

SEPTEMBER 2014

FINANCIAL OVERVIEW & KEY RISK AREAS

DP Income

We update our DP fee income budget forecasts quarterly. The 1 July forecasts for budget version 2 (BV2) was for fee income of £7.8M and total income of £16.5M. Year to date actual income is £8.3M.

The revised forecast (1 October) using year to date actuals indicates a full year income projection of £16.9M. Ongoing work to review the registration database indicates a possibility that full year income could exceed £17M. This work will be reported to the November ET meeting.

Cash Underspend

Due to a forecast increase in DP income and potential underspend in two key areas, IT project spend and the paydeal, we face an ongoing risk of underspend and potential payback of funds to the MOJ/ treasury. This is being closely monitored and reported on month on month.

Apportionment Model

We are currently working on a paper detailing how the proposed changes will work in practice. Treasury have indicated that frontline FOI services should be funded directly from grant in aid whilst back office costs should be funded from a collective reserve of both Grant in Aid and DP income. This model will be submitted to the NAO and MOJ for final approval.

2014-15 BUDGET

BV2 was approved by the MOJ in August, therefore all variances commented on are comparing the BV2 budget to actual. Forecasts for BV3 have now commenced and expected to replace BV2 in January 2015.

INCOME

Grant-in-aid for freedom of information activities

The grant-in-aid available for drawdown over 2014-15 is £3.75m. This has been profiled as four quarterly tranches of £937.5k. The first and second tranche has been drawn down and received. The third tranche has been applied for and is expected to be paid in October 2014.

Data Protection fees processed

The table below shows the actuals vs budget BV2 which we will report against until BV3 is finalised. We expect October to be a key month for our revised full year projection.

£000	Budget (BV2)	Actual	Variance
2014 April	1,395	1,281	-114
2014 May	1,259	1,280	+21
2014 June	1,157	1,432	+275
2014 July	1,358	1,456	+98
2014 August	1,228	1,303	+75
2014 September	1,392	1,469	+77
Year to date	7,788	8,221	+433

The fee income receipt mix is:

£000	Cheque	%	BACS	%	Direct Debit	%	Credit Cards	%	Refund	%	
Apr-14	322	25%	55	4%	582	45%	325	25%	-	4	0%
May-14	316	25%	65	5%	556	43%	345	27%	-	2	0%
Jun-14	404	28%	78	6%	597	47%	359	28%	-	5	0%
Jul-14	331	23%	48	4%	646	50%	433	34%	-	2	0%
Aug-14	296	23%	51	4%	594	46%	374	29%	-	4	0%
Sept-14	360	24%	72	4%	638	42%	456	30%	-	4	0%
Year to date	2,030	25%	367	4%	3,643	44%	2,292	27%	-	20	0%

EXPENDITURE

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 3.1

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

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We have received approval from the MOJ for the 2014-15 IS budget. We will thus only be required to report spend over £50k not included in the original budget. No such spend has occurred to date.

We are awaiting approval from cabinet office for additional spending on the redevelopment of the website.

Total staff costs

Staffing levels/FTE	Payroll	Agency	Total	Complement	Vacant Posts
2014 April	353.5	16.0	369.5	383.0	(13.5)
2014 May	353.4	16.6	370.0	383.0	(13.0)
2014 June	354.2	14.6	368.8	383.0	(14.2)
2014 July	363.4	16.6	380.0	383.0	(3.0)
2014 August	361.2	16.0	377.2	383.0	(5.8)
2014 September	370.5	16.0	386.5	383.0	3.5

Overtime year to date is 23% less than expected due to July overtime being less than previously forecast. This is expected to be slightly under budget at the year end.

Agency staff are covering vacant permanent roles from a higher number of leavers than expected, which has resulted in a planned overspend of 27% year to date.

Overall staff costs, i.e. permanent and agency combined, to date are in line with budget and expected to remain so for the year.

Total estate costs

There is a small underspend of 21k on property licences due to late invoices from our MOTO agreements with our regional offices. These will be received in October.

There is an overspend on 'other property costs' of 41% due to an insurance policy that was taken out and not budgeted of 11K and a storage invoice that was received earlier than expected for 19k.

Estate costs are coming in on budget overall. Costs are expected to be back end loaded and have been profiled to reflect this.

IS and telecommunications

IS costs to date largely relate to service delivery and contracted services.

IS projects continue to be monitored closely by the IT steering group. Following the detailed project review, projects for the year have now been identified and are underway where possible therefore the risk of underspend has been reduced. The next quarter will be key in terms of budget spend and plans are in place to mitigate any further risk of underspend.

Online development costs have been reviewed and have been found to be capital in nature rather than revenue which has reduced the 'online development' budget line within the IS budget, hence the apparent

underspend of 99%. This budget has been allocated within the IS projects overall spend.

Telephony and notification printing/postage are in line with expectations.

Banking and finance costs

Bank charges for 2014-15 have been negotiated and agreed at £40k for the year, saving £11k (22%). Discussions are underway with RBS as to bank charges for 2015/16, although this is expected to stay consistent with current year at £40k.

Card commission charges were originally forecast at £5.5k pcm, actual costs are between £4-5k generating a year to date saving of 31%. This expenditure is expected to rise due to the increase in card transactions from DP payments.

Staff travel and other costs

Recruitment costs are higher than expected due to more leavers and vacancies than anticipated.

Overseas travel is lower than expected (45%), this is mainly due to a largely unpredictable profile of spend, it is expected to come in under budget at the year end but not by a material amount.

Other costs are as expected.

Printing, postage and office stationery

Spend on postage, document destruction, furniture, general admin, motor vehicle costs and stationery are collectively running slightly behind budget. There is an overall underspend of 29% in this area. This is largely attributed to budget profile as expenditure in this area is expected to be back end loaded.

Other expenditure

Communications spend year to date is above budget by 14%. This is due to a number of factors. There are some prepayments included in the spend for the European spring conference in May 2015, these will be adjusted for in the October accounts i.e. spend reduced. There are some costs that relate to the DP practitioner conference in March 2015 which we charge delegates for attendance. We will therefore be recognising income against this cost. We are also expecting to overspend in the comms area to reduce a risk of underspend in other areas by circa 20k (7%).

DP research costs are expected to be under but, due to some key costs being absorbed by policy research. This saving will be used against the overspend in the Comms budget.

DP Enforcement legal costs are £13k under budget (75%), however there are significant cases that will incur greater legal costs coming up in the next two quarters. Overall legal costs are expected to be in line with budget.

Specialist translations and library subscriptions are profiled over a straight line and can fluctuate month on month, variations are considered immaterial.

'Specialist support other' spend relates to £6k spend on the external agent contracted to negotiate the rates on Wycliffe House and £6k contribution towards the Global Privacy Enforcement Network.

Professional subscriptions line is over budget by 36%. Fluctuations in budget are expected, however due to a drop in budget from the previous year, subscriptions are expected to be over budget at the year-end by circa. 5K (50%)

All other expenditure is in line with expectations.

CAPITAL EXPENDITURE

The year to date capital spend is £85k (78% behind the revised budget). Although this remains at a low position, this will significantly increase from the website redevelopment project, finance project and other projects detailed within the IS Project programme. Expectation is that the capital spend will be in line with budgets.

Budget Transfers

There are no budget transfers which require ET approval

Civil Monetary Penalties

The current status of uncollected CMPs is:

	CMP	Due date	Status
ISSUED IN 2013-14			
Nationwide Energy Services Ltd	£125,000	14Jul13	Payment schedule previously agreed, however company liquidated before any payment made. Proceeding with civil recovery. No payment to date
ISSUED IN 2014-15			
Amber UPVC Fabrications Ltd	£50,000	1May14	Amber is to appeal to the Tribunal, seeking rescission of

			the notice or a reduction in the penalty. No payment to date
Think W3's	£150,000	21Aug14	Thomas Cook paying fine, payment expected. £120,000 paid to date
Reactive Media Ltd (Discover Finance and Consumer Helpline)	£50,000	26Aug14	Payment expected October. No payment to date
MOJ	£180,000	22Sept14	Payment received on time, 20% reduction on fine achieved. Paid £144,000
EMC Advisory Services Ltd	£70,000	29Oct14	Payment not due

**Simon Entwisle, Deputy Chief Executive Officer
September 2014**

MANAGEMENT REPORT: SEPT 2014				
RESOURCE DEL	BV2 BUDGET Full Year	BV2 BUDGET Year to date	ACTUAL Year to date	VARIANCE %
Payroll - gross	10,536,634	4,911,769	4,910,377	0%
Payroll - NEBM	50,500	16,833	17,808	6%
Payroll - overtime	80,000	25,306	19,575	-23%
Payroll - pensions	1,821,263	873,295	870,288	0%
Payroll - ers nic	708,269	337,257	315,401	-6%
Agency staff	170,000	170,000	215,293	27%
Pay architecture	-	-	-	
TOTAL STAFF COSTS	13,366,665	6,334,460	6,348,741	0%
Property rent	782,640	538,570	535,605	-1%
Property rates	234,000	234,000	242,002	3%
Property licences	92,500	23,000	1,911	-92%
Fuel and utilities	82,500	34,000	31,408	-8%
Other property costs	131,153	61,000	85,942	41%
TOTAL ESTATE COSTS	1,322,793	890,570	896,868	1%
Consultancy	-	1	5,908	
- contracted Services	1,950,000	1,000,000	997,066	0%
- GSI	145,000	36,250	36,062	-1%
- development	180,000	46,000	45,225	-2%
- online development	200,000	72,000	735	-99%
- telecoms	100,000	55,000	60,468	10%
-notification printing and postage	145,000	85,000	77,559	-9%
IT and telecommunications	2,720,000	1,294,250	1,217,115	-6%
- bank charges	51,000	25,500	26,835	5%
- card commissions	75,000	34,671	23,961	-31%
Banking and finance	126,000	60,171	50,796	-16%
- health and safety	25,000	13,000	14,253	10%
- learning and development	125,000	65,000	69,707	7%
- conference attendances	15,000	4,000	3,784	-5%
- staff recruitment costs	30,000	20,000	42,572	113%
- HR support costs	55,000	31,500	32,618	4%
- travel and subsistence UK	335,000	130,000	138,263	6%
- travel and subsistence Overseas	40,000	15,000	8,294	-45%
- hospitality	-	-	503	
Staff travel and other	625,000	278,500	309,995	11%
- postage	65,000	33,000	26,944	-18%
- document destruction	10,000	4,950	3,102	-37%
- furniture and equipment	25,000	14,000	4,053	-71%
- general administration kitchen	50,000	24,000	23,668	-1%
- general administration other	15,000	7,500	738	-90%
- motor vehicle costs	2,000	1,000	551	-45%
- equipment repairs and maintenance	10,000	4,500	4,180	-7%
- stationery	40,000	20,000	14,028	-30%
Printing, postage and office expenditure	217,000	108,950	77,265	-29%
- communications	249,751	200,000	228,670	14%
- communications research	50,000	20,000	3,000	-85%
- internal audit and corporate governance	50,000	16,000	15,255	-5%
- legal HR	35,000	14,000	13,424	-4%
- legal Policy FOI	158,000	53,000	54,111	2%
- legal Enforcement DP	147,000	40,000	26,890	-33%
- specialist support forensics	40,000	11,000	10,439	-5%
- specialist support translations	5,000	2,500	588	-76%
- specialist support other	-	-	12,349	
- Policy research DP	72,500	32,500	38,750	19%
- NAO audit fee	30,000	30,000	30,000	0%
- library and subscriptions legal	40,000	30,000	31,311	4%
- library and subscriptions Wilmslow	15,000	6,750	6,617	-2%
- library and subscriptions regional offices	4,500	1,900	646	-66%
- professional subscriptions	10,000	5,000	6,800	36%
Other expenditure	906,751	462,650	478,850	4%
Loss on disposal of Non-Current assets	-	-	-	
TOTAL OTHER COSTS	4,594,751	2,204,522	2,139,930	
PROVISIONS - UTILISED IN YEAR	8,154	2,718	2,796	
GROSS FISCAL DEL (A+B+C+D)	19,292,363	9,432,270	9,388,335	
Fee income	- 16,527,292	- 7,787,969	- 8,311,173	7%
CFERs allowable as operating income				
Other income				
TOTAL INCOME	- 16,527,292	- 7,787,969	- 8,311,173	7%
NET FISCAL DEL (E+F)	2,765,071	1,644,301	1,077,162	
Depreciation	1,660,000	829,998	838,999	1%
Other non-cash				
TOTAL NON-CASH COSTS	1,660,000	829,998	838,999	
TOTAL RESOURCE DEL (G+H)	4,425,071	2,474,299	1,916,162	
RESOURCE AME				
Provision - increase/decrease				
Provisions - utilised in year	- 8,154	- 2,718	- 2,796	3%
Diminution of Fixed and Intangible assets				
NET RESOURCE AME	- 8,154	- 2,718	- 2,796	
CAPITAL DEL				
Tangible additions				
Tangible disposals				
Intangible additions	765,000	378,000	84,616	-78%
Intangible disposals				
NET CAPITAL DEL	765,000	378,000	84,616	
TOTAL CASH (G+K)	3,530,071	2,022,301	1,161,778	

>10% Overspend

>10% Underspend

<> 10% tolerance