

# Information Commissioner's Annual Report and Financial Statements 2017-18

Report Presented to Parliament pursuant to Section 52(1) of the Data Protection Act 1998 and Section 49(1) of the Freedom of Information Act 2000 and Accounts Presented to Parliament pursuant to paragraph 10(2) of Schedule 5 to the Data Protection Act 1998.

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# Performance report

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# Information Commissioner's foreword

This is my second annual report as the United Kingdom's Information Commissioner. 2017-18 has been a year of increasing activity and challenging actions, some unexpected, for the office.

The office would not have been successful in dealing with the numerous challenges we faced in 2017-18 without the capability and the commitment of the staff and I would like to acknowledge them. Whether it be our outreach staff in Cardiff, Belfast and Edinburgh or our staff in the main office in Wilmslow – the successes of the year are your successes.

I would also acknowledge the ongoing support and guidance of my Management Board, both executive and non-executive members. Their willingness to advise and guide me on a wide range of matters is invaluable.

At the time of my previous annual report the office was heavily involved in preparations for the upcoming General Data Protection Regulation (GDPR), working on guidance with our EU counterparts and identifying how our own processes needed to change to take account of the GDPR.

In 2017-18 this activity has upped a few gears and involved many more staff. We have produced well received guidance on the new law for organisations, and have also continued a successful change management process to ensure our internal processes and workflows are up to the demands placed upon us by GDPR.

All this preparation for the new law has taken place against the backdrop of continued increases in demand for ICO adjudication on data protection and freedom of information casework. I am heartened to report that we have managed to close more cases than last year. This is truly impressive considering the same staff working on cases have also had to upskill their knowledge to take account of legislative changes and provide in-house training to new starters at the ICO. The ability of our staff to handle this increased workload demonstrates our ability to adjust and expand to increased demand for our regulatory services. This should reassure UK citizens that the ICO will be up to the challenge of handling their concerns well into the future even if caseloads rise as our projections indicate.

The ICO's pay levels have fallen out of step with the rest of the public sector so I made a personal effort, supported by senior leadership colleagues and others, to make a compelling case to improve pay at the ICO. The recommendations I made were accepted by Government and the three-year pay flexibility now afforded to the ICO will ensure that we can retain our high performing staff while recruiting new talent.

We continue to take decisive action on nuisance calls and the misuse of personal data, an area of particular aggravation for people. This included a record £400,000 fine for TalkTalk following an ICO investigation into their failure to implement basic cyber security measures which led to a data breach as well as actions against a number of charities.

We commenced an investigation involving over 30 organisations, including Facebook and Cambridge Analytica, into their use of personal data and analytics for political campaigns. This investigation is ongoing.

Our helpline and advice service expanded in line with increased demand for our services, offering a frontline ICO presence to both people and organisations. In the lead up to GDPR taking effect, we saw significant increases in demand from organisations who want to ensure they are compliant. We've responded to this demand by introducing a new helpline specifically tailored to small businesses and their particular concerns. We've also made it easier for organisations to report data breaches to us by putting a telephone-based data breach reporting service in place.

For organisations fully engaged in their preparations for GDPR, we have greatly expanded our Guide to GDPR to move towards making it our core piece of guidance on data protection. Our audit staff have been able to advise on good practice principles such as record keeping during their busy year conducting audits, including the very important follow-up audits of organisations who have already received an initial assessment from the ICO.

We recognised that individuals must be taken along with us in the change to GDPR. We prepared an education and awareness-raising campaign to ensure people are aware of their rights under the new data protection regime. The 'Your Data Matters' campaign has been designed to work as a series of adaptable messages which organisations can tailor to their own customer base to inform them of their data rights. In addition the ICO will promote these key messages to individuals through various promotional channels. It is only through informed, empowered individuals exercising their information rights that we will see real and sustained compliance across the UK.

Our policy staff provided sound advice on government proposals during the passage of the Data Protection Act 2018. The Act implement the parts of the GDPR left to UK discretion in addition to applying data protection law to areas beyond the scope of the GDPR. We provided regular published updates to Parliamentarians as the bill progressed through Parliament, highlighting areas of concern for the ICO.

This is an important time for privacy rights. A new legal framework in our immediate future, increased public interest in their data protection and access rights. Transparency and accountability must be paramount, otherwise it will be impossible to build trust in the way that personal information is obtained, used and shared online.

I believe the data and evidence in this report indicates the ICO is the proactive digital regulator the UK needs for the ongoing challenges of upholding information rights in the digital world.



**Elizabeth Denham**

10 July 2018

# Our mission, vision and strategic goals

## Our Mission

To uphold information rights for the UK public in the digital age.

## Our Vision

To increase the confidence that the UK public have in organisations that process personal data and those which are responsible for making public information available.

## Strategic goals

1. To increase the public's trust and confidence in how data is used and made available.
2. Improve standards of information rights practice through clear, inspiring and targeted engagement and influence.
3. Maintain and develop influence within the global information rights regulatory community.
4. Stay relevant, provide excellent public service and keep abreast of evolving technology.
5. Enforce the laws we help shape and oversee.

and from April 2018

6. To be an effective and knowledgeable regulator for cyber related privacy issues.

# The legislation we regulate

The **Data Protection Act 1998** (DPA 1998) was the data protection legislation the ICO regulated during 2017-18. It gave citizens important rights, including the right to know what information was held about them and the right to correct information that was wrong. It also helped protect the interests of individuals by obliging organisations to manage the personal information they held in an appropriate way.

As of 25 May 2018 the new Data Protection Act 2018 (DPA 2018) and the GDPR both commenced, superseding the duties and obligations under the 1998 Act.

The **Freedom of Information Act 2000** (FOIA) gives people a general right of access to information held by most public authorities. Aimed at promoting a culture of openness and accountability across the public sector, it enables a better understanding of how public authorities carry out their duties, why they make the decisions they do and how they spend public money.

The **Privacy and Electronic Communications Regulations 2003** regulate the use of electronic communications for the purpose of unsolicited marketing to individuals and organisations, including the use of cookies.

The **Environmental Information Regulations 2004** provide an additional means of access to environmental information. The Regulations cover more organisations than the FOIA, including some private sector bodies, and have fewer exemptions.

The **Infrastructure for Spatial Information in the European Community Regulations 2009** (INSPIRE) give the Information Commissioner enforcement powers in relation to the pro-active provision by public authorities of geographical or location based information.

The **Re-use of Public Sector Information Regulations 2015** (RPSI) gives the public the right to request the re-use of public sector information and details how public bodies can charge for re-use and license the information. The ICO deals with complaints about how public bodies have dealt with requests to re-use information.

The **Investigatory Powers Act 2016** (IPA) imposes duties on communications service providers in respect of the retention of communications data for third party investigatory purposes where they have been issued with a notice from the Secretary of State. The Information Commissioner has a duty to audit the security, integrity and destruction of that retained data.

The **Electronic Identification and Trust Services for Electronic Regulations 2016** (eIDAS) sets out rules for the security and integrity of trust services including electronic signatures, seals, time stamps and website authentication certificates. The ICO has a supervisory role towards organisations providing these trust services, including being able to grant qualified status to providers who demonstrate compliance with certain areas of the regulations and the ability to take enforcement action.

The **Network and Information Systems Regulations 2018**, (NIS), are derived from the European NIS Directive which establishes a common level of security for network and information systems. These systems play a vital role in the economy and wider society, and NIS aims to address the threats posed to them from a range of areas, most notably cyber-attacks.

# Our major achievements and work this year

## Goal 1: To increase the public's trust and confidence in how data is used and made available

### **Publicising GDPR and data protection**

To help ensure people know their rights under GDPR, in May 2017 we launched a publicity campaign entitled GDPR One Year To Go which promoted key data protection messages on social media, and developed a further campaign, Your Data Matters, which was launched at our April 2018 Data Protection Practitioners Conference. This campaign allows us to offer off the shelf communications materials on individual rights to organisations who are keen to promote these rights to their customers.

During the year we also worked hard to make the ICO website (and hence our guidance) more visible when people search for data protection. Our Guide to GDPR has had two and a half million views. This is our core guidance on the new legislation and includes information on the lawful bases for processing, accountability and documentation requirements and individual rights.

We also published new content on legitimate interests and Data Protection Impact Assessments, an interactive tool to help organisations identify their lawful basis for processing personal data, a Guide to the Law Enforcement Directive and an introduction to the Data Protection Bill which subsequently received Royal Assent on 23 May 2018.

### **Assistance for small and medium sized enterprises (SMEs) and other similar organisations**

In recognition of the particular problems those running small businesses and charities faced when preparing for GDPR we have run a series of radio adverts aimed at raising GDPR awareness in the sector, and, in November 2017, we launched a dedicated SME advice line.

We also published guidance to help SMEs understand their new data protection obligations under GDPR, and a new version of our self-assessment toolkit. This is also aimed at SMEs and includes GDPR checklists.

Additionally we developed frequently asked questions and their answers for small organisations in the health, charity, local government and education sectors, and supported a range of stakeholders and representative bodies as they have produced their own GDPR guidance. These included the Direct Marketing Association, the National Health Service (NHS), the Health Research Authority and the Department for Education.

### European GDPR guidance

In fulfilling our role as an information rights regulator we contributed to a number of Article 29 Working Party guidelines explaining the GDPR, led the work on automated decision making and personal data breach notification, and helped draft guidelines on consent, administrative fines, transparency, data portability, the Law Enforcement Directive and international transfers between public bodies for administrative cooperation purposes.

Finally we led on work on certification and accreditation and provided detailed input to the opinion on the proposed e-Privacy Regulation.

### Our audits

To improve information rights compliance in both organisations and in specific sectors, during the year we undertook 26 audits of which 18 related to data protection compliance and eight to compliance with PECR, providing advice and recommendations. We also undertook 24 follow-up audits checking that recommendations we had made previously had been acted upon. In addition we undertook 43 information risk reviews, which focussed on the higher education sector and on breach reporting in local and central government, and 56 SME advisory visits.

### Fundraising under GDPR

Charities have been concerned about how best to comply with the GDPR when fundraising. We have spoken at a range of events, including ones arranged by the National Council of Volunteer Organisations and at the Houses of Parliament, aimed at supporting charities prepare for GDPR. We also provided detailed input on guidance produced by the Fundraising Regulator and the Institute of Fundraising on GDPR and wealth screening.

### Other guidance

We amended our guidance on international transfers to reflect developments related to the EU-US Privacy Shield and we reflected significant new case law on the concept of disproportionate effort in our Subject Access Code of Practice. We also published our new Guide to eIDAS.

## Goal 2: Improve standards of information rights practice through clear, inspiring and targeted engagement and influence

### Key note speeches

During 2017-18 the Commissioner delivered speeches on information rights and on specific aspects of the law and policy. These amplify the ICO's key messages and are further refined for specific audiences by ICO staff at other events. The main Commissioner's speeches included:

- The National Police Chiefs' Council Information Practitioner event, on policing and data protection.
- Privacy Laws and Business annual conference, on promoting privacy with innovation within the law.
- Archives and Records Association annual conference, on a duty to document in the public sector.
- CBI Cyber Security Conference, on the link between data protection and cyber security.
- Institute of Directors Digital Summit, on innovation in the commercial sector and data protection.
- TechUK Data Ethics Summit, on ethics in data use innovation.
- Association of Chief Executives and Public Chairs' Forum, on executive's responsibility for information rights compliance.
- Privacy and Security Conference Canada, on a comparative approach to data protection and data flows in the UK and Canada.
- Direct Marketing Association's Data Protection 2018 event, on the ICO's preparations for GDPR.
- Centre for Research into Information, Surveillance and Privacy annual lecture, on the varied roles of the Information Commissioner.
- University College London Department of Information Studies 2018 annual Jenkinson Lecture, on transparency and FOI.
- Alan Turing Institute - The GDPR and Beyond: Privacy, Transparency and the Law - event, on developments in artificial intelligence and how they can comply with data protection.

### Select Committees and consultations

Reflecting the high parliamentary and media interest in our work we provided oral evidence to the following Select Committees:

- The House of Lords Committee on Artificial Intelligence.
- The Home Affairs Committee on Post Brexit Law Enforcement Cooperation.
- The House of Commons Science and Technology Committee on algorithms in decision making.
- The House of Lords Communications Committee on the advertising industry.

- The House of Commons Department for Digital, Culture, Media and Sport (DCMS) Committee on fake news.
- The Public Administration and Constitutional Affairs Committee's inquiry on Sourcing public services: lessons learned from the collapse of Carillion.

In addition we presented informally to other Select Committees and All Party Parliamentary Groups (APPGs) including the House of Lords Science and Technology Committee, the House of Commons DCMS Committee, the APPG for Artificial Intelligence, the APPG for Data Analytics and the Parliamentary Internet, Communications and Technology Forum. We also provided written evidence to a wide range of other parliamentary groups.

### **The passage of the Data Protection Bill through Parliament**

The Data Protection Bill entered Parliament in September 2017. It included the UK's national implementing measures and derogations for the GDPR and applied these provisions to areas not covered by European Union law, along with measures to implement the European Union Law Enforcement Directive and covering domestic law enforcement processing and the intelligence services. The Bill received Royal Assent in May 2018.

We dedicated significant resources to the drafting of the Bill and to making amendments during its parliamentary passage. This included amendments where we believed the law needed strengthening such as around our investigative powers.

We also helped Parliamentarians understand the Bill and our views on where changes were necessary; providing briefings at key points, giving evidence to the Common's Public Bill Committee and launching a webpage so that our views on the Bill were readily accessible. We also engaged with others on how the Bill's provisions would work in practice. And we participated in the Cross Government Implementation Group to ensure that government departments received timely and consistent advice and that we were alert to issues that needed our attention.

### **Age verification when accessing pornography**

The British Board of Film Classification consulted on draft guidance about its role as the age verification regulator for access to pornography. We provided input on the data protection issues that pornography providers must consider when implementing age verification mechanisms.

### **Political campaigning in the June 2017 General Election**

Before the June 2017 General Election we updated our guidance on political campaigning to reflect the increasing use of data analytics. To help ensure the political parties knew about the guidance we held a briefing session for the main political parties.

In addition we worked with House of Commons authorities and Government to provide advice to Members of Parliament on the implications for them of GDPR, and advice to political parties in preparation for GDPR through one to one liaison and a group briefing session.

### **Work with civil society groups**

To increase our understanding of information rights concerns and to introduce the ICO grants and contributions programme, we continued to develop a constructive relationship with civil society groups including holding discussions on the implications of, the then, Data Protection Bill.

### **Data sharing codes of practice under the Digital Economy Act**

We engaged with Government on the data sharing codes and regulations arising from the Digital Economy Act 2017. In response to the public consultation, we welcomed the inclusion of a publicly available register of information sharing agreements.

### **Verify identity assurance programme**

We worked with Government on its digital transformation programme, including the verify identity assurance programme which is being rolled out across a range of public services. We participated in the related privacy and consumer group that included a number of civil society and other interests.

### **Grenfell Tower tragedy**

During the autumn of 2017 the Commissioner received ten complaints about the Royal Borough of Kensington and Chelsea and its failure to respond to information requests relating to the Grenfell Tower disaster. Following investigation the Commissioner issued seven decision notices requiring the Council to issue responses.

We also raised awareness of the importance of proactively releasing fire safety assessment information and are considering including such information in publication scheme requirements.

### **Automatic Number Plate Recognition (ANPR)**

The police use ANPR technology to capture and retain a record of every vehicle that drives past an ANPR camera. The retention period for this data is two years.

Along with the Surveillance Camera Commissioner and others we have flagged up concerns about this retention period. Research has shown that the data has value for up to a year but keeping it longer is difficult to justify. As a result the police have now agreed to reduce the retention period to one year. This will result in the deletion of billions of records and means a more proportionate approach to retention will be in place.

## Goal 3: Maintain and develop influence within the global information rights regulatory community.

### International Strategy

To protect the UK public's personal data in a digital global environment the ICO needs to co-operate internationally. To support this we have developed an International Strategy for 2017 to 2021. The strategy sets out the main challenges faced by us and the structure, resourcing, engagement and evaluation needed to allow us to meet the strategy.

In taking the strategy forward the ICO has hosted visits from South Africa, Singapore, Nigeria and Turkey.

The ICO also hosted the International Conference of Information Commissioners in Manchester, which focused on freedom of information law and public institutions' transparency. And the Information Commissioner took a leading role at the 39th edition of the International Conference of Data Protection and Privacy Commissioners. She was elected to the Executive Committee and the ICO won the People's Choice award for its work on Artificial Intelligence and Big Data.

### Participation in global networks

To allow us to develop the relationships and understanding we need to co-operate internationally, the ICO participates in a range of global networks.

In 2017 the first Global Privacy Enforcement Network Practitioner Event was held in Manchester. This brought together enforcement staff from privacy enforcement authorities across the world, as well as other relevant regulatory bodies, to discuss practical approaches to enforcement and other common themes and issues.

The ICO also led the 2017 Global Privacy Enforcement Network Sweep, with 24 regulators from around the world looking at the control users have over their personal information. The privacy notices, communications and practices of 455 worldwide websites and apps were assessed. The ICO reviewed 30 websites in the retail, finance and travel sectors, and found that privacy notices were often inadequate.

In October 2017 members of the Unsolicited Communications Enforcement Network met in Canada alongside members of the Messaging, Malware and Mobile Anti-Abuse Working Group. The ICO provided updates on our own intelligence gathering and enforcement activity.

Finally we jointly led the first Unsolicited Communications Network Sweep, working with the Canadian Radio-television and Telecommunications Commission. Nine regulatory and enforcement agencies from five countries participated, visiting 902 websites and examining over 6,000 consumer complaints relating to affiliate marketing (an arrangement allowing a

company to generate business by allowing affiliated organisations to promote their products and services). Findings included a lack of self-regulation and of consent for sending electronic communications, and misleading advertising being used by affiliates.

### **European engagement**

In addition to European GDPR guidance, we were also involved in developing the rules of procedure for the European Data Protection Board, the communications system for the Board and core content of the Board's website.

## **Goal 4 – Stay relevant, provide excellent public service and keep abreast of evolving technology.**

### **Resource and Infrastructure Strategy**

To help us change so that we can regulate the GDPR and the DPA 2018 from 25 May 2018, and to help us meet our Information Rights Strategic Plan, we developed a Resource and Infrastructure Strategic Plan which runs to September 2021. The plan covers:

- Recruitment.
- IT services.
- Funding.
- Contact services.
- Governance processes.

### **Technology Strategy**

We also developed a Technology Strategy, again running up to 2021. This will help us develop the technical knowledge and understanding of the ICO and covers:

- Educating staff on technology issues.
- Guidance for organisations and information to the public on data protection risks arising from technology.
- Research into data protection risks.
- Engaging with other regulators and international networks on technological issues.

### **Grants programme**

We launched our first ever research grants scheme in June 2017, receiving 117 applications. The scheme is designed to support innovative research and solutions focused on privacy and data protection issues.

After appraising the applications we announced funding for four independent research projects on:

- Development of a digital tool to help individuals protect and enforce their data protection rights, particularly in the insurance and banking sectors.

- Development of an online tool for the public and organisations to evaluate the risk of re-identification of pseudonymised data.
- Development of a tool for healthcare professionals to share medical information securely to support research (as part of the Great North Care Record).
- A project looking at children's information rights and privacy, with the intention of it leading to the production of an online toolkit for children to increase their awareness and competency around online privacy.

Grant recipients presented an overview of their projects at the recent ICO Data Protection Practitioner Conference.

### Technology Reference Panel

In March 2018 the ICO published its Technology Strategy. As part of the strategy we will reconstitute our Technology Reference Panel to ensure we receive expert advice on, and strategic insight into, emerging technologies, and to develop a new stakeholder engagement map focussed on technology. To assist with this we will seek to engage with:

- Professional bodies focused on technology.
- Academic and public sector technology networks.
- University departments and industry bodies which are also focussed on technology.

### Artificial intelligence technology

We are working with the Alan Turing Institute on artificial intelligence to develop a framework to help explain how decisions using artificial intelligence are made. Work in this area will include the appointment of a two year post doctoral post in artificial intelligence and one of the four annual meetings of the Technology Reference Panel will also focus on artificial intelligence.

## Goal 5: Enforce the laws we help shape and oversee.

### Civil monetary penalties

This year we issued the largest number, and amount, of civil monetary penalties since getting the power to do so.

In relation to breaches of the DPA 1998, we issued eleven monetary penalty notices totalling £1,290k for serious security failures. Of these, a penalty notice of £400k (the joint highest ever) was served against Carphone Warehouse following a serious cyber-attack which placed customer and some employee data at risk.

Eleven monetary penalties were also issued in April 2017 to various charities for unlawfully processing donors' personal data, and two monetary penalties were issued to data-broking organisations in connection with nuisance calls and messages.

In respect of breaches of PECR, twenty six penalties were issued totalling £3,280k; half of which were issued for unlawful live and automated marketing calls, including a penalty of £400k against Keurboom Communications for making nearly 100 million such calls. Ten enforcement notices were also issued and we executed three search warrants over the course of the year at locations in Nottingham, Stockport and Glasgow.

We also issued fourteen preliminary enforcement notices and six enforcement notices requiring data controllers to comply with requests made by individuals under the DPA 1998 for their own personal data.

### **Criminal investigations**

During 2017-18 we launched 19 prosecutions which resulted in 18 convictions for unlawfully obtaining data under Section 55 of the DPA 1998. One trial, under Section 56 of the DPA 1998 for a possible enforced subject access offence, was discontinued.

Six cautions were issued for other Section 55 of the DPA 1998 offences.

We ran two major investigations into the illegal acquisition of data in the auto-motive repair industry, executing eleven search warrants in relation to these and other criminal investigations. And we are running a criminal investigation into alleged breaches of Section 55 of the DPA 1998 by corporate clients believed responsible for tasking private investigators to unlawfully obtain personal data. The ICO launched the investigation in September 2013 following a referral from the National Crime Agency.

Following our investigation a jury found all defendants guilty on 15 of the 18 counts. Sentencing took place in January 2018. Woodgate & Clark, along with a director, a senior employee and two private investigators, were ordered to pay a combined £185k in fines, along with a total of £82.5k in costs.

### **Self reported breaches**

The number of self-reported data breaches has increased by 29% from 2,447 last year to 3,156 this year. Under GDPR, from 25 May 2018 it is a requirement for organisations to report serious data breaches to the ICO and awareness of this could be a factor in the increase. Cyber incidents also make up part of the increase, with 361 such cases reported this year.

The sector that reported the largest number of breaches was health, making up 37% of all cases. Breach reporting is already mandatory in this sector.

### **Freedom of information monitoring**

We have engaged with a number of public authorities about their handling of responses to freedom of information requests. Following this, progress has been made on the timeliness of those bodies' responses.

**Telephone Preference Service (TPS)**

In January 2017 the Commissioner was assigned statutory responsibility for the TPS. This is the UK's opt-out register for people who do not wish to receive live marketing calls. Over the course of the year we integrated the TPS complaint reporting systems into our own – enabling quicker receipt and assessment of intelligence for our enforcement teams. We also started work to remove invalid telephone numbers from the register, ensuring that the TPS remains efficient and fit for purpose.

# Financial performance summary

## Grant in aid

Freedom of information expenditure continued to be funded by grant in aid. The grant in aid for 2017-18 was £5,195k (2016-17: £3,750k).

£1,400k of the grant in aid was to enable the ICO to prepare, during the 2017-18 year, for implementation of the GDPR in May 2018. The additional funding will be paid back during 2018-19 from data protection fee income received.

No grant in aid was carried forward in 2017-18 (2016-17: nil).

## Fees

During 2017-18 data protection related work was financed by fees collected from data controllers who had to notify their processing of personal data under the DPA 1998. The annual fee was £35 which applied to charities and small organisations with fewer than 250 employees. A higher fee of £500 was applicable for larger data controllers defined as those with an annual turnover of £25.9 million or more and employing more than 250 people. For public authorities employing more than 250 people the fee was also £500.

Fees collected in the year totalled £21,300k (2016-17: £19,729k); an 8% increase on the previous year.

## Annual expenditure

The total comprehensive expenditure for the year was £5,941k (2016-17: £4,504k).

## Financial instruments

Details of our approach and exposure to financial risk are set out in note 8 to the financial statements.

# Operational performance summary

This year has been an intense time for our operational teams who have done well to meet unprecedented demand and complexity.

The following figures reflect some significant increases in output across the organisation; output for freedom of information casework is up almost 12%, data protection complaints is up 23% and self-reported breaches up 30%. However, as expected, intake has also risen significantly as organisations began their preparation for GDPR implementation in May 2018 and individuals became more aware of their information rights and sought to exercise them.

In most services we have been able to keep pace with increased work levels and caseloads were manageable. We have also ended 2017-18 well placed to deal with the new data protection legislation with much of the needed GDPR operational methodology in place and a number of key items of GDPR procedure and approach completed.

However, the main impact has been on our front line customer services. Calls to our helpline are up almost 25%, with a significant amount of that increase arising after Christmas when we introduced a new phone service dedicated to helping small organisations prepare for GDPR; we received over 85,000 calls in quarter 4 compared to 56,000 calls in quarter 3. And requests for written advice also rose by 40% compared to last year.

We are keeping a careful eye on the situation as we gain experience of GDPR and as we recruit extra capacity for our operational teams.

# Operational Performance

## Advice services

### Calls to the helpline

Calls received



Calls answered



Call answer rates

	2016/17	2017/18
Percentage answered	95%	80%
Average wait time	53s	3m 23s

### Live Chat

Chats requested



Chats answered



Chat answer rates

	2016/17	2017/18
Percentage answered	97%	95%
Average wait time	4s	3s

**Written Advice**

Received



Finished



Caseload

31 March 2017	115
31 March 2018	3526

Age distribution of finished advice work

	2016-17	2017-18
7 days or less	75%	38%
14 days or less	88%	50%
30 days or less	98%	60%

Profile of advice service

- 85% of our enquiries are about the DPA, 9% PECR, 4% FOIA and 2% are hybrid.
- Approximately 68% of our enquires are from members of the public and 32% are from those we regulate.
- 3% of the enquiries received are sent to us in error.

## Data protection concerns

Received



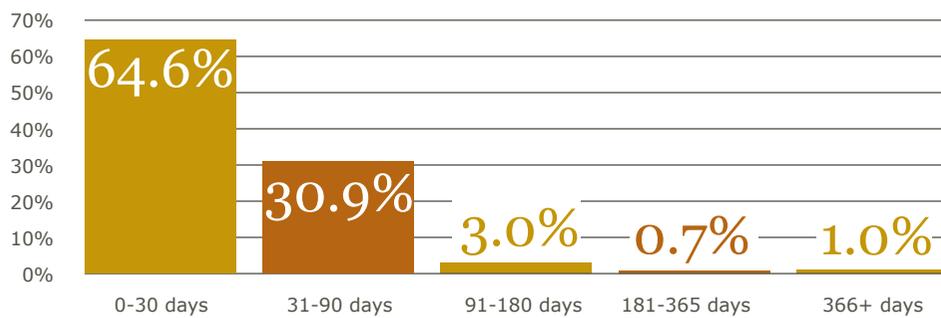
Finished



Caseload

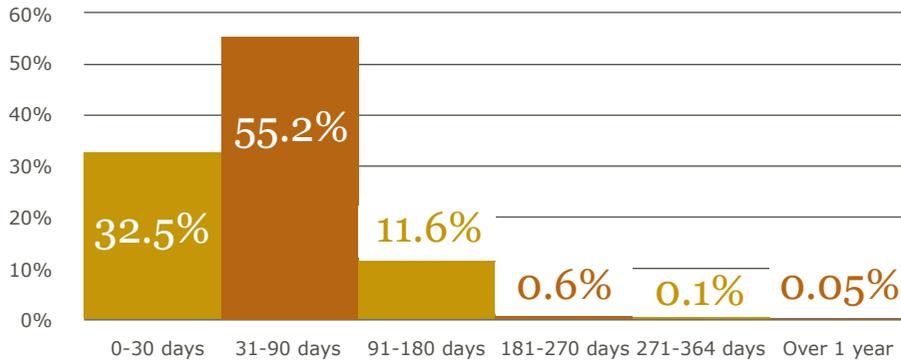


Age distribution of caseload as at 31 March 2018

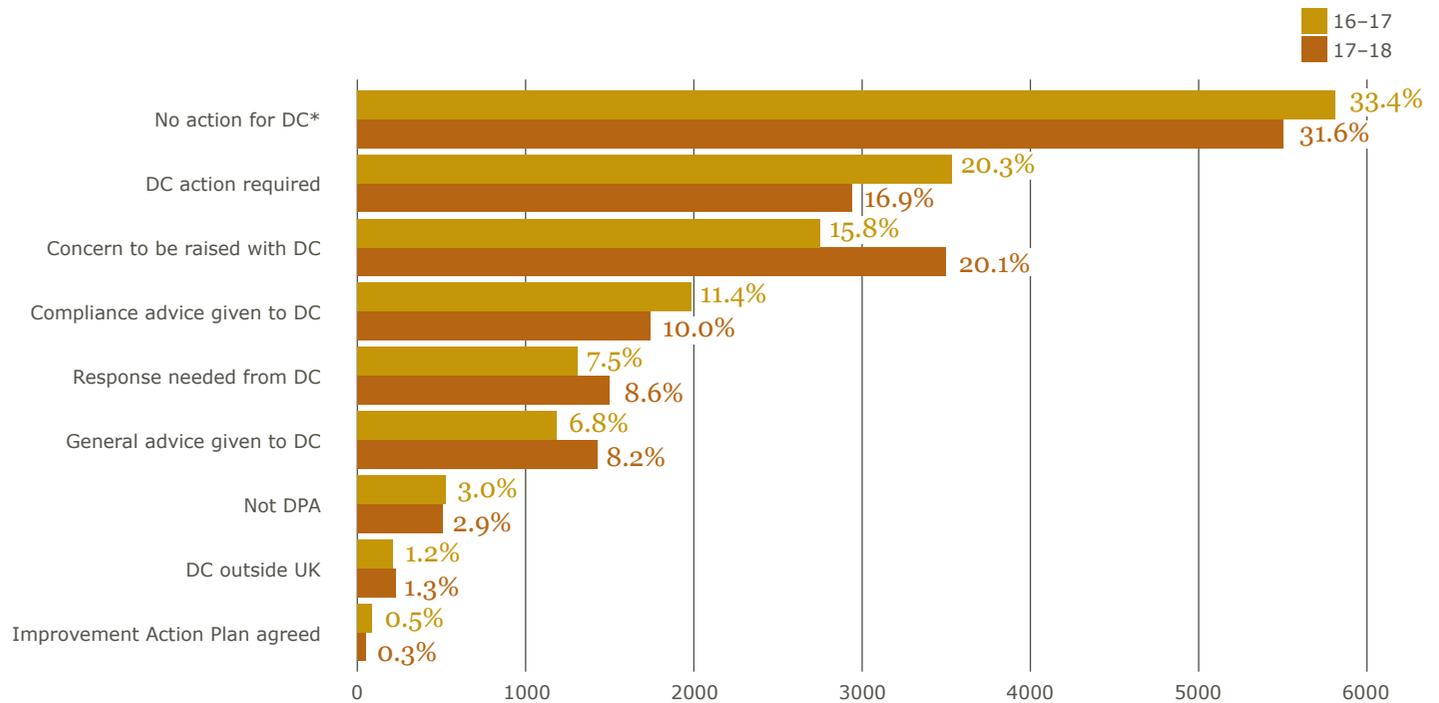


Age distribution of finished concerns

	2016-17	2017-18
30 days or less	32%	32%
90 days or less	90%	88%
180 days or less	98.5%	99.3%



Outcomes of concerns finished



\*Data Controller

DC action required, compliance advice given to DC, general advice given to the DC and action plan agreed, are all outcomes that result in us explaining to organisations how to improve their information rights practice in some way. These outcomes equal 35% of the total for the year.

Concerns finished with the following outcomes — order made, no order made, enforcement notice pursued, criminal investigation pursued, undertaking served and Civil Monetary Penalty pursued represented 0.1% of the total.

Areas generating most concerns where sector is specified

	2016-17	2017-18
General business	13%	12%
Health	10%	11%
Local government	10%	10%
Lenders	8%	8%
Policing and criminal	5%	5%
Central Government	5%	5%
Education	4%	5%
Other individuals	4%	4%
Internet	4%	4%
Telcoms	4%	3%

Reasons generating most concerns where nature is specified

	2016-17	2017-18
Subject access	42%	39%
Disclosure of data	17%	16%
Inaccurate data	11%	11%
Right to prevent processing	7%	9%
Security	7%	8%
Fair processing	5%	6%
Use of data	5%	4%
Retention of data	1%	2%
Excessive / Irrelevant data	2%	2%
Obtaining data	2%	2%

## Freedom of information

### FOI complaint casework

#### Complaints received



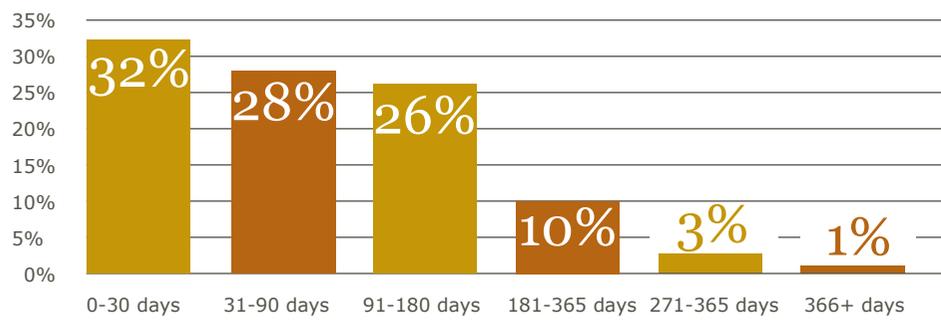
#### Complaints answered



#### Caseload

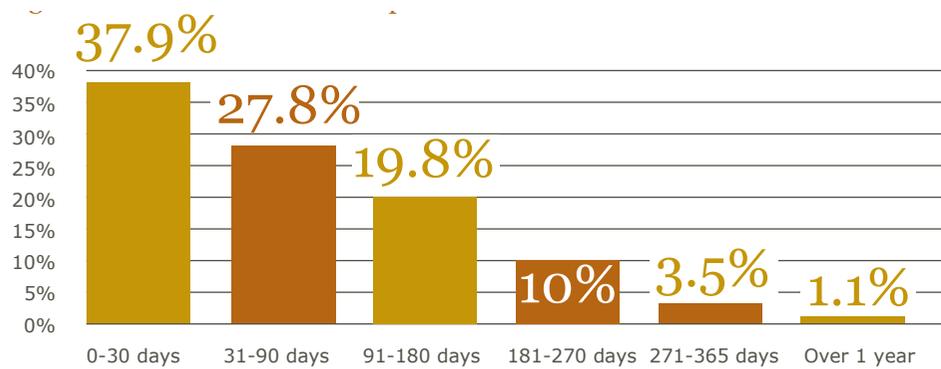
31 March 2017	1216
31 March 2018	1156

Age distribution of caseload as at 31 March 2018



Age distribution of finished complaint casework

	2016-17	2017-18
30 days or less	45%	38%
90 days or less	67%	66%
180 days or less	88%	86%
365 days or less	99.1%	98.9%



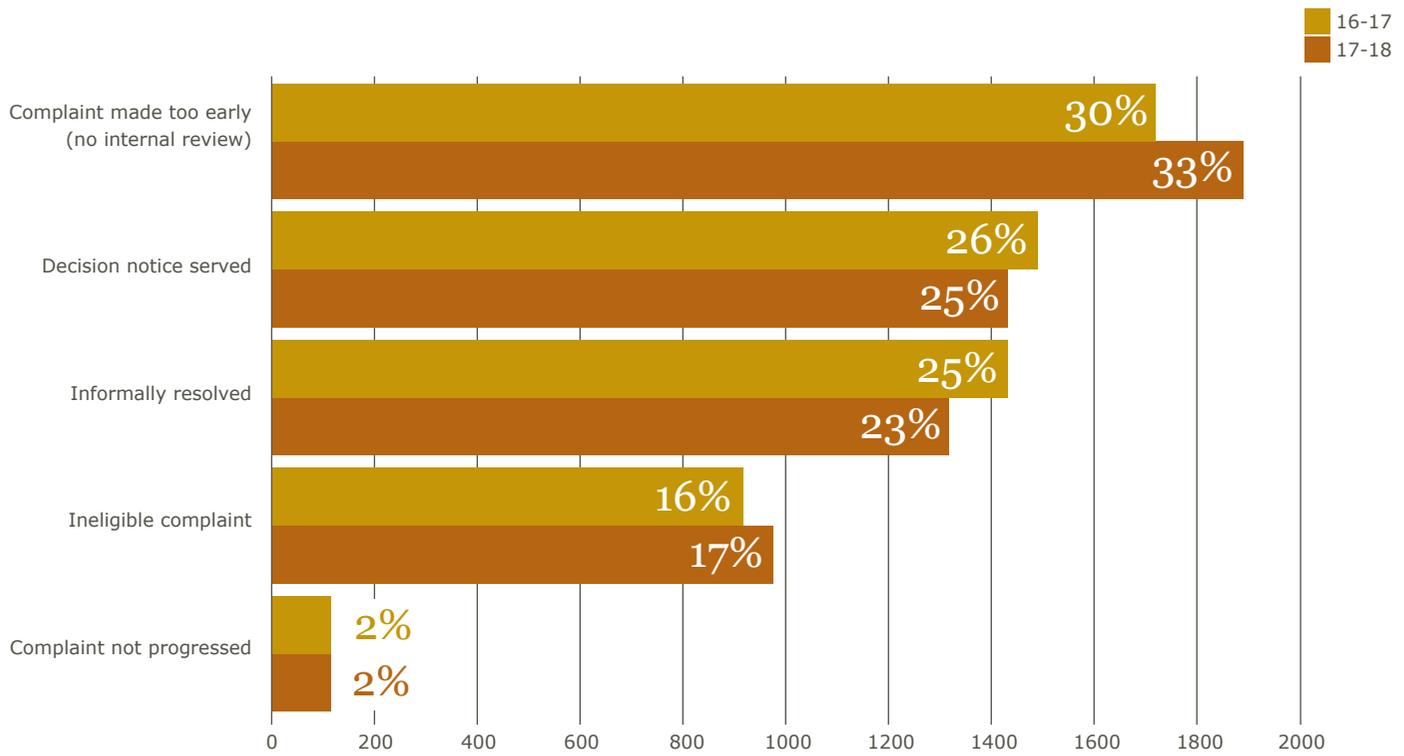
Areas generating most concerns where sector is specified

	2016-17	2017-18
Local government	39%	41%
Central government	17%	15%
Police & criminal justice	14%	17%
Health	12%	10%
Education	8%	9%
Private companies	0.5%	1%

Outcome of a complaint casework where a decision notice is served

	2016-17	2017-18
Total served	1329	1401
Upheld	232 (24.3%)	420 (30.0%)
Not upheld	787 (59.2%)	742 (53.0%)
Partially upheld	219 (16.5%)	239 (17.1%)

Outcomes of complaint casework finished



Appeals to the Information Rights Tribunal

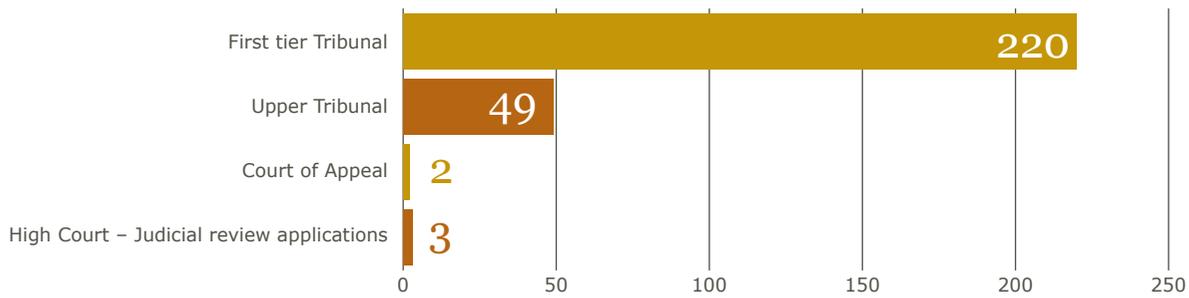
Received



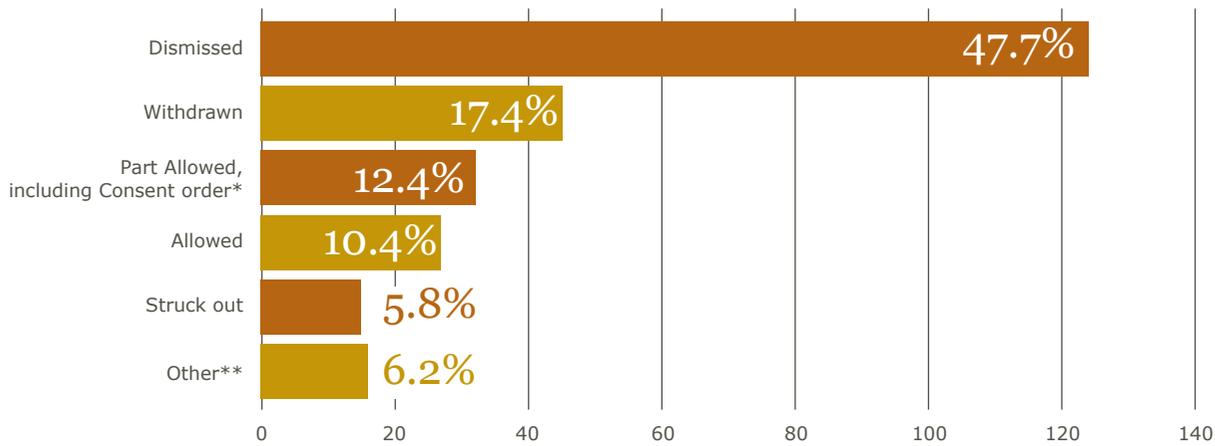
Finished



Open caseload as at 31 March 2018



Outcomes of Appeals finished in 2017-18



\* Part allowed appeals fall into two broad categories: first, those appeals where the Commissioner has made a decision on a number of exemptions or exceptions and the Tribunal disagrees with her decision in relation to some but not all of those conclusions, and therefore overturns parts, but not all, of her findings.

Second, are those cases where an exemption or exception has not been raised with the Commissioner during her investigation but is raised for the first time on appeal. Whilst not considered in the Commissioner’s Decision notice, the Tribunal will on occasion find such late pleaded exemptions or exceptions compelling, and may again find that the original decision was sound, but that part of the appeal should be allowed in light of the novel arguments raised on appeal.

\*\* Other is made up of appeal refused, appeal not valid and no right of appeal.

## PECR Concerns

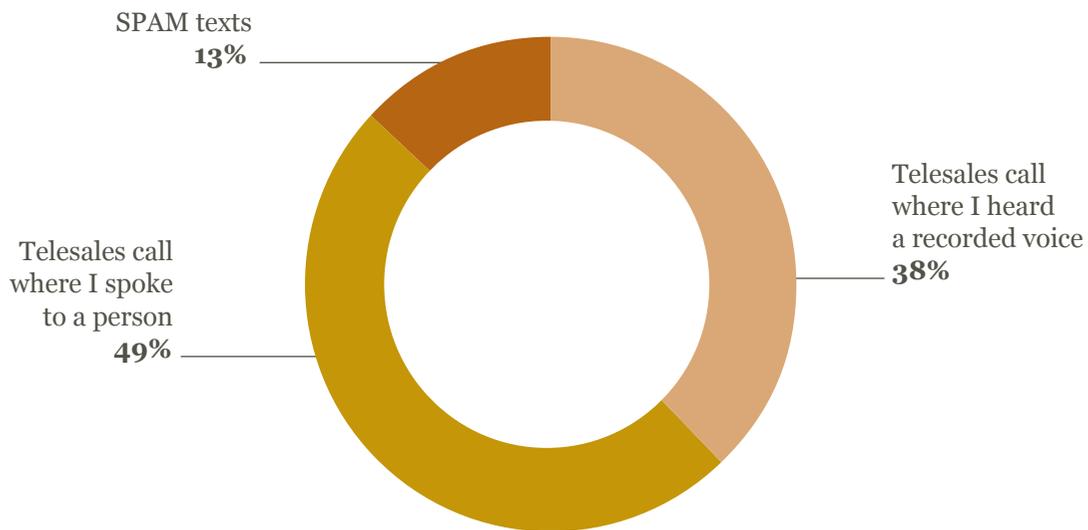
Concerns reported



Cookie concerns report

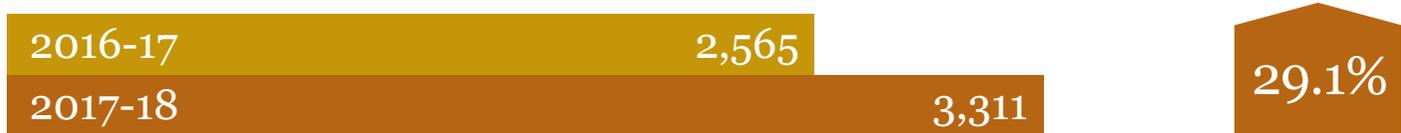


## Nature of telesales and SPAM texts reported



## Self reported data protection incidents

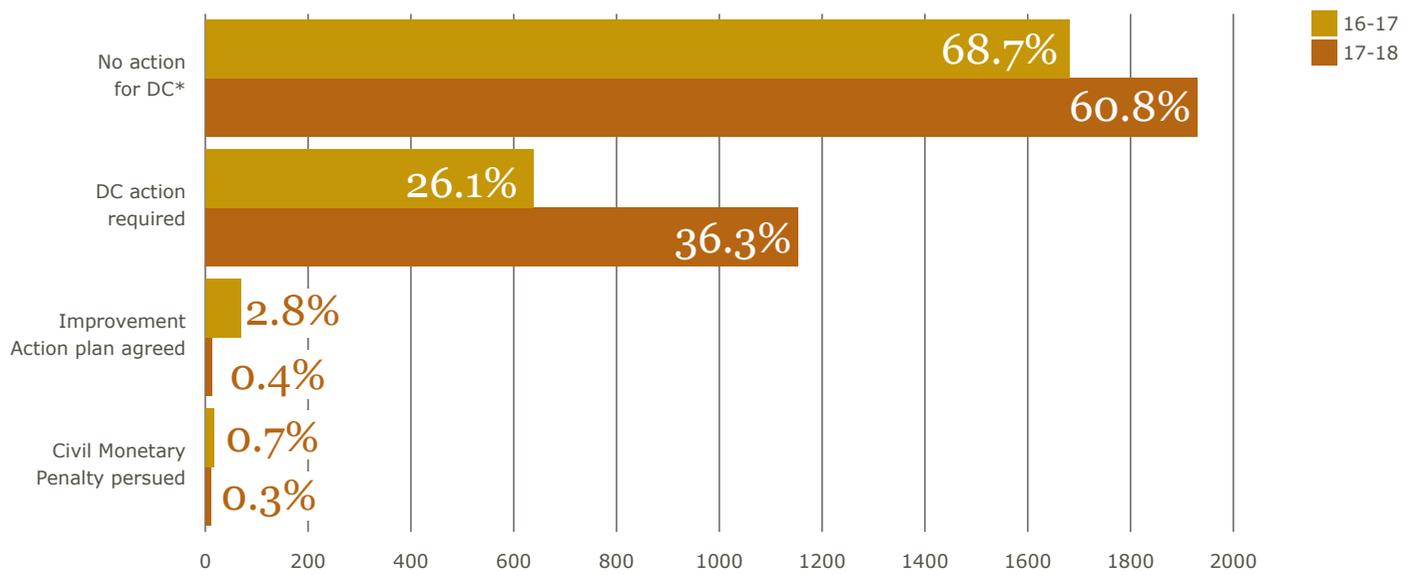
Received



Finished



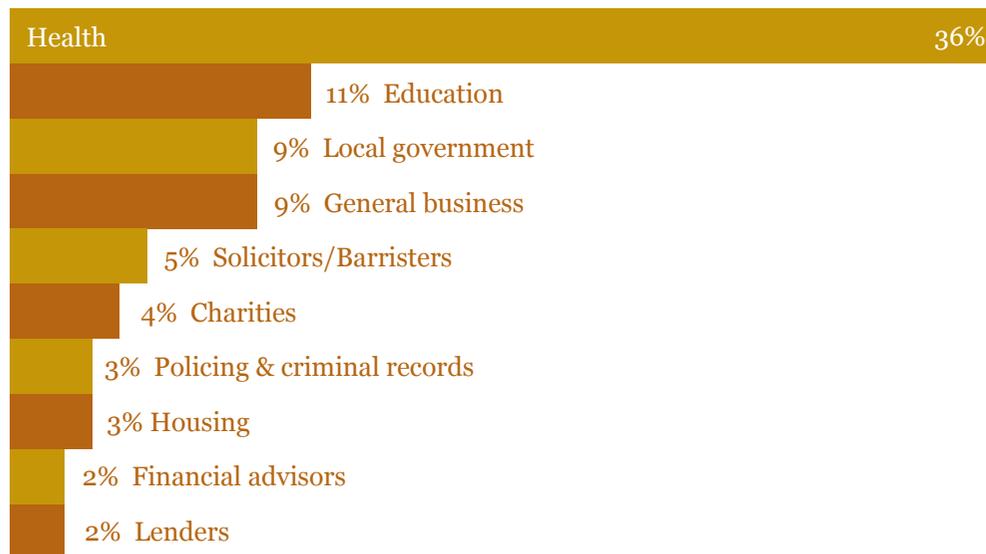
Outcomes of self reported incidents finished



\*Data Controller

Self reported incidents finished with the following outcomes — undertaking served, not DPA and DC outside UK represented 2.1% of the total.

Outcomes of self reported incidents finished



## Information access

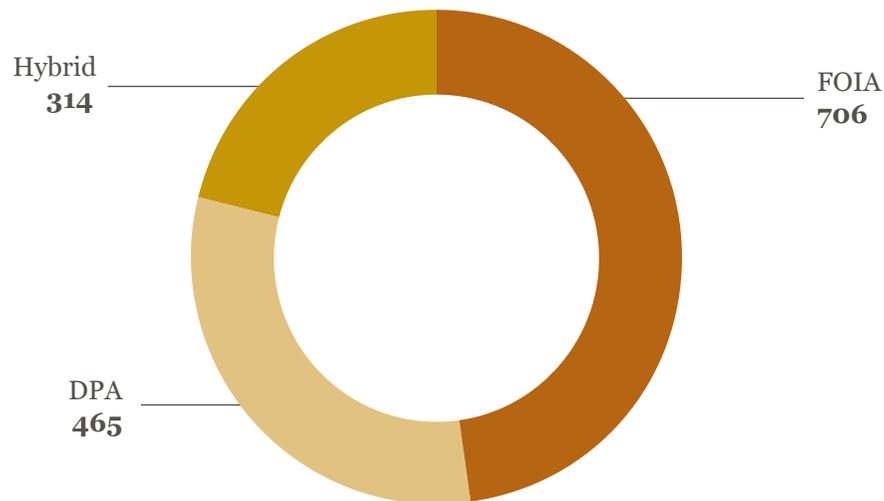
### Received



### Finished



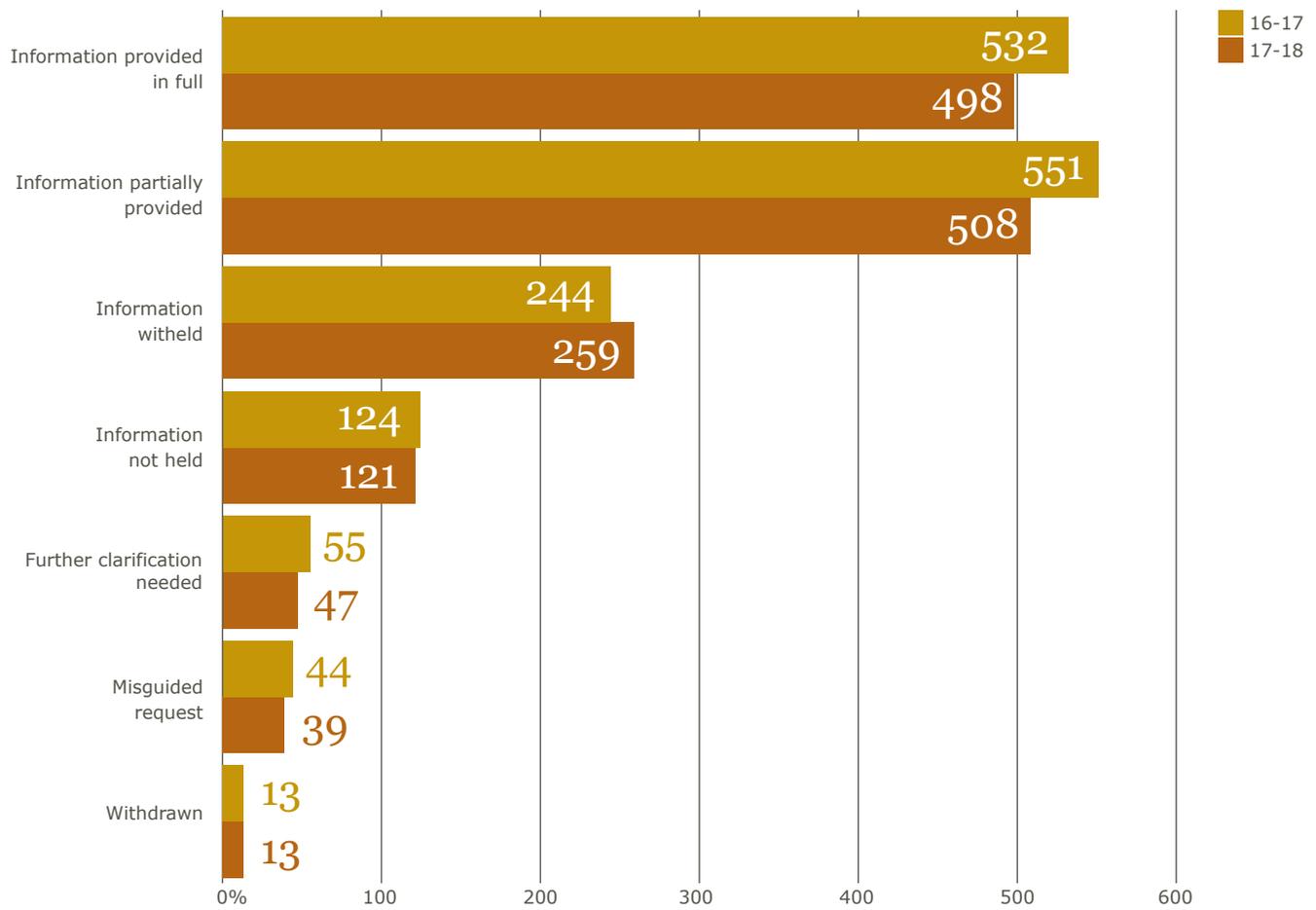
### Requests by legislation



### Response times

	2016-17	2017-18
Time for compliance	98%	97%
Average time (days)		
DP	18	19
FOI	12	14
Hybrid	12	12

### Request outcomes



### Internal reviews

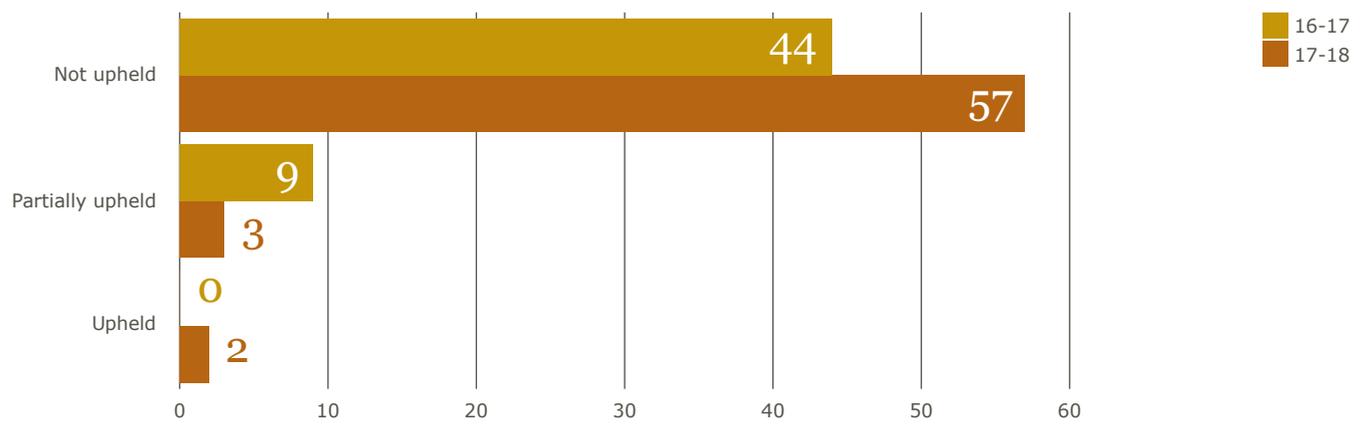
#### Reviews completed



#### Response times

	2016-17	2017-18
Completed in 20 days	45	56
Average days	16	16

### Review outcomes



# Sustainability

## Overall strategy

The ICO's carbon footprint is generated primarily from heating and lighting ICO accommodation, powering our IT infrastructure and from business travel.

We make as full a use of technology as possible to reduce electricity and gas consumption; for example by purchasing low energy use IT, fitting new more efficient boilers and installing motion detecting lights. And as we move our IT services to the Cloud we are reducing our reliance on servers which will help reduce energy consumption further.

We also aim to ensure appropriate and proportionate communications tools are in place so that we can engage with stakeholders through relevant channels. As a growing organisation there are increasing business travel demands, but, where appropriate, we seek to communicate electronically rather than have to travel for face to face meetings.

## Performance

With implementation of the GDPR in May 2018 and preparation for the enactment of the Data Protection Bill at the same time, the ICO has been very heavily involved in stakeholder engagement during the last year. This has led to higher levels of travel than previously which is reflected in the increase in travel emissions. Other changes are harder to explain but the increase in the use of electricity is possibly due to increased numbers of staff, and hence increased use of computers and lighting.

## Biodiversity action planning

The ICO is not responsible for any outside space and therefore does not have a biodiversity plan.

## Sustainable procurement

We ask those tendering for contracts to provide their sustainability statements and policies as standard in most procurement exercises.

**Green house gas emissions****Total tonnes CO<sub>2</sub>**

	2014-15	2015-16	2016-17	2017-18
Scope 1 (gas)	9	18	7	6
Scope 2 (electricity)	238	160	123	172
Scope 3 (travel)	67	94	86	127
Total emissions	314	273	217	306

**Tonnes CO<sub>2</sub> per full time equivalent staffing**

	2014-15	2015-16	2016-17	2017-18
Scope 1 (gas)	0.02	0.04	0.02	0.01
Scope 2 (electricity)	0.65	0.39	0.30	0.33
Scope 3 (travel)	0.19	0.23	0.21	0.25
Total	0.86	0.67	0.53	0.59

**Waste minimisation and management and finite resource consumption****Total waste, water and paper consumption**

	2014-15	2015-16	2016-17	2017-18
Waste / tonnes	12	16	16	37
Water consumption / m <sup>3</sup>	2,791	2,100	2,382	5,963
A4 paper / reams	3,540	3,700	4,000	4,300

**Waste, water and paper consumption per full time equivalent staffing**

	2014-15	2015-16	2016-17	2017-18
Waste / tonnes	0.03	0.04	0.04	0.07
Water consumption / m <sup>3</sup>	7.68	5.14	5.82	11.61
A4 paper / reams	9.74	9.06	9.78	8.37

**Details of ICO performance:**

**Total Travel**

	2014-15	2015-16	2016-17	2017-18
<b>Cars</b>				
Kms	27,754	31,662	37,264	40,216
Cost £	7,762	8,484	8,195	11,023
Tonnes CO <sub>2</sub>	5	6	7	8

<b>Rail</b>				
Kms	664,623	637,460	615,052	820,202
Cost £	185,977	178,755	184,443	259,483
Tonnes CO <sub>2</sub>	32	29	28	37

<b>Flights</b>				
Number	186	496	254	515
Kms	176,528	377,845	327,356	523,413
Cost £	28,576	49,770	56,614	103,127
Tonnes CO <sub>2</sub>	31	60	52	82

<b>Travel summary</b>				
Cost £	222,315	237,009	249,252	373,633
Tonnes CO <sub>2</sub>	67	94	86	127

## Travel per full time equivalent staffing

	2014-15	2015-16	2016-17	2017-18
<b>Cars</b>				
Kms	76.35	77.49	91.11	78.27
Cost £	21.35	20.76	20.04	21.45
Tonnes CO <sub>2</sub>	0.01	0.01	0.02	0.01
<b>Rail</b>				
Kms	1,828	1,560	1,504	1,596
Cost £	511.63	437.48	450.96	505.03
Tonnes CO <sub>2</sub>	0.09	0.07	0.07	0.07
<b>Flights</b>				
Number	0.51	1.21	0.62	1.00
Kms	485.63	924.73	800.38	1,018.71
Cost £	78.61	121.81	138.42	200.71
Tonnes CO <sub>2</sub>	0.08	0.15	0.13	0.16
<b>Travel summary</b>				
Cost £	611.60	580.05	609.42	727.20
Tonnes CO <sub>2</sub>	0.19	0.23	0.21	0.25

## Total utilities

	2014-15	2015-16	2016-17	2017-18
<b>Gas</b>				
Kwh	47,569	99,146	37,336	34,514
Cost £	1,775	3,703	1,606	1,549
Tonnes CO <sub>2</sub>	9	18	7	6

<b>Electricity</b>				
Kwh	443,299	319,493	246,219	343,910
Cost £	66,959	64,957	50,238	65,122
Tonnes CO <sub>2</sub>	238	160	123	172

<b>Utility summary</b>				
Cost £	68,734	68,660	51,844	66,671
Tonnes CO <sub>2</sub>	247	178	130	178

## Utilities per full time equivalent staffing

	2014-15	2015-16	2016-17	2017-18
<b>Gas</b>				
Kwh	130.68	242.65	91.29	67.17
Cost £	4.88	9.06	3.93	3.01
Tonnes CO <sub>2</sub>	0.02	0.04	0.02	0.01

<b>Electricity</b>				
Kwh	1,218	782	602	669.35
Cost £	183.95	158.97	122.83	126.75
Tonnes CO <sub>2</sub>	0.65	0.39	0.30	0.33

<b>Utility summary</b>				
Cost £	188.83	168.04	126.76	129.76
Tonnes CO <sub>2</sub>	0.68	0.44	0.32	0.35

### Notes:

- Information on waste is provided by relevant contractors.
- Travel costs and mileage are collated from central records and from staff directly.
- Figures may not add due to rounding.

# Going concern

The accounts are prepared on a going concern basis as a non-trading entity continuing to provide statutory public sector services.

Grant in aid has already been included in the DCMS's estimate for 2018-19 and the Digital Economy Act 2017 allows the ICO to fund data protection related work through fees paid by data controllers from 25 May 2018 onwards when the DPA 2018 and the GDPR came into force.

There is no reason to believe that future sponsorship and parliamentary approval will not be forthcoming.



**Elizabeth Denham**  
10 July 2018



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# Accountability report

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# Directors' report

## Directorships and other significant interests held by Board members that may conflict with their management responsibilities

Membership of the ICO Management Board, along with further information, is detailed in the Governance Statement.

A register of interests is maintained for the Information Commissioner and her Management Board. It is published on the Commissioner's website at [www.ico.org.uk](http://www.ico.org.uk). Declarations of interest in any of the items coming to a particular meeting are also asked for at Board and Audit Committee meetings.

## Employee involvement and well being

The ICO has a policy of co-operation and consultation with recognised trade unions over matters affecting staff. Senior managers meet regularly with trade unions to discuss issues of interest, and staff involvement in the work of the office is actively encouraged as part of the day-to-day process of line management.

## Equal opportunities and diversity

We aim to ensure that all members of society have awareness of, and access to, their information rights and receive appropriate protection if their rights are infringed. To do this we have sought to include equality and diversity in our daily work.

Our Equality and Diversity Committee and Senior Leadership Team oversee our efforts to provide an increasingly accessible service.

We provide our staff with a work environment and IT systems which help meet a range of needs; including accessible offices and IT systems, flexible and part-time working (to help work-life balance) and the provision of occupational health services.

We also aim to recruit from a range of backgrounds and take the applicant anonymous approach when assessing candidates for employment.

## The community

This year, ICO staff chose to support the charity Dementia UK and raised just over £2,000 for the charity.

## Pension liabilities

Details on the treatment of pension liabilities are set out in note 3 to the financial statements.

## Personal data incidents

There have been no substantive security incidents during 2017-18.

## Public sector information holders

The ICO has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

## Annual accounts and audit

The annual accounts have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with paragraph (10)(1)(b) of Schedule 5 to the DPA 1998.

Under paragraph (10)(2) of Schedule 5 to the DPA 1998 the Comptroller and Auditor General was appointed auditor to the Information Commissioner for the financial year 2017-18. The cost of audit services for this year was £30k (2016-17: £30k). No other assurance or advisory services were provided.

So far as the Accounting Officer is aware there is no relevant audit information of which the Comptroller and Auditor General is unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of relevant audit information and to establish that the Comptroller and Auditor General is aware of that information.

## Directors' statement

Each of the persons who are directors at the time this report is approved:

- (a) so far as the director is aware there is no relevant audit information of which the auditor is unaware; and
- (b) the director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# Statement of the Information Commissioner's responsibilities

Under paragraph 10(1)(b) of Schedule 5 to the DPA 1998 the Secretary of State directed the Information Commissioner to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Information Commissioner at the year end and of her income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Information Commissioner is required to comply with the requirements of the Government Financial reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State with the approval of the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Information Commissioner's Office will continue in operation.

The Accounting Officer of the DCMS has designated the Information Commissioner as Accounting Officer for her Office. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances and for keeping of proper records and for safeguarding the Information Commissioner's assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.

The Accounting Officer confirms that, as far as she is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

# Governance statement

## Introduction

The Information Commissioner is a corporation sole as established under the DPA 1998. Under the terms of the EU Data Protection Directive (for 2017-18) and from 25 May 2018 the GDPR, the Information Commissioner and her office must be completely independent of Government. I am accountable to Parliament for the exercise of my statutory functions and the independence of the ICO is enshrined in legislation.

## Relationship with the DCMS

The DCMS is the sponsoring department for the ICO. The relationship with the department is governed by a draft Management Agreement which sets out our responsibility to support the work of both organisations and to help ensure my independence and that of my office. The draft agreement also ensures that appropriate reporting arrangements are in place to enable the DCMS to monitor the expenditure of public money allocated to the ICO.

The DCMS has policy responsibility for the DPA and its associated legislation. The Cabinet Office has policy responsibility for the FOIA.

## Management Board

I have a Management Board to support me in the role of Accounting Officer. The Board is responsible for developing strategy, monitoring progress in implementing strategy, providing corporate governance and assurance and for managing corporate risks. The Board comprises myself, two Deputy Commissioners, a Deputy Chief Executive Officer and up to four non-executive members. My General Legal Counsel also attends Board meetings.

The Board meets quarterly and considers risk management and operational, financial, organisational and corporate issues. It also receives reports from my Audit Committee and Senior Leadership Team.

In the course of 2017-18 there were several changes to Board membership:

- Rob Luke, Deputy Commissioner (Policy), left employment with the ICO and was paid a salary in accordance with his contract and due notice period. During this time Steve Wood was appointed Deputy Commissioner (Policy) and started in office on 12 June 2017.
- James Dipple-Johnstone was appointed Deputy Commissioner (Operations) on 19 June 2017.
- Emma Bate was appointed General Legal Counsel on 11 September 2017.
- Simon Entwisle, Chief Operating Officer, retired as of 15 January 2018.

The table below details attendance at the Management Board meetings during the year.

Dates	08 May 2017	07 August 2017	06 November 2017	12 February 2018
Elizabeth Denham	Yes	Yes	Yes	Yes
Paul Arnold	Yes	Yes	Yes	Yes
Emma Bate		Observer	Yes	Yes
Ailsa Beaton	Yes	Yes	Yes	Yes
David Cooke	Yes	Yes	Yes	Yes
James Dipple-Johnstone		Yes	Yes	Yes
Simon Entwisle	Yes	No	No	
Rob Luke	Yes			
Jane McCall	Yes	Yes	Yes	Yes
Steve Wood		No	Yes	Yes
Nicola Wood	No	Yes	Yes	Yes

### Audit Committee

The Audit Committee meets quarterly and provides scrutiny, oversight and assurance in respect of risk control and governance. The Committee is chaired by Ailsa Beaton. Jane McCall is the other Non-executive Director and Roger Barlow is the independent member.

The table below shows attendance of Audit Committee members at the meetings during the year.

Dates	12 June 2017	18 September 2017	01 February 2018	27 April 2018
Ailsa Beaton	Yes	Yes	Yes	Yes
Roger Barlow	Yes	Yes	Yes	Yes
Jane McCall	Yes	Yes	Yes	Yes

Both external and internal auditors attend the Audit Committee and have pre-meetings with Committee members.

The Audit Committee publishes its own Annual Report for 2017-18 which is available on the ICO website ([www.ico.org.uk](http://www.ico.org.uk)). The report states that the Committee is satisfied with the quality of internal and external audit and believes that it is able to take a measured and diligent view of the quality of the systems of reporting and control within the ICO.

The Chair of the Audit Committee attends regular meetings of the Chairs of the Audit and Risk Committees of DCMS arms length bodies. These meetings include discussions with senior DCMS staff and the Comptroller and Auditor General, and provide opportunities to share issues of interest.

The Audit Committee receives a quarterly report on incidents of fraud, security breaches and whistleblowing incidents as assurance that the reporting mechanisms are in place and are effective.

### Senior Leadership Team

The Senior Leadership Team provides day-to-day leadership for the ICO and as such is responsible for developing and delivering against the Information Rights Strategic Plan. The team consisted of me and my Deputy Commissioners, Deputy Chief Executive Officer and General Legal Counsel.

### Board effectiveness

The Management Board has previously considered its compliance with the Corporate governance in central government departments: Code of good practice 2017. The ICO does not fully comply with the Code, but the Board considers that there are good reasons for this given the size and nature of the organisation as a corporation sole. In particular:

- the Board does not have the powers and duties of a Board in which is vested the ultimate authority of the organisation. This is because the Commissioner is the 'corporation';
- the Board does not have a lead non-executive director, but given the size of the Board and the ICO and its responsibilities, this is not felt necessary;
- non-executive members do not have a specific section in the ICO's Annual Report but this is not currently considered necessary;
- composition of the Board reflects the nature, responsibilities and size of the ICO;
- the ICO does not have a Nominations and Governance Committee but the Board focuses on governance and has taken on the previous Remuneration Committee's overview of remuneration policies; and
- in respect of an operating framework the Board operates within the overall system of corporate governance at the ICO.

The Board has reviewed the information it receives and is satisfied with its quality. The Board is also satisfied that it is, itself, operating effectively.

## Issues and highlights

The ICO's corporate governance structure has considered various issues of substance during the course of the year. These include:

- The ICO's Information Rights Strategic Plan 2017-2021 and the strategies directly supporting this including the Regulatory Action Policy, the Resource and Infrastructure Strategy and the Technology Strategy.
- Preparation for the introduction of the GDPR and the expected enactment of the DP Bill, including the new funding model to support data protection work post May 2018.
- Planning for the UK leaving the EU.
- Recruitment and retention of staff during a period of expansion.
- ISO 27001 certification.

## Risk assessment

Risks are regularly reviewed by senior managers, initially at monthly Steering Group meetings and then feeding into further discussion of more strategic risks at Management Board and Audit Committee meetings.

The main risks identified during 2017-18 related to the changes in the data protection legislation resulting from the implementation of the GDPR on 25 May 2018. The areas of concern were:

- Uncertainty over the final wording of the Data Protection Bill and its enactment.
- Preparing for the operational changes necessary to regulate the GDPR involving a period of rapid expansion and staff turnover in key areas of the office.
- Introducing a new funding regime for data protection work.
- Staff recruitment and retention.

Main areas of uncertainty for the future relate to ensuring the successful implementation of the GDPR and DPA 2018 over the next few years and the delivery of the new data protection fee income regime.

## Sources of assurance

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control, including the risk management framework. My review is informed by the work of the internal auditors and senior managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. In their annual report our internal auditors have given an overall assurance that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of the ICO's risk management, governance and control processes.

I have been advised on the implications of the result of my review by the Board and the Audit Committee. I am satisfied that a plan to address weaknesses in the system of internal control and ensure continuous improvement of the system is in place. I am also satisfied that all material risks have been identified and that those risks are being properly managed.

## Remuneration policy

During the financial year 2017-18 Schedule 5 to the DPA 1998 provided that the salary of the Information Commissioner be specified by a Resolution of the House of Commons. In 2008 the House resolved that the salary of the Information Commissioner should be £140,000 pa. And in March 2018 the House resolved that the salary would be £160k pa from 1 April 2018. The salary is paid directly from the Consolidated Fund.

Following commencement of Section 108 of the Protection of Freedoms Act in 2013 the remuneration of staff and other officers has been determined by the Information Commissioner in consultation with the Secretary of State and Treasury. This applied to the July 2017 pay round.

In January 2018 the ICO was granted pay flexibility from 1 April 2018 for three years to enable it to review its pay and grading structure. During this period the ICO has the flexibility to determine the levels of pay necessary for it to maintain the expertise it needs to fulfil its functions as a supervisory authority. In exercising this flexibility the ICO is considering aligning ICO pay with the public sector median as a means by which pay parity can be achieved. This flexibility is subject to standard public spending principles.

In making decisions on remuneration the Information Commissioner has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people;
- government policies for improving the public services;
- the funds available to the Information Commissioner; and
- Treasury pay guidance.

Unless otherwise stated, staff appointments are made on merit on the basis of fair and open competition and are open-ended until normal retiring age. Early termination, other than for misconduct, should result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Non-executive Directors are paid an annual salary of £12,000 and are appointed for an initial term of three years, renewable by mutual agreement for one further term of a maximum of three years.

# Remuneration and staff report

## Salary and pension entitlements (audited)

Details of the remuneration and pension interests of the Information Commissioner and her most senior officials are provided below.

### Remuneration (salary, bonuses, benefits in kind and pensions)

Officials	Salary				Benefits in kind (£'000)		Compensation schemes (£'000)		Pension benefits (£'000)		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Elizabeth Denham</b> Information Commissioner	140-145	95-100 (full year 140-145)	—	41.6	—	—	55	39	190-195	175-180		
<b>Christopher Graham</b> Information Commissioner	—	30-35 (full year 140-145)	—	—	—	—	—	—	—	—	30-35	
<b>Simon Entwisle</b> Deputy CEO <sup>1</sup>	75-80 (full year 90-95)	95-100	0.1	0.1	—	—	(9)	50 <sup>2</sup>	65-70	145-150		
<b>Paul Arnold</b> Deputy CEO	85-90	65-70 (full year 80-85)	0.1	—	—	—	162	29	250-255	95-100		
<b>Rob Luke</b> Deputy Commissioner (Policy) <sup>3</sup>	45-50 (full year 80-85)	10-15 (full year 80-85)	0.1	—	—	—	97	30 <sup>4</sup>	145-150	40-45		
<b>Steve Wood</b> Deputy Commissioner (Policy) <sup>5</sup>	80-85	65-70	0.1	—	—	—	61	42	140-145	105-110		
<b>James Dipple-Johnstone</b> Deputy Commissioner (Operations) <sup>6</sup>	70-75 (full year 85-90)	—	0.1	—	—	—	12 <sup>7</sup>	—	80-85	—		
<b>Emma Bate</b> General Legal Counsel <sup>8</sup>	45-50 (full year 85-90)	—	0.1	—	—	—	20	—	65-70	—		
<b>Ailsa Beaton</b> Non-Executive Board Member	10-15	10-15	—	—	—	—	—	—	10-15	10-15		

Officials	Salary (£'000)		Benefits in kind (£'000) (-nearest £100)		Compensation schemes (£'000)		Pension benefits (£'000) (-nearest £1,000)		Total (£'000)	
	2017- 18	2016- 17	2017- 18	2016- 17	2017- 18	2016- 17	2017- 18	2016- 17	2017- 18	2016- 17
<b>Nicola Wood</b> , Non-Executive Board Member	10-15	10-15	—	—	—	—	—	—	10-15	10-15
<b>David Cooke</b> Non- Executive Board Member	10-15	5-10 (full year 10-15)	—	—	—	—	—	—	10-15	5-10
<b>Jane McCall</b> Non- Executive Board Member	10-15	5-10 (full year 10-15)	—	—	—	—	—	—	10-15	5-10
<b>Ian Watmore</b> Non- Executive Board Member	—	5-10 (full year 10-15)	—	—	—	—	—	—	—	5-10

## Notes:

- Retired January 2018.
- 2016-17 Pension Benefit figure was re-calculated by MyCSP. It had been previously reported as £40-45k.
- Left ICO employment October 2017.
- Includes benefits accrued prior to ICO employment.
- Appointed June 2017.
- Appointed June 2017.
- James Dipple-Johnstone is a member of a Partnership pension scheme. We are required to disclose Employer contributions to pensions to the nearest £100.
- Appointed September 2017

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum, less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

Salary comprises gross salary and any other allowance to the extent that it is subject to UK taxation. There were no bonus payments to Board Members in 2017-18.

All benefits in kind relate to the ICO's contribution to the ICO's health care plan provided by BHSF.

## Pension Benefits (audited)

	Accrued pension at pension age as at 31 March 2018 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2018	CETV at 31 March 2017	Real increase in CETV
	£000	£000	£000	£000	£000
<b>Elizabeth Denham</b> Information Commission	5-10	2.5-5	83	33	38
<b>Simon Entwisle</b> Deputy CEO	45-50 plus a lump sum of 140-145	0 plus a lump sum of 0	1,037	1,034 <sup>1</sup>	-8
<b>Paul Arnold</b> Deputy CEO	20-25 plus a lump sum of 50-55	7.5-10 plus a lump sum of 15-17.5	314	200	97
<b>Rob Luke</b> Deputy Commissioner (Policy)	20-25 plus a lump sum of 50-55	2.5-5 plus a lump sum of 10-12.5	289	218	58
<b>Steve Wood</b> Deputy Commissioner (Policy)	15-20	2.5-5	195	147 <sup>2</sup>	33
<b>James Dipple-Johnstone</b> Deputy Commissioner (Operations)	—	—	—	—	—
<b>Emma Bate</b> General Legal Counsel	0-5	0-2.5	11	0	8

### Notes:

- 2016-17 CETV figure was re-calculated by MyCSP. It had been previously reported as £1,008k.
- 2016-17 CETV figure was re-calculated by MyCSP. It had been previously reported as £139k.

The Cash Equivalent Transfer Value (CETV) figures are provided by MyCSP, the ICO's Approved Pensions Administration Centre, who have assured the ICO that they have been correctly calculated following guidance provided by the Government Actuary's Department.

## Partnership pensions

There is one member of staff included in the list of the Commissioner's most senior staff who has a partnership pension. Please see note 7 to the table on page 55.

## Civil Service pensions

Further details about the Civil Service pension arrangements are available at [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions).

## Cash Equivalent Transfer Values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It represents the amount paid made by a pension scheme or arrangement to secure pension benefits in another pension scheme arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETV's are worked out in accordance with The Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Pay multiples (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The Information Commissioner is deemed to be the highest paid director and no member of staff receives remuneration higher than the highest paid Director.

The banded remuneration of the highest paid director of the ICO in the financial year 2017-18 was £140k to £145k (2016-17: £140k to £145k). This was 5.6 times (2016-17: 5.6 times) the median remuneration of the workforce, which was £25,073 (2016-17 £24,911). The median total remuneration is calculated by ranking the annual full time equivalent salary as at 31 March 2018 for each member of staff.

Staff remuneration ranged from £16,718 to £140,000 (2016-17: £16,428 to £140,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the CETV of pensions.

During 2017-18, in common with other public sector organisations, the ICO has adhered to government pay restraint policies.

### Number of senior civil service staff (or equivalent) by band

The Information Commissioner, the Deputy Commissioners, the Deputy Chief Executive Officer, the General Legal Counsel and the Non-executive Directors are the only staff categorised as being at a grade equivalent to the senior civil service.

### Staff composition

As of the end of this financial year there were nine members of the Management Board of whom four were male and five female. Across the ICO as a whole 37% of staff were male and 63% female.

## Sickness absence

The average number of sick days taken per person during the year was 3.9 days (2016-17: 6.0 days).

## Staff policies relating to the employment of disabled persons

The ICO's recruitment processes ensure that shortlisting managers only assess the applicant's skills, knowledge and experience for the job. All personal information is removed from applications before shortlisting.

The ICO applies the Disability Confident standard for job applicants who are disabled. It has also assisted in the continued employment of disabled people by providing a work environment that is accessible and equipment that allows people to perform effectively. Our disabled staff are given equal access to training and promotion opportunities and adjustments are made to work arrangements, work patterns and procedures to ensure that people who are, or become, disabled, are treated fairly and can continue to contribute to the ICO's aims.

## Staff numbers and costs

As at 31 March 2018 the ICO had 540 permanent staff (504.8 full time equivalents).

### Average number of full time equivalents during 2017-18 (Audited)

	Permanently employed staff	Temporarily employed staff	2017-18 Total	2016-17 Total
Directly employed	466	—	466	426
Agency staff	—	14	14	8.6
<b>Total employed</b>	<b>466</b>	<b>14</b>	<b>480</b>	<b>434.6</b>

### Staff costs (Audited)

	Permanently employed staff	Others	2017-18 Total	2016-17 Total
	£000	£000	£000	£000
Wages and salaries	13,900	617	14,517	12,606
Social security costs	1,331	—	1,331	1,173
Other pension costs	2,732	—	2,732	2,487
<b>Sub-total</b>	<b>17,963</b>	<b>617</b>	<b>18,580</b>	<b>16,266</b>
Less recoveries in respect of outward secondments	—	—	—	(91)
<b>Total net costs</b>	<b>17,963</b>	<b>617</b>	<b>18,580</b>	<b>16,175</b>

Included in staff costs above are notional costs of £190k (2016-17: £190k) in respect of salary and pension entitlements of the Information Commissioner and the associated employers national insurance contributions which are credited directly to the General Reserve, temporary agency staff costs of £508k (2016-17: £238k) and inward staff secondments of £109k (2016-17: £nil) as well as the amounts disclosed in the Remuneration Report.

## Expenditure on consultancy

During 2017-18 there has been expenditure totalling £38,814 on consultancy as defined in Cabinet Office spending controls guidance. This expenditure relates to external support in constructing the business case around ICO pay flexibility.

## Off-payroll engagements

There were no off payroll engagements during 2017-18.

## Exit packages (audited)

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Information Commissioner has agreed early retirements the additional costs are met by the Information Commissioner and not by the Principle Civil Service Pension Scheme (PCSPS). Ill health retirement costs are met by the pension scheme and are not included in the table above.

There were no compulsory redundancies in 2017-18 (2016-17: none) and no other exit packages.

Ex-gratia payments made outside of the provisions of the Civil Service Compensation Scheme are agreed directly with the Treasury.

## Trade union facility time

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	17
Full time equivalent employee number	16.6

### Percentage of time spent on facility time

0%	0
1-50%	17
51%-99%	0
100%	0

### Percentage of pay bill spent on facility time

Total cost of facility time	£20,574
Total pay bill	£17,963,000
Percentage	0.11%

### Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours	20%
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## Regularity of expenditure (audited)

There are no regularity of expenditure issues.

## Fees and charges (audited)

Information on fees collected from data controllers who notify their processing of personal data under the DPA is provided in the Financial Performance Summary as part of the performance report earlier in this document, and further information on data protection fees is also set out in notes 1.5 and 2 to the financial statements.

## Remote contingent liabilities

Please see note 16 to the accounts.

# Long-term expenditure trends

The ICO is currently facing the challenge of regulating new data protection legislation; the GDPR and DPA 2018. This is a major change in data protection legislation which has a large impact, not only on the duties and responsibilities of data controllers and the rights of individual citizens, but also on how the ICO works as a regulator.

From 25 May this year a new data protection fee structure was introduced which allows the ICO to better match fee income to the cost of regulation. Fee income is expected to increase to over £32,000k this financial year, and to approximately £34,500k by 2020-21.

Grant in aid for our freedom of information work is expected to remain at £3,750k per annum.



**Elizabeth Denham**  
10 July 2018

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of Information Commissioner's Office for the year ended 31 March 2018 under the Data Protection Act 1998. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that are described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Information Commissioner's Office affairs as at 31 March 2018 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Data Protection Act 1998 and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Information Commissioner's Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Information Commissioner's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Data Protection Act 1998.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Information Commissioner's Office internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Information Commissioner's Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Data Protection Act 1998;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

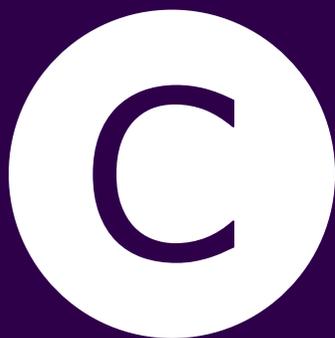
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**      **17 July 2018**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



# Financial statements

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# Statement of comprehensive net expenditure for the year ended 31 March 2018

	Note	2017-18		2016-17	
		£000	£000	£000	£000
<b>Expenditure</b>					
Staff costs	3		18,580		16,175
Other expenditure	4	8,431		7,176	
Depreciation and other non-cash costs	4	445	8,876	1,745	8,921
<b>Total expenditure</b>			27,456		25,096
<b>Income</b>					
Income from activities	5a		(21,838)		(20,157)
<b>Net expenditure</b>			5,618		4,939
<b>Other comprehensive expenditure</b>					
Net gain/(loss) on revaluation of property, plant and equipment			323		(435)
<b>Total comprehensive expenditure for the year ended 31 March</b>			5,941		4,504

Note:

All income and expenditure relates to continuing operations.

The notes on pages 70 to 84 form part of these financial statements.

# Statement of financial position as at 31 March 2018

	Note	31 March 2018		31 March 2017	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	6	1,658		1,582	
Intangible assets	7	148		244	
<b>Total non-current assets</b>			1,806		1,826
<b>Current assets</b>					
Trade and other receivables	9	3,466		1,078	
Cash and cash equivalents	10	2,923		3,629	
<b>Total current assets</b>			6,389		4,707
<b>Total assets</b>			8,195		6,533
<b>Current liabilities</b>					
Trade and other payables	11		(5,120)		(2,892)
Provisions	12		(9)		(9)
<b>Non-current assets plus net current assets</b>			3,066		3,632
<b>Non-current liabilities</b>					
Provisions	12		(641)		(650)
<b>Assets less liabilities</b>			2,425		2,982
<b>Taxpayers' equity</b>					
Revaluation reserve			—		323
General reserve		2,425		2,659	
			2,425		2,982



**Elizabeth Denham**  
10 July 2018

# Statement of cash flows for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
<b>Cash flows from operating activities</b>			
Net expenditure		(5,618)	(4,939)
Adjustment for non-cash items	3,4,12	890	1,936
Decrease/(increase) in trade and other receivables	9	(640)	850
Increase/(decrease) in trade payables	11	381	282
Use of provisions	12	(9)	(9)
<b>Net cash outflow from operating activities</b>		<b>(4,996)</b>	<b>(1,880)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(981)	(668)
Purchase of intangible assets	7	(23)	(10)
<b>Net cash outflow from investing activities</b>		<b>(1,004)</b>	<b>(678)</b>
<b>Cash flows from financing activities</b>			
Grant in aid received from the DCMS	1.3	5,195	3,790
<b>Net cash flows from financing activities</b>		<b>5,195</b>	<b>3,790</b>
Net increase/(decrease) in cash and cash equivalents during the year before adjustment for receipts and payments to the Consolidated Fund		(805)	1,232
Receipts due to the Consolidated Fund which are outside the scope of the Information Commissioner's activities		2,132	2,384
Payments of amounts due to the Consolidated Fund		(2,033)	(2,795)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the consolidated fund		(706)	821
<b>Cash and cash equivalents at the start of the year</b>		<b>3,629</b>	<b>2,808</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>2,923</b>	<b>3,629</b>

Note: The notes on pages 70 to 84 form part of these financial statements.

# Statement of changes in taxpayers' equity for the year ended 31 March 2018

	Note	Revaluation reserve £'000	General reserve £'000	Total reserves £'000
<b>Balance at 31 March 2016</b>		105	3,401	3,506
<b>Changes in tax payers' equity 2016-17</b>				
Grant in aid from the DCMS	1.3	—	3,790	3,790
Transfers between reserves		(217)	217	—
Comprehensive expenditure for the year		435	(4,939)	(4,504)
Non-cash charges – Information Commissioner's salary costs	3	—	190	190
<b>Balance at 31 March 2017</b>		323	2,659	2,982
<b>Changes in tax payers' equity 2017-18</b>				
Grant in aid from the DCMS		—	5,195	5,195
Transfers between reserves		—	—	—
Comprehensive expenditure for the year		(323)	(5,618)	(5,941)
Non-cash charges – Information Commissioner's salary costs		—	190	190
<b>Balance at 31 March 2018</b>		—	2,426	2,426

Note: The notes on pages 70 to 84 form part of these financial statements.

# Notes to the accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017-18 FReM issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged most appropriate to the particular circumstances of the Information Commissioner for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Information Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

### 1.2 Disclosure of IFRSs in issue but not yet effective

The Information Commissioner has reviewed the IFRS's in issue but not yet effective (as below), and has determined that there is a new standard that is likely to have a significant impact.

Standard	Impact
IFRS 9 – Financial Instruments	Not applicable
IFRS 15 – Revenue from Contracts with Customers	Not applicable
IFRS 16 – Leases	Due to be implemented in January 2019. This standard will impact on the accounting treatment of any current leases and will have a material effect on the accounts of the ICO. All leases will be required to be presented on the Statement of Financial Position except those considered out of scope.
IAS 17 – Insurance Contracts	Not applicable

### **1.3 Grant in aid**

Grant in aid is received from the DCMS to fund expenditure on freedom of information work, and from the Home Office to fund electronic identification and trust services regulation. This is credited to the General Reserve on receipt. In 2017-18 the ICO received additional Grant in aid of £1.4m from DCMS to cover ICO expansion plans in relation to the GDPR. This will be re-paid in 2018-19 by way of a reduction in our grant in aid.

### **1.4 Cash and cash equivalents**

Cash and cash equivalents recorded in the Statement of Financial Position and Statement of Cash Flows include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts.

### **1.5 Income from activities and Consolidated Fund income**

Income collected under the DPA is surrendered to the DCMS as Consolidated Fund income, unless the DCMS (with the consent of the Treasury) has directed otherwise, in which case it is treated as Income from activities. There are three main types of income collected:

#### **Data protection notification fees**

During 2017-18 fees were collected from annual notification fees paid by data controllers required to notify their processing of personal data under the DPA 1998. The Commissioner had been directed to retain the fee income collected to fund data protection work and this is recognised in the Statement of Comprehensive Net Expenditure as income. At the end of the year the Commissioner may carry forward sufficient fee income as defined in the draft Management Agreement with DCMS. Any fees in excess of these limits are paid over to the Consolidated Fund.

#### **Civil monetary penalties**

The Commissioner can impose civil monetary penalties of up to £500k for serious breaches of the DPA 1998 or PECR. A penalty can be reduced by 20% if paid within 30 days of being issued.

The Commissioner does not take action to enforce a civil monetary penalty unless, and until, the period specified in the notice as to when the penalty must be paid has expired and the penalty has not been paid, all relevant appeals against the monetary penalty notice and any variation of it have either been decided or withdrawn, and the period for the data controller to appeal against the monetary penalty and any variation of it has also expired.

Civil monetary penalties collected by the Commissioner are recognised on an accruals basis when issued. They are paid over to the Consolidated Fund net of any early payment reduction when received. Civil monetary penalties are not recognised in the Statement of Comprehensive Net Expenditure but are treated as an asset and a liability in the Statement of Financial Position.

The amounts recognised are regularly reviewed and subsequently adjusted in the event that a civil monetary penalty is varied, cancelled, impaired or written off as irrecoverable. Amounts are written off as irrecoverable on the receipt of legal advice. Legal fees incurred in recovering debts are borne by the ICO.

### **Sundry receipts**

The Commissioner has been directed to retain certain sundry receipts such as reimbursed travel expenses, conference fees and recovered legal costs. This is recognised in the Statement of Comprehensive Net Expenditure as income.

The Commissioner has interpreted the FReM to mean that she is acting as a joint agent with the DCMS, and that income not directed to be retained as Income from Activities falls outside of normal operating activities and are not reported through the Statement of Comprehensive Net Expenditure, but disclosed separately within the notes to the accounts. This included receipts such as bank interest, which is paid to the Consolidated Fund.

### **1.6 Notional costs**

The salary and pension entitlement of the Information Commissioner are paid directly from the Consolidated Fund and are included within staff costs and then reversed with a corresponding credit to the General Reserve.

### **1.7 Pensions**

Past and present employees are covered by the provisions of the PCSPS.

### **1.8 Property, plant and equipment**

Assets are classified as property, plant and equipment if they are intended for use on a continuing basis, and their original purchase cost, on an individual basis, is £2,000 or more; except for laptop and desktop computers which are capitalised even when their individual cost is below £2,000.

Property, plant and equipment (excluding assets under construction) are valued under a depreciated historical cost basis. This is a change from previous years. Depreciated historical cost basis is a reasonable proxy for current value in existing use or fair value for assets that have short useful lives or low values.

At each balance sheet date the carrying amounts of property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the fair value of the asset is estimated in order to determine the impairment loss. Any impairment charge is recognised in the Statement of Comprehensive Net Expenditure account in the year in which it occurs.

### **1.9 Depreciation**

Depreciation is provided on property, plant and equipment on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated life. A full year's depreciation is charged in the year in which an asset is brought into service. No depreciation is charged in the year of disposal. The principal lives adopted are:

Information technology:	between five and 10 years
Plant and machinery:	between five and 10 years
Leasehold improvements:	over the remainder of the property lease

**1.10 Intangible assets and amortisation**

Intangible assets are stated at the lower of replacement cost and recoverable amount. Computer software licences and their associated costs are capitalised as intangible assets where expenditure of £2,000 or more is incurred. Software licences are amortised over their useful economic life which is estimated as four years or the length of the contract, whichever is the shorter term.

**1.11 Operating leases**

Amounts payable under operating leases are charged to the Comprehensive Net Expenditure Account on a straight-line basis over the lease term, even if the payments are not made on such a basis.

**1.12 Provisions**

Provisions are recognised when there is a present obligation as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**1.13 Value added tax**

The Information Commissioner is not registered for VAT as most activities of the ICO are outside of the scope of VAT and fall below the registration threshold. VAT is charged to the relevant expenditure category, or included in the capitalised purchase cost of non-current assets.

**1.14 Segmental reporting**

The policy for segmental reporting is set out in note 2 to the financial statements.

## 2. Analysis of net expenditure by segment

	Data protection £'000	Freedom of information £'000	Other grant in aid £'000	2017-18 Total £'000
Gross expenditure	22,261	3,750	1,445	27,456
Income	(21,838)	—	—	(21,838)
Net expenditure	423	3,750	1,445	5,618

	Data protection £'000	Freedom of information £'000	Other grant in aid £'000	2016-17 Total £'000
Gross expenditure	21,346	3,750	—	25,096
Income	(20,157)	—	—	(20,157)
Net expenditure	1,189	3,750	—	4,939

Expenditure is classed as administrative expenditure except those costs associated with readiness for legislative changes which have been classified as programme.

The analysis above is provided for fees and charges purposes and for the purpose of IFRS 8: Operating Segments.

The factors used to identify the reportable segments of data protection and freedom of information are that the Commissioner's main responsibilities were contained within the DPA 1998 and FOIA, and funding during 2017-18 and in prior years was provided for data protection work by collecting an annual registration fee from data controllers under the DPA 1998, whilst funding for freedom of information is provided by a grant in aid from the DCMS. Other grant in aid related to a £1,400k advance from DCMS in readiness for GDPR and £45k for electronic and trust services regulation.

The data protection notification fee was set by the Secretary of State, and in making any fee regulations under section 26 of the DPA 1998, as amended by paragraph 17 of Schedule 2 to the FOIA, the Secretary of State had to have regard to the desirability of securing that the fees payable to the Commissioner were sufficient to offset the expenses incurred by the Commissioner, the Information Tribunal and any expenses of the Secretary of State in respect of the Commissioner of the Tribunal, and any prior deficits incurred, so far as attributable to the functions under the DPA 1998.

These accounts do not include expenses incurred by the Information Tribunal or the Secretary of State in respect of the Commissioner, and therefore cannot be used to demonstrate that data protection fees offset expenditure on data protection functions, as set out in the DPA 1998. Expenditure is apportioned between the data protection and freedom of information system work on the basis of costs recorded in the ICO's accounting system. This allocates expenditure to various cost centres across the ICO. A financial model is then applied to apportion expenditure between data protection and freedom of information on an actual basis where possible, or by way of reasoned estimates where expenditure is shared.

### 3. Staff numbers and related costs

#### Staff costs comprise:

	Permanently employed staff	Others	2017-18 Total	2016-17 Total
	£'000	£'000	£'000	£'000
Wages and salaries	13,900	617	14,517	12,606
Social security costs	1,331	—	1,331	1,173
Other pension costs	2,732	—	2,732	2,487
<b>Sub-total</b>	17,963	617	18,580	16,266
Less recoveries in respect of outward secondments	—	—	—	(91)
<b>Total net costs</b>	17,963	617	18,580	16,175

Included in the staff costs above are notional costs of £190k (2016-17: £190k) in respect of salary and pension entitlements of the Information Commissioner and the associated employers national insurance contributions which are credited directly to the General Reserve, temporary agency staff costs of £508k (2016-17: £238k) and inward staff secondments of £109k (2016-17: £nil) as well as the amounts disclosed in the Remuneration Report

#### Average number of persons employed

The average number of whole time equivalent persons employed during the year was:

	Permanently employed staff	Temporarily employed staff	2017-18 Total	2016-17 Total
Directly employed	466	—	466	426
Agency staff	—	14	14	9
<b>Total employed</b>	466	14	480	435

#### Pension arrangements

The PCSPS is an unfunded multi-employer defined benefit scheme. The ICO is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme at 31 March 2015. Details may be found in the resource accounts of the Cabinet Office Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2017-18 employers contributions of £2,643k (2016-17: £2,392k) were payable to the PCSPS at one of four rates in the range 20-24.5% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions usually every four years following a full Scheme valuation. The contribution rates are set to meet the cost of benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during the period to existing pensioners.

Employees can opt to open a partnership account, a stakeholder pension with an employer contribution. Employers' contributions of £88k (2016-17: £78k), were paid to one or more of a panel of three appointed stakeholder pension providers. Employers' contributions are age related and range from 8% to 14.8% of pensionable pay. In addition, employers contributions of £2.9k (2016-17: £2.5k), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to partnership pension providers at the Statement of Financial Position date were £8.7k (2016-17 £6.6k). Contributions prepaid at the date were nil (2016-17 nil).

Pension costs include notional employers' contributions of £34,300k (2016-17: £23k) in respect of notional costs in respect of the Commissioner.

No individuals retired early on health grounds during the year.

## 4. Other expenditure

	2017-18		2016-17	
	£'000	£'000	£'000	£'000
Accommodation (business rates and services)	582		556	
Rentals under operating leases	571		680	
Office supplies and stationery	426		273	
Carriage and telecommunications	55		56	
Travel and subsistence	621		548	
Staff recruitment	288		166	
Specialist assistance and policy research	658		489	
Communications and external relations	403		556	
Legal costs	666		349	
Learning and development, health and safety	348		422	
IT Service delivery costs	2,720		2,404	
IT development costs	997		647	
Audit fees	30		30	
Grants Fund	66		—	
		8,431		7,176
<b>Non-cash items</b>				
Depreciation	323		827	
Amortisation	119		822	
Loss on disposal of assets	3		97	
		445		1,746
<b>Total expenditure</b>		<b>8,876</b>		<b>8,922</b>

## 5. Income

### 5a. Income from activities

	2017-18	2016-17
	£'000	£'000
Fees	21,300	19,729
Sundry receipts	538	428
	<b>21,838</b>	<b>20,157</b>

### 5b. Consolidated Fund income

	2017-18	2016-17
	£'000	£'000
<b>Fees</b>		
Collected under the DPA	21,300	19,729
Retained under direction as Income from Activities	(21,300)	(19,729)
	—	—
<b>Civil monetary penalties</b>		
Penalties issued	4,810	3,556
Early payment reductions	(501)	(381)
Repaid following a successful appeal	—	—
Cancelled after successful appeals	—	—
Re-issued after appeal	—	302
Impairments	(429)	(1,557)
	<b>3,880</b>	<b>1,920</b>
<b>Sundry receipts</b>		
Receipts under the Proceeds of Crime Act	—	—
Grant income (repaid)	—	—
Bank interest received	—	—
Recovered legal fees	101	27
Reimbursed travel expenses	23	22
Conference fees	41	49
Income receipts under the Data Retention and Investigatory Powers Act	330	330
Marketing income	43	—
	538	428
Sundry receipts retained under direction as Income from Activities	(538)	(428)
	—	—
<b>Income payable to Consolidated Fund</b>	<b>3,880</b>	<b>1,920</b>
Balances held at the start of the year	1,092	1,967
Income payable to the Consolidated Fund	3,880	1,920
Payments to the Consolidated Fund	(2,033)	(2,795)
<b>Balances held at the end of the year (note 11)</b>	<b>2,939</b>	<b>1,092</b>

As set out in note 1.5, income payable to the Consolidated Fund does not form part of the Statement of Comprehensive Net Expenditure. Amounts retained under direction from the DCMS with the consent of the Treasury are treated as Income from Activities within the Statement of Comprehensive Net Expenditure. The amounts receivable at 31 March 2018 were £2,343k (31 March 2017:£595k) and the amounts payable were £2,939k (31 March 2017:£1,092k).

## 6. Property, plant and equipment

	Information technology	Plant and machinery	Leasehold improvements	Assets under construction	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 01 April 2017	7,778	193	2,381	750	11,102	10,511
Additions	374	164	56	387	981	668
Transfers	260	—	—	(260)	—	—
Disposals	(238)	(75)	—	—	(313)	(489)
Revaluations	(686)	(25)	(62)	—	(773)	412
Impairment	—	—	—	(256)	(256)	—
<b>At 31 March 2018</b>	<b>7,488</b>	<b>257</b>	<b>2,375</b>	<b>621</b>	<b>10,741</b>	<b>11,102</b>
<b>Depreciation</b>						
At 01 April 2017	6,990	149	2,381	—	9,520	9,107
Charged in year	266	46	11	—	323	827
Disposals	(237)	(74)	—	—	(311)	(407)
Revaluations	(366)	(21)	(62)	—	(449)	(7)
<b>At 31 March 2018</b>	<b>6,653</b>	<b>100</b>	<b>2,330</b>	<b>—</b>	<b>9,083</b>	<b>9,520</b>
<b>Net book value at 31 March 2018</b>	<b>835</b>	<b>157</b>	<b>45</b>	<b>621</b>	<b>1,658</b>	<b>1,582</b>
Owned	835	157	45	621	1,658	1,582
<b>Net book value at 31 March 2018</b>	<b>835</b>	<b>157</b>	<b>45</b>	<b>621</b>	<b>1,658</b>	<b>1,582</b>

Property, plant and equipment (excluding assets under construction) is valued under a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values. This is considered an appropriate model for all classes of assets as the majority have useful lives of 5 years or are considered an immaterial value.

## 7. Intangible assets

	Software licences £'000	Assets under construction £'000	2018 Total £'000	2017 Total £'000
<b>Cost or valuation</b>				
At 1 April 2017	3,380	—	3,380	3,370
Additions	23	—	23	10
Disposals	—	—	—	—
Transfers	—	—	—	—
Reclassifications	—	—	—	—
<b>At 31 March 2018</b>	<b>3,403</b>	<b>—</b>	<b>3,403</b>	<b>3,380</b>
<b>Amortisation</b>				
At 1 April 2017	3,136	—	3,136	2,314
Charged in year	119	—	119	822
Disposals	—	—	—	—
<b>At 31 March 2018</b>	<b>3,255</b>	<b>—</b>	<b>3,255</b>	<b>3,136</b>
<b>Net book value at 31 March 2018</b>	<b>148</b>	<b>—</b>	<b>148</b>	<b>244</b>
<b>Asset financing</b>				
Owned	148	—	148	244
<b>Net book value at 31 March 2018</b>	<b>148</b>	<b>—</b>	<b>148</b>	<b>244</b>

## 8. Financial instruments

As during 2017-18 the cash requirement of the Information Commissioner was met through fees collected under the DPA 1998 and grant in aid provided by the DCMS, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Information Commissioner's expected purchase and usage requirement and the Information Commissioner is therefore exposed to little credit, liquidity or market risk.

## 9. Trade receivables and other current assets

	31 March 2018 £'000	31 March 2017 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	142	80
Deposits and advances	—	
Prepayments and accrued income	981	403
Sub-total	1,123	483
Consolidated Fund receipts due	2,772	2,152
less amounts impaired (note 5b)	(429)	(1,557)
	2,343	595
	3,466	1,078
<b>Split:</b>		
Other central government bodies	225	49
Local authorities	75	—
Bodies external to government	3,166	1,029
	3,466	1,078

## 10. Cash and cash equivalents

	31 March 2018 £'000	31 March 2017 £'000
Balance at 01 April	3,629	2,808
Net change in cash and cash equivalent balances	(706)	821
<b>Balance at 31 March</b>	<b>2,923</b>	<b>3,629</b>
<b>Split:</b>		
Commercial banks and cash in hand	2,563	1,428
Government Banking Service	360	2,201
	2,923	3,629

## 11. Trade payables and other current liabilities

	31 March 2018 £'000	31 March 2017 £'000
<b>Amounts falling due within one year</b>		
Taxation and social security	665	305
Trade payables	358	497
Other payables	576	697
Accruals and deferred income	582	301
Sub-total	2,181	1,800
Amount payable to government (note 5b)	2,939	1,092
	<b>5,120</b>	<b>2,892</b>

### Split:

Sponsor department – DCMS	2,939	1,092
Other central government bodies	665	305
Bodies external to government	1,516	1,495
	<b>5,120</b>	<b>2,892</b>

The amount payable to the sponsor department represents the amount which will be due to the Consolidated Fund when all of the income due is collected.

## 12. Provision for liabilities and charges

	Dilapidations		Early departure costs	
	2017-18 £'000	2016-17 £'000	2017-18 £'000	2016-17 £'000
Balance at 01 April	605	605	54	63
Provided in year	—	—	—	—
Provision utilised in year	—	—	(9)	(9)
<b>Balance at 31 March</b>	<b>605</b>	<b>605</b>	<b>45</b>	<b>54</b>

### Analysis of expected timing of discounted flow:

	Dilapidations		Early departure costs	
	2017-18 £'000	2016-17 £'000	2017-18 £'000	2016-17 £'000
Not later than one year	—	—	9	9
Later than one year and not later than five years	605	605	36	45
Later than five years	—	—	—	—
	<b>605</b>	<b>605</b>	<b>45</b>	<b>54</b>

### Dilapidations provision

The lease on the ICO main premises at Wycliffe House, Wilmslow expired on 1 January 2017 and a new lease was signed with a break clause in five years. A provision has been made based upon the assessment by GVA, commercial property advisers, dated January 2013.

### Early departure costs

The additional cost of benefits, beyond the normal PCSPS benefits in respect of employees who retire early, are provided for in full when the early departure decision is approved by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.1% (2016-17: 0.24%). The estimated payments are provided by MyCSP.

## 13. Capital commitments

There were no capital commitments in the year ending 31 March 2018 (2016-17 £nil).

## 14. Commitments under operating leases

The ICO leases properties in Wilmslow, Wycliffe House and King's Court, under non-cancellable operating lease agreements. The lease in Wycliffe House allows for a break clause on 01 January 2022 and King's Court on 09 August 2022. Both leases have no option to purchase and no specific renewal terms. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

	31 March 2018	31 March 2017
<b>Total future minimum lease payments under operating leases are:</b>	<b>£'000</b>	<b>£'000</b>
<b>Buildings</b>		
Not later than one year	702	384
Later than one year and not later than five years	2,970	2,311
Later than five years	—	—
	<u>3,672</u>	<u>2,695</u>

The minimum lease payments are determined from the relevant lease agreements and do not reflect possible increases as a result of market based reviews. The lease expenditure charged to the Statement of Comprehensive Net Expenditure during the year is disclosed in note 4.

## 15. Related party transactions

The Information Commissioner confirms that she had no personal business interests which conflict with her responsibilities as Information Commissioner.

During the financial year 2017-18 the DCMS was a related party to the Information Commissioner.

During the year no related party transactions were entered into, with the exception of providing the Information Commissioner with grant in aid and remitting receipts collected on behalf of the Consolidated Fund. Details of the Commissioner's remuneration and pension entitlement are disclosed in the remuneration report earlier in the document and note 3 to the Financial Statement.

None of the key managerial staff or other related parties has undertaken any material transaction with the Information Commissioner during the year.

## 16. Contingent Liabilities

There are no contingent liabilities at 31 March 2018 (31 March 2017: none).

## 17. Events after the reporting period

There were no events between the Statement of Financial Position date and the date the accounts were authorised for issue, which is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The Accounting Officer authorised these financial statements for issue on 17 July 2018.

## Notes