.

Stationery

The budget has been set at £76K (2010-11: £96K). Over recent years much has been done in establishing buying lists and standard stationery stock items to allow for more intelligent buying. The £20K reduction for this budget reflects that previous practice of purchasing toner cartridges directly rather than the new practice under the IT Managed Services Agreement as part of the printing service.

Telecommunications

The budget has been set at £80K (2010-11: £60K), the increase of £20K reflects the anticipated additional rental of additional DDI lines purchased on the implementation of the VOIP telephony on moving onto one site in Wilmslow.

7. Information services

Ongoing services

Information services are procured through an IS Managed Services Agreement not due to expire until July 2012 (with the possibility if agreed both parties of extension for a further year).

2010-11 saw the completion of the project to upgrade the ICO infrastructure.

It is likely that, once the contractual effects of these infrastructure changes have been finalised, there will be significant scope to review the current IS service charges in detail with a view to reducing the overall expenditure. Logically one would expect savings from operating on a single site: one server room rather than two, cancellation of leased fibre optic lines. In addition savings would be expected from the implementation of new infrastructure being presumably more reliable and efficient.

Also in advance of the forthcoming re-procurement of the managed services agreement it is anticipated that there will be a thorough review of services procured, and decisions around agreeing a contract extension should also involve some cost saving to the ICO.

Given the amount of work achieving such savings would require and the technical expertise required it would not be prudent to budget for any such savings, other than to aspire to reductions in expenditure from 2012-13 onwards.

No amounts have been included in connection with professional support for any re-procurement exercise, pending the derivation of an IS strategy and decisions on contract extension and form of re-procurement.

Payments for IS services are modelled as:

			Annual projection £K	2010-11 £K
Monthly service charges	£175K	12	2,100	1,860
Quarterly GSi charges	£30K	4	120	140
Remote working	£1K	12	12	20
Sundry			-	20
Total			2,232	2,040

The increase in monthly charges over last year reflect various infrastructure charges in respect of web-hosting, software licensing, VOIP etc. arising from the new infrastructure.

Ongoing development

A general provision of £100K (2010-11: £100K) has been included to reflect the likely need for some expenditure outside of the Managed Services Agreement. The development of an IS strategy and business plan will need to work on the assumption that this is the available funding.

It is assumed that any further development will be made within the IS Managed Services Agreement, and will be funded from the 'development provision' as part of the IS Managed Services Agreement. It will, however, be important to ensure that the 'development provision' is fully utilised by the end of the contract, which will be more of a challenge if the contract length does not extend past July 2012.

Legacy system development

The main development project underway is the replacement of the finance and notification systems (DUIS).

A provision of £750K has been included to fund this project, however this is only an initial estimate and it will be revised once product selection and project scope have been finalised. The project is funded from data protection income, so anticipated reductions in grant-in-aid income will not have a detrimental effect.

It is anticipated that the other legacy system, the CMEH casework system, will now not be replaced until after the Managed Services contract has been re-procured.

IS DUIS postage

The budget has been increased to £212K (2010-11: £200K).

This budget funds the bulk postage costs from mailing notification forms and leaflets for new and renewal requests, and the increasing budget reflects increasing mail costs alongside an increasing growth in the size of the public Data Protection Register.

It is anticipated that the replacement finance and notification system will result in significant reductions to this budget in future as

the ICO benefits from a modernisation of old technology with an emphasis on electronic communication rather than postage.

Library and subscriptions

The budget has been included at £64.5K (2010-11: £94.5K), the reduction being due to anticipated savings in legal library costs and identification of more opportunities to share resources with other bodies. Savings from trade journals etc. are also anticipated through the purchase of 'e-versions' rather than paper.

	Annual projection £K	2010-11 £K
Legal library	25.0	50.0
Legal practising certificates	15.0	15.0
Professional subscriptions	-	5.0
Trade journals etc. – Wilmslow	15.0	20.0
Trade journals etc. – Regional Offices	4.5	4.5
Total	59.5	94.5

8. Corporate affairs

The following budgets have been set on a round sum estimate based on expenditure in previous years. Ultimately these estimates will be translated into a detailed programme of projects and activities to reflect the overall total budget and maintain the estimated DP/FOI expenditure apportionment, in other words we will 'cut our cloth according to our available resources'.

Communications planning

This budget has initially been set at £800K (2010-11: £846K). Expenditure from this budget covers press office service and publications such as statutory codes of practice and guidance and conferences.

The ICO has found that themed conferences are a particularly effective way of targeting influential data protection practitioners and data controllers, and new powers to charge for conferences on a cost recovery basis are anticipated for 2011-12.

Online

This budget has initially been set at £300K (2010-11: £335K). Expenditure from this budget covers the content management and development of the ICO website.

Internal communications

This budget has been set at £15K: (2010-11: £20K) to fund initiatives to assist and improve internal communications throughout the ICO.

Research

This budget has been set at £135K (2010-11: £132K) to fund research projects such as annual awareness tracking, customer satisfaction, staff satisfaction, stakeholder perception etc. as may be commissioned following detailed business planning. Such services are generally procured through COI, unless better value can be achieved elsewhere.

The ICO will liaise with the MOJ to establish whether savings can be achieved through more effective procurement alongside the MOJ.

Corporate governance

This budget has been set at £70K (2010-11: £80K) to fund corporate governance support including internal audit. Work will take place in year to review the scope of internal work to ensure that it continues to deliver value, though any reductions in work undertaken may be limited as introduction of new finance and notifications systems will usefully benefit from internal audit scrutiny once in place.

9. Legal and professional

Legal costs

The budget for legal costs has been set at £290K (2010-11: £400K)

	Annual projection £K	2010-11 £K
Counsel advice/representation FOI	200	300
Counsel advice/representation DP	50	50
Employment advice	35	35
Property advice	5	15
Total	290	400

The provision for Counsel advice/representation FOI has been reduced by £100K. Of which £30K is the reversal of the temporary provision included in 2010-11 to reflect the likely increase in appeals given the success in closing older cases.

The balance, a reduction of £70K represents a 25% reduction in spending as a target for reducing the number of cases representation is required for.

The over-riding caveat with the legal budget is that it is always hard to predict with certainty as cases vary in time and complexity, and the ICO will not always be in the 'driving seat'. In addition there can also be risks of costs being awarded against the ICO.

The provision for property advice has been reduced to reflect the completion of the Wilmslow property moves.

Specialist support

The budget has been set at £45K (2010-11: £129K), the reduction being attributable to non-recurring work.

	Annual projection £K	2010-11 £K
Forensic support	40	40
Welsh translation	5	5
Property surveyor	-	60
Surveillance report to Parliament	-	24
Total	45	129

Forensic support is a provision available to the Enforcement teams to fund such things as imaging IT hard drives etc during investigations.

In 2010-11, £60K was spent on engaging a qualified property surveyor which was a requirement of the contract to refurbish the Wycliffe House accommodation. £24K was spent on the drafting of a special report to Parliament.

Information rights: research and projects

This budget has been set at £100K (2010-11: £125K) and is to cover specific research needs.

The budget for 2011-12 is provided data protection type research. In 2010-11 the budget was un-spent.

Audit fees: external

This budget has been set at £31K (2010-11: £29K) in line with the quotation from the National Audit Office for their audit of the annual report and accounts for 2010-11.

Professional subscriptions

This budget has been set at £10K (2010-11: £5K) to cover employees membership to professional bodies where they are work related and can be seen as a mechanism of demonstrating professionalism, and also to fund ICO membership of professional societies as required from time to time.

Bank charges

This budget has been set at £30K (2010-11: £30K). Bank charges are subject to annual negotiation and the bulk of the charges relate to banking and direct debit collection of the data protection notification fees.

Ongoing, the replacement finance and notification systems will if successful increase the number of transactions collected by debit and credit card, and reduce the number of transactions collected by cheque and direct debit – which is assumed to be cost neutral.

The ICO remains agreeable to converting its current commercial accounts into Government Payment Service (GPS) accounts, and are awaiting a proposal from GPS in order to take such a conversion forward.

10. Travel and subsistence

The travel and subsistence budget has been set at £368K (2010-11: £397K).

The budget has been reduced by a further 7% for 2011-12 in order to try to incentivise further savings.

This is an area of expenditure that the ICO has achieved a demonstrable impact in reducing from 2009-10 when the budget was £516K. Savings have been made from more intelligent buying of advance and off peak rail tickets, and ticketing has been brought in house saving £6 per ticket in handling charges,

Having concentrated on cost, future emphasis will be on reducing the overall amount of travel through ceasing first class travel, tight control of departmental travel and subsistence budgets, ensuring multiple staff members do not attend the same meetings, and making best use of video conferencing included as part of our refurbished office.

11. Apportionments

	Data protection	Freedom of Information
Office split	76.36%	23.64%
Information services	84.0%	16.00%
Finance and central legal	82.8%	17.18%
Executive		office split
Internal compliance		office split
Communications and external relations		office split
Corporate support		office split
Human resources		office split
Facilities		office split
Complaints	50.00%	50.00%
Good practice	95.00%	5.00%
Customer contact: First contact	90.00%	10.00%
Customer contact: Notification	100.00%	0.00%
Customer contact: Operation support	70.00%	30.00%
Enforcement	95.00%	5.00%
Wales	80.00%	20.00%
Northern Ireland	80.00%	20.00%
Scotland	100.00%	0.00%
London	80.00%	20.00%
Strategic liaison	80.00%	20.00%
Policy delivery	50.00%	50.00%
Communications: online	86.00%	14.00%
Communications: planning	78.00%	22.00%
Managed turnover savings	3.0%	
Income proportion	77.56%	22.44%
	£15,550,000	£4,500,000

12. Proportions

2011-12	£	
Payroll	12,045,245	61.2%
Running costs	7,635,029	38.8%
ICO	19,680,274	100.0%
Data protection:		
Payroll	8,979,472	59.1%
Running costs	6,201,519	40.9%
ICO	15,180,991	100.0%
Freedom of Information:		
Payroll	3,065,773	68.1%
Running costs	1,433,510	31.9%
ICO	4,499,283	100.0%

INFORMATION COMMISSIONER'S OFFICE																					
BUDGET	2011-12	IS	FINANCE	EXE	INTERNAL	CORPORATE AFFAIRS		ORG DEVELOPMENT		COMPLAINT	GOOD	CUSTOMER CONTACT			ENFORCEMENT	WALES	NORTHERN	SCOTLAND	STRATEGIC	POLICY	
	TOTAL	CG	CG	CG	CG	COMMS&ER	CSU	HR	FACILITIES	RESOLUTION	PRACTICE	FIRST CONTACT	NOTIFICATION	OPS SUPPORT	SE	SE	SE	SE	SE	DS	GS
BUDGET HEAD	TOTAL	DW	AC	AC	LB	SF	SF	VB	VB	SE	SE	SE	SE	SE	MG	AJ	KM	KM	KB	SW	
Salaries	9,709,805	345,958	183,495	380,474	316,020	303,008	81,673	323,298	111,119	2,235,915	773,620	1,177,111	506,935	186,756	701,448	131,442	190,474	135,307	695,125	930,625	
Managed turnover savings	(291,294)	(10,379)	(5,505)	(11,414)	(9,481)	(9,090)	(2,450)	(9,699)	(3,334)	(67,077)	(23,209)	(35,313)	(15,208)	(5,603)	(21,043)	(3,943)	(5,714)	(4,059)	(20,854)	(27,919)	
Gross salaries	9,418,510	335,579	177,991	369,059	306,539	293,918	79,223	313,599	107,786	2,168,837	750,412	1,141,797	491,727	181,154	680,405	127,499	184,760	131,248	674,271	902,706	
Gross salaries - NEBM's	50,000			50,000																	
Overtime	80,000	5,000	1,500	-	1,000	1,000	1,000	2,500	2,500	10,000	20,000	10,000	5,000	2,500	10,000	1,000	1,000	1,000	2,500	2,500	
Employers NIC	734,570	26,200	13,810	32,136	23,666	22,695	6,172	24,322	8,482	167,664	59,246	88,621	38,217	14,129	53,112	9,887	14,294	10,176	52,080	69,660	
Pension	1,762,165	63,172	33,299	68,485	57,064	54,721	14,881	58,644	20,451	404,265	142,852	213,680	92,148	34,066	128,061	23,840	34,465	24,535	125,572	167,962	
Salaries	12,045,245	429,951	226,600	519,681	388,270	372,335	101,275	399,065	139,219	2,750,766	972,509	1,454,098	627,093	231,848	871,577	162,226	234,519	166,959	854,423	1,142,829	
Health and safety	25,000							25,000													
Learning and development	125,000							125,000													
Conference attendances	20,000		20,000																		
Staff recruitment	50,000							50,000													
HR support	55,000							55,000													
Agency and Temporary Staff	-							-													
Human Resources	275,000	-	20,000	-	-	-	-	255,000	-	-	-	-	-	-	-	-	-	-	-	-	
Property rent and rates	1,235,129								1,235,129												
Property maintenance charges	33,000								33,000												
Property fuel and utilities	84,500								84,500												
Property other (security, cleaning etc.)	104,400								104,400												
Postage	65,000								65,000												
Document Destruction	10,000								10,000												
Furniture and equipment	24,000								24,000												
General Administration: Kitchen	50,000								50,000												
General Administration: Other	20,000		20,000																		
Motor Vehicle	1,500								1,500												
Photocopying	5,000								5,000												
Repairs/Maintenance	24,000								24,000												
Stationery	76,000								76,000												
Telecommunications	80,000								80,000												
Office costs	1,812,529	-	20,000	-	-	-	-	-	1,792,529	-	-	-	-	-	-	-	-	-	-	-	
IS - contracted services	2,232,000	2,232,000																			
IS - development	100,000	100,000																			
IS - development provision	-	-																			
IS - DUIS replacement project	750,000	750,000																			
IS - DUIS postage	212,000											212,000									
Library and Professional Subscriptions	59,500		40,000		15,000											1,500	1,500	1,500			
IS	3,353,500	3,082,000	40,000	-	15,000	-	-	-	-	-	-	-	212,000	-	-	1,500	1,500	1,500	-	-	
Communications planning	800,000					800,000															
Online	300,000					300,000															
Internal communications	15,000					15,000															
Research	135,000					135,000															
Corporate governance	70,000						70,000														
Corporate affairs	1,320,000	-	-	-	-	1,250,000	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal	290,000		5,000					35,000							50,000					200,000	
Specialist support	45,000														40,000	5,000					
Information rights research & projects	100,000																			100,000	
Professional subscriptions	10,000		10,000																		
Audit fees external	31,000		31,000																		
Bank charges	30,000		30,000																		
Legal	506,000	-	76,000	-	-	-	-	35,000	-	-	-	-	-	-	90,000	5,000	-	-	-	300,000	
T & S UK (including L&D)	320,000	5,000	1,000	30,000	1,000	20,000	5,000	10,000	1,500	15,000	50,000	4,000	1,000	500	40,000	15,000	15,000	15,000	65,000	26,000	
T & S Overseas	48,000	-	-	15,000	-	-	-	-	-	-	1,000	1,000	-	-	5,000	-	-	-	25,000	1,000	
Travel & subsistence	368,000	5,000	1,000	45,000	1,000	20,000	5,000	10,000	1,500	15,000	51,000	5,000	1,000	500	45,000	15,000	15,000	15,000	90,000	27,000	
TOTAL	19,680,274	3,516,951	383,600	564,681	404,270	1,642,335	176,275	699,065	1,933,248	2,765,766	1,023,509	1,459,098	840,093	232,348	1,006,577	183,726	251,019	183,459	944,423	1,469,829	