

# OCTOBER 2014

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## FINANCIAL OVERVIEW & KEY RISK AREAS

### DP Income

As previously reported in the September management accounts, we expect total income for the year to be between £16.9M and £17.2M.

Year to date actual income is £10.0M against a BV2 year to date projection of £9.4M, which is 7% higher than originally forecast.

### Cash Underspend

A cash underspend mitigation plan is currently underway and being reported on monthly. A dedicated project group is driving the project forward to enable a quick turnaround time if necessary in response to fluctuating costs and income.

### Apportionment Model

The apportionment model paper is at final draft and is due to be submitted to the MOJ/ NAO.

## 2014-15 BUDGET

Given the uncertainty around DP fee income and the key expenditure areas, IT spend and the paydeal, forecasts for BV3 will remain in line with BV2.

## 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. Our third tranche payment has been received, totalling £2.81M. The final tranche will be requested in November 2014.

### Data Protection fees processed

The table below shows the actuals vs budget BV2 which we will report against until BV3 is formally approved. Our fee income for October is £1.8M which gives a year to date figure of £10.0M, 7% more than our BV2 budget year to date of £9.4M. We are expecting a full year income of between £16.9M and £17.2M.

£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
<b>2014 October</b>	<b>1,611</b>	<b>1,781</b>	<b>+170</b>
Year to date	9,399	10,046	+647

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%	76	5%	597	42%	359	25%	-5	0%
Jul-14	331	23%	48	3%	646	44%	433	30%	-2	0%
Aug-14	295	23%	51	4%	588	45%	374	29%	-4	0%
Sep-14	396	25%	72	5%	640	41%	456	29%	-4	0%
Oct-14	386	22%	80	5%	757	44%	513	30%	-2	0%
Year to date	2,450	24%	447	4%	4,366	43%	2,805	28%	-23	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 have now received approval from Cabinet Office for additional spending on the redevelopment of the website.

### **Total staff costs**

<b>Staffing levels/FTE</b>	<b>Payroll</b>	<b>Agency</b>	<b>Total</b>	<b>Complement</b>	<b>Vacant Posts</b>
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
<b>2014 October</b>	<b>370.4</b>	<b>16.4</b>	<b>386.5</b>	<b>383.0</b>	<b>3.8</b>

Overtime year to date is 35% less than expected due to summer overtime being less than previously forecast. This is expected to be slightly under budget at the year end.

To mitigate underspend in key business areas, additional resources under 'agency staff' has resulted in a planned overspend of 40% 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**

Property rates are underspent by 20% due to receipt of the rebate (57k) negotiated on Wycliffe House. The rebate was higher than expected (44k) due to a prepayment that was made on the rates relating to 2015/16. This will be reflected at the year end.

Fuel and utilities is 15% under budget; this is expected to increase in the upcoming winter months.

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**

Service delivery and contracted services are overspent by 19% due to November and December support costs being pre-paid with a discount of 2.25%.

IS projects continue to be monitored closely by the IT steering group. The finance system project contract has been signed and work has started on design and implementation.

As the majority of the remaining project spend is dependent on IT infrastructure and therefore our service providers Northgate, the coming quarter will be key in terms of budget spend. Plans are in place to mitigate any further risk of underspend.

As previously reported, 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 therefore been allocated within the IS projects overall spend.

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

### **Banking and finance costs**

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 was 6K in October and is expected to rise due to the increase in card transactions from DP payments.

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

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

Recruitment costs are 115% over budget year to date (43% overall year), directly linked to the staff recruitment drive mentioned above in staff costs.

Overseas travel is lower than expected (50%), 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 any 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 24% 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 22%. 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 reflected in the year end accounts when all costs are known. 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%).

HR legal costs are 17% behind budget due to less contentious cases than expected and a high recovery rate.

DP Enforcement legal costs are 39% under budget, however there are significant cases that will incur greater legal costs coming up in the next quarter. 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, £6k contribution towards the Global Privacy Enforcement Network and less than 1k on companies house searches and other such support.

All other expenditure is in line with expectations.

## **CAPITAL EXPENDITURE**

The year to date capital spend is £105k (76% 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:

	<b>CMP</b>	<b>Due date</b>	<b>Status</b>
<b>ISSUED IN 2013-14</b>			
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
<b>ISSUED IN 2014-15</b>			
Amber UPVC Fabrications	£50,000	1May14	Amber is to appeal to the

Ltd			Tribunal, seeking rescission of the notice or a reduction in the penalty. No payment to date
Reactive Media Ltd (Discover Finance and Consumer Helpline)	£50,000	26Aug14	Payment expected October. No payment to date
EMC Advisory Services Ltd	£70,000	29Oct14	Paid on time (56k), 20% discount achieved
The Warehouse Project	£70,000	Not due	Issued 10 October 2014

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

MANAGEMENT REPORT: OCT 2014				
RESOURCE DEL	BV2 BUDGET Full Year	BV2 BUDGET Year to date	ACTUAL Year to date	VARIANCE %
Payroll - gross	10,536,634	5,743,985	5,732,864	0%
Payroll - NEBM	50,500	29,458	30,433	3%
Payroll - overtime	80,000	34,953	22,605	-35%
Payroll - pensions	1,821,263	1,025,075	1,017,108	-1%
Payroll - ers nic	708,269	397,166	370,964	-7%
Agency staff	170,000	170,000	238,576	40%
Pay architecture	-	-	-	
<b>TOTAL STAFF COSTS</b>	<b>13,366,665</b>	<b>7,400,636</b>	<b>7,412,549</b>	<b>0%</b>
Property rent	782,640	542,980	590,424	9%
Property rates	234,000	234,000	187,143	-20%
Property licences	92,500	41,000	41,911	2%
Fuel and utilities	82,500	42,500	36,165	-15%
Other property costs	131,153	103,000	105,325	2%
<b>TOTAL ESTATE COSTS</b>	<b>1,322,793</b>	<b>963,480</b>	<b>960,968</b>	<b>0%</b>
Consultancy	-	-	5,908	
- contracted Services	1,950,000	1,165,000	1,381,218	19%
- GSI	145,000	72,500	36,062	-50%
- development	180,000	66,000	45,225	-31%
- online development	200,000	92,000	735	-99%
- telecoms	100,000	65,000	67,269	3%
-notification printing and postage	145,000	95,000	96,981	2%
IT and telecommunications	2,720,000	1,555,500	1,627,490	5%
- bank charges	51,000	29,750	26,896	-10%
- card commissions	75,000	42,839	29,695	-31%
Banking and finance	126,000	72,589	56,591	-22%
- health and safety	25,000	16,000	16,820	5%
- learning and development	125,000	75,000	81,418	9%
- conference attendances	15,000	4,500	4,720	5%
- staff recruitment costs	30,000	20,000	43,052	115%
- HR support costs	55,000	35,500	33,786	-5%
- travel and subsistence UK	335,000	175,000	187,498	7%
- travel and subsistence Overseas	40,000	20,000	10,061	-50%
- hospitality	-	-	571	
Staff travel and other	625,000	346,000	377,927	9%
- postage	65,000	39,000	38,786	-1%
- document destruction	10,000	5,800	3,869	-33%
- furniture and equipment	25,000	16,000	5,273	-67%
- general administration kitchen	50,000	29,000	27,860	-4%
- general administration other	15,000	8,750	738	-92%
- motor vehicle costs	2,000	1,000	551	-45%
- equipment repairs and maintenance	10,000	5,500	4,180	-24%
- stationery	40,000	23,000	16,507	-28%
Printing, postage and office expenditure	217,000	128,050	97,765	-24%
- communications	249,751	210,000	257,240	22%
- communications research	50,000	9,000	9,768	9%
- internal audit and corporate governance	50,000	20,000	20,115	1%
- legal HR	35,000	17,000	14,191	-17%
- legal Policy FOI	158,000	69,000	73,126	6%
- legal Enforcement DP	147,000	57,000	34,626	-39%
- specialist support forensics	40,000	14,000	14,003	0%
- specialist support translations	5,000	2,900	588	-80%
- specialist support other	-	-	12,973	
- Policy research DP	72,500	37,000	38,750	5%
- 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	8,000	7,805	-2%
- library and subscriptions regional offices	4,500	2,300	967	-58%
- professional subscriptions	10,000	7,000	7,229	3%
Other expenditure	906,751	513,200	552,692	8%
Loss on disposal of Non-Current assets	-	-	-	
<b>TOTAL OTHER COSTS</b>	<b>4,594,751</b>	<b>2,615,339</b>	<b>2,718,374</b>	
<b>PROVISIONS - UTILISED IN YEAR</b>	<b>8,154</b>	<b>4,076</b>	<b>2,796</b>	
<b>GROSS FISCAL DEL (A+B+C+D)</b>	<b>19,292,363</b>	<b>10,983,531</b>	<b>11,094,687</b>	
Fee income	- 16,527,292	- 9,398,823	- 10,046,555	7%
CFERSs allowable as operating income				
Other income				
<b>TOTAL INCOME</b>	<b>- 16,527,292</b>	<b>- 9,398,823</b>	<b>- 10,046,555</b>	<b>7%</b>
<b>NET FISCAL DEL (E+F)</b>	<b>2,765,071</b>	<b>1,584,708</b>	<b>1,048,132</b>	
Depreciation	1,660,000	968,331	978,833	1%
Other non-cash				
<b>TOTAL NON-CASH COSTS</b>	<b>1,660,000</b>	<b>968,331</b>	<b>978,833</b>	
<b>TOTAL RESOURCE DEL (G+H)</b>	<b>4,425,071</b>	<b>2,553,039</b>	<b>2,026,965</b>	
<b>RESOURCE AME</b>				
Provision - increase/decrease				
Provisions - utilised in year	- 8,154	- 4,076	- 2,796	
Diminution of Fixed and Instangible assets				
<b>NET RESOURCE AME</b>	<b>- 8,154</b>	<b>- 4,076</b>	<b>- 2,796</b>	
<b>CAPITAL DEL</b>				
Tangible additions				
Tangible disposals				
Intangible additions	765,000	441,000	104,837	-76%
Intangible disposals				
<b>NET CAPITAL DEL</b>	<b>765,000</b>	<b>441,000</b>	<b>104,837</b>	
<b>TOTAL CASH (G+K)</b>	<b>3,530,071</b>	<b>2,025,708</b>	<b>1,152,969</b>	

>10% Overspend  
>10% Underspend  
<= 10% tolerance