

<b>Meeting</b>	Executive Team	<b>Date</b>	<b>12/08/2013</b>
<b>Agenda item</b>	3	<b>Time</b>	10 Minutes
<b>Proactive publication</b>	Yes	<b>Internal publication</b>	Yes
<b>Title</b>	<b>Finance Report July 2013</b>		
<b>Presenter</b>	Daniel Benjamin		
<b>ICO Plan Aim</b>	6. An efficient ICO well prepared for the future		
<b>Issue</b>	None		
<b>Decisions</b>	None to be made this month		

**JULY 2013****OVERVIEW**

There are two emerging areas of concern which are being monitored closely. Firstly fee income is below forecast and secondly IS services spending has been more than planned and may now impact on development spending.

**INCOME**Grant-in-aid for freedom of information activities

The grant-in-aid available for drawdown over 2013-14 is £4M. This has been profiled as four quarterly tranches of £1M. £2M has been drawn-down.

Data Protection fees processed

£000	Budget	Actual	Variance
2013 April	1,375	1,426	+51
2013 May	1,305	1,154	-151
2013 June	1,150	1,193	43
2013 July	1,375	1,310	-65
Year to date	5,205	5,083	-122

Fee income to date is £122K (2.35%) lower than forecast, but at present it is unclear whether this is as a result of processing backlogs, or whether the 2.75% budgeted growth in fee income was too ambitious. Either way three consecutive months of shortfall suggests an emerging problem for the year as whole.

£000	Cheque	BACS	Direct Debit	Credit Cards	Refund
2013 April	757(53%)	108(8%)	572(40%)	0(0%)	(11)1%
2013 May	495(43%)	90(8%)	503(44%)	73(6%)	(7)1%
2013 June	346(29%)	69(6%)	485(41%)	296(25%)	(3)0%
2013 July	364(28%)	66(5%)	584(45%)	303(23%)	(7)1%
Year to date	1,598(41%)	267(7%)	1,560(41%)	369(10%)	(21)1%

The mix of payment has remained in line with June 2013, suggesting a permanent reduction in cheque volumes in favour of credit card payments.

ICE, a replacement IT system for data protection registrations, was implemented during May 2013.

At present there is insufficient management information to allow reporting by Tier 1 and Tier 2 in the same manner as for 2012-13.

### Civil Monetary Penalties

	<b>CMP</b>	<b>Due date</b>	<b>Status</b>
<b>ISSUED IN 2012-13</b>			
Central London Community Healthcare NHS Trust	£90,000	28May2012	Appeal
McNeish	£140,000	24Dec2012	Overdue
Niebel	£300,000	24Dec2012	Appeal
Sony Computer Entertainment Europe Ltd	£250,000	13Feb2013	Appeal
DM Design Ltd (payment schedule agreed)	£86,000	16Apr2013	Overdue
<b>ISSUED IN 2013-14</b>			
Stockport PCT	£80,000	03Jul2013	Received
Halton Borough Council	£56,000	03Jul2013	Received
Glasgow City Council	£120,000	29Jun13	Received
North Staffs Comb. Healthcare NHS Trust	£44,000	12Jul13	Received
We Claim You Gain Limited	£100,000	14Jul13	Overdue
Nationwide Energy Services Limited	£125,000	14Jul13	Overdue
Tameside Energy Services Limited	£36,000	01Aug13	Received
NHS Surrey	£160,000	19Jul13	Received
Bank of Scotland	£75,000	28Aug13	

## **EXPENDITURE**

### Resource budgets from the Ministry of Justice

The Resource Allocation from the Ministry of Justice has been confirmed as £3,150K administrative spending. The Capital Allocation is expected to be £850K administrative spending.

### Spending controls

The ICO is currently applying the Cabinet Office Spending Control v3.1

<https://www.gov.uk/government/publications/cabinet-office-controls-guidance-version-3-1>

In addition to these the MOJ has requested the ICO implement a number of other discretionary spend freezes, including a freeze on new advertising and marketing spending, a freeze on IS development, a freeze on small IS changes, etc. The extent of these restrictions has yet to be finalised and agreed.

## **Total staff costs**

Payroll costs are running higher than anticipated mainly as a result of agency staff for notification (to help with the workloads prior to the ICE project implementation and on-going workload) and planned over-recruitment within Customer Contact.

As set out below staffing levels are broadly balanced.

	Payroll FTE	Agency FTE	Total FTE	Complement	Difference
April 2013	366.1	12.2	378.3	373.3	5.0
May 2013	366.2	14.0	380.2	373.3	6.9
June 2013	363.6	9.2	372.8	373.3	(0.5)
July 2013	361.7	17.2	378.9	373.3	5.6
Average	364.4	52.6	377.6	373.3	4.3

The staff complement going forward has been increased by 4 posts in IS and 3 posts in Strategic Liaison, to 380.3.

## **Total estate costs**

The MOJ has confirmed that the ICO can retain the anticipated business rates refund of around £180K set out in a supplementary paper to the June Finance report.

The costs for the Cardiff Regional Office have been paid £18K, but the MOTO has yet to be formally signed.

## **IT and telecommunications**

Following the transition to new IT suppliers, there is a much clearer picture of commitments for this year and beyond.

At present it looks like the budget has been over-spent by £353K, which will in the first instance reduce the £750K capital projects budget. There will be some work involved in re-profiling this to meet our control totals over the coming months.

After current orders and commitments, this leaves around £220K for further spending, and thus may impact of future IT projects such as ICE, hardware refresh and maintenance, further homeworking, licencing for additional staff, replacement accounting system etc.

Other plans for the remainder of this budget could be security turnstile (est. £20K), replacement of the large photocopier (est. £20K), extension of the GSI contract to include disaster recovery lines (est. £10K).

There is also a consequential impact on budgets for future years, reducing the amounts available for IT investment in a backdrop of potentially reducing resources.

### **Banking and finance costs**

The bank has agreed to payment of bank charges in two tranches, given the uncertainty of on-going banking volumes with the introduction of the ICE software.

Credit card charges are currently budgeted within IT and Telecoms postage costs until such time as take up of debit and credit cards are clearer.

Note that the budget for debit and credit card charges is currently nil, but will be transferred from the £233K IT postage cost budget, once clearer data about the change in payment behaviour can be extrapolated.

### **Staff travel and other costs**

Staff travel costs were in line with expectations.

The significant variance is one of timing difference within Learning and Development, reporting on an accruals basis means that a lot of expenditure incurred last year was prepaid courses running this year, and thus are now reflecting as an expense. At the end of the year there will likely be a similar prepayment so this does not affect the amount available for spend on Learning and Development.

### **Printing, postage and office stationery**

No significant variances to report, expenditure in most areas seems to be lower than expected. It is not anticipated that these budgets will be a major cause for concern during the year.

### **Other expenditure**

Expenditure is ahead of the original profiling, which is encouraging as this expenditure has tended to bunch towards the end of the financial year in the past. None of these budgets are considered at risk of over-spending at this early point in the year.

## FUTURE CHANGES TO THE FORECAST

As in previous years it is intended to review and update the budget at the mid-year stage.

ET decisions made but not yet reflected in the budget forecast are:

Budget			Change	Net effect
Information services	Expansion of team. (Additional F, E, E and D posts from July 2013 – costs based on End year 3 limit)	£125K + £25K pension and ERs NIC for a full year	Transfer £112.5K from IS development to IS payroll budgets	£Nil
Strategic liaison	Expansion of team (Additional E and E posts from July 2012 – costs based on Entry Level)	£57K + £14	Increase payroll budget by £71K	+£71K
Notification	Additional overtime to tackle backlog arising from the implementation of the new ICE IT system	£20K	Increase overtime budget by £20K	+£20K
Information Governance	Transfer of funding for 1.4 D posts from First Contact (June-Sep)	£11K	Transfer £11K from Information Governance payroll to First Contact payroll	£Nil
Notification	Additional five Level B Agency Temporary staff full-time for six months to work on ICE workloads		Increase agency budget by £41K	+£41K
Accommodation	Rates refund	£180	Net income	-£180K

ET is asked to approve the following suggested changes to the budget forecast.

Budget		Change	Net effect
None this month			

MANAGEMENT REPORT: JULY 2013		ALLOCATION	BUDGET	FORECAST	FORECAST	FORECAST	BUDGET	FORECAST	ACTUAL
RESOURCE DEL	£000	£	£	£	DP	FOI	Year to date	Year to date	Year to date
Payroll - gross		10,041,788	10,041,788				3,250,000	3,250,000	3,232,968
Payroll - NEBM		50,500	50,500				25,250	25,250	16,570
Payroll - overtime		80,000	80,000				25,000	25,000	30,785
Payroll - pensions		1,823,362	1,823,362				590,000	590,000	581,741
Payroll - ers nic		671,899	671,899				207,500	207,500	220,438
Agency staff		0	0				0	0	119,397
<b>A TOTAL STAFF COSTS</b>	<b>12,668</b>	<b>12,667,549</b>	<b>12,667,549</b>	<b>9,965,297</b>	<b>2,710,252</b>		<b>4,097,750</b>	<b>4,097,750</b>	<b>4,201,898</b>
Property rent		782,000	782,000				388,750	388,750	386,099
Property rates		257,900	257,900				257,900	257,900	265,261
Property licences		109,500	109,500				23,250	23,250	19,320
Fuel and utilities		82,500	82,500				17,500	17,500	27,025
Other property costs		112,153	112,153				32,000	32,000	56,292
<b>B TOTAL ESTATE COSTS</b>	<b>1,344</b>	<b>1,344,053</b>	<b>1,344,053</b>	<b>1,064,740</b>	<b>279,313</b>		<b>719,400</b>	<b>719,400</b>	<b>753,997</b>
Consultancy		0	0				0	0	0
- contracted Services		2,138,000	2,138,000				400,000	400,000	580,984
- GSI		120,000	120,000				60,000	60,000	35,339
- development		0	0				0	0	165,858
- telecoms		80,000	80,000				30,000	30,000	21,471
- postage		233,000	233,000				110,000	110,000	72,731
IT and telecommunications		2,571,000	2,571,000	2,273,213	397,787		600,000	600,000	876,384
- bank charges		36,000	36,000				0	0	20,814
- card commissions		0	0				0	0	5,978
Banking and finance		36,000	36,000	36,000	0		0	0	26,792
- health and safety		25,000	25,000				8,000	8,000	7,682
- learning and development		125,000	125,000				15,000	15,000	50,246
- conference attendances		15,000	15,000				5,000	5,000	3,684
- staff recruitment costs		30,000	30,000				7,500	7,500	6,728
- HR support costs		65,000	65,000				21,250	21,250	26,898
- travel and subsistence UK		335,000	335,000				95,000	95,000	102,565
- travel and subsistence Overseas		48,000	48,000				16,000	16,000	16,054
- hospitality		0	0				0	0	844
Staff travel and other		643,000	643,000	540,111	102,889		167,750	167,750	214,700
- postage		65,000	65,000				21,250	21,250	20,678
- document destruction		15,000	15,000				5,000	5,000	2,917
- furniture and equipment		25,000	25,000				8,000	8,000	2,304
- general administration kitchen		50,000	50,000				16,000	16,000	13,034
- general administration other		15,000	15,000				5,000	5,000	527
- motor vehicle costs		2,000	2,000				200	200	64
- equipment repairs and maintenance		15,000	15,000				5,000	5,000	3,626
- stationery		40,000	40,000				13,000	13,000	6,561
Printing, postage and office expenditure		227,000	227,000	178,254	48,746		73,450	73,450	49,711
- communications		544,000	544,000				40,000	40,000	140,766
- communications online		391,500	391,500				40,000	40,000	21,412
- communications internal communication		4,500	4,500				1,500	1,500	3,616
- communications research		160,000	160,000				0	0	27,989
- internal audit and corporate governance		50,000	50,000				10,000	10,000	5,002
- legal finance		10,000	10,000				0	0	0
- legal HR		35,000	35,000				7,500	7,500	3,449
- legal Policy FOI		158,000	158,000				40,000	40,000	36,882
- legal Enforcement DP		50,000	50,000				10,000	10,000	17,962
- specialist support forensics		40,000	40,000				5,000	5,000	7,259
- National Archives		10,000	10,000				2,000	2,000	0
- specialist support translations		5,000	5,000				1,000	1,000	746
- information rights research		125,000	125,000				0	0	26,289
- NAO audit fee		30,000	30,000				30,000	30,000	0
- library and subscriptions legal		40,000	40,000				0	0	34,258
- library and subscriptions Wilmslow		15,000	15,000				5,000	5,000	4,298
- library and subscriptions regional offices		4,500	4,500				1,500	1,500	642
- professional memberships		10,000	10,000				0	0	2,482
Other expenditure		1,682,500	1,682,500	1,296,487	386,013		193,500	193,500	333,050
Loss on disposal of Non-Current assets		0	0				0	0	0
<b>C TOTAL OTHER COSTS</b>	<b>5,159</b>	<b>5,159,500</b>	<b>5,159,500</b>	<b>4,324,065</b>	<b>935,435</b>		<b>1,034,700</b>	<b>1,034,700</b>	<b>1,500,636</b>
<b>D PROVISIONS - UTILISED IN YEAR</b>	<b>8</b>	<b>8,000</b>	<b>8,000</b>				<b>2,666</b>	<b>2,666</b>	<b>3,398</b>
<b>E GROSS FISCAL DEL (A+B+C+D)</b>	<b>19,179</b>	<b>19,179,102</b>	<b>19,179,102</b>	<b>15,354,102</b>	<b>3,925,000</b>		<b>5,854,516</b>	<b>5,854,516</b>	<b>6,459,929</b>
Fee income	(16,029)	(16,029,102)	(16,029,102)				(5,205,000)	(5,205,000)	(5,083,422)
CFERSs allowable as operating income									
Other income									
<b>F TOTAL INCOME</b>	<b>(16,029)</b>	<b>(16,029,102)</b>	<b>(16,029,102)</b>	<b>(16,029,102)</b>	<b>0</b>		<b>(5,205,000)</b>	<b>(5,205,000)</b>	<b>(5,083,422)</b>
<b>G NET FISCAL DEL (E+F)</b>	<b>3,150</b>	<b>3,150,000</b>	<b>3,150,000</b>				<b>649,516</b>	<b>652,182</b>	<b>1,376,507</b>
Depreciation	1,063	1,063,000	1,063,000				263,000	263,000	263,000
Other non-cash									
<b>H TOTAL NON-CASH COSTS</b>	<b>1,063</b>	<b>1,063,000</b>	<b>1,063,000</b>				<b>263,000</b>	<b>263,000</b>	<b>263,000</b>
<b>I TOTAL RESOURCE DEL (G+H)</b>	<b>4,213</b>	<b>4,213,000</b>	<b>4,213,000</b>				<b>912,516</b>	<b>915,182</b>	<b>1,639,507</b>
<b>RESOURCE AME</b>									
Provision - increase/decrease									
Provisions - utilised in year	(8)	(8,000)	(8,000)				(2,666)	(2,666)	(3,398)
Diminution of Fixed and Intangible assets									
<b>J NET RESOURCE AME</b>	<b>(8)</b>	<b>(8,000)</b>	<b>(8,000)</b>				<b>(2,666)</b>	<b>(2,666)</b>	<b>(3,398)</b>
<b>CAPITAL DEL</b>									
Tangible additions									
Tangible disposals									
Intangible additions	850	850,000	850,000	675,000	75,000		25,000	150,000	169,486
Intangible disposals									
<b>K NET CAPITAL DEL</b>	<b>850</b>	<b>850,000</b>	<b>850,000</b>	<b>675,000</b>	<b>75,000</b>		<b>25,000</b>	<b>150,000</b>	<b>169,486</b>
<b>TOTAL CASH (G+K)</b>	<b>4,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>16,029,102</b>	<b>4,000,000</b>				
				Fees	Grant-in-aid				