

With so much change in society, in government and in the world of communications, COI has to be in a state of permanent review. Read our Annual Report to see what we've achieved this year and where we're going next

2006-07



**Central Office of Information**  
Annual Report for 2006–07

Presented to Parliament pursuant to section 4(6) of the  
Government Trading Funds Act 1973 as amended by the  
Government Trading Act 1990

Ordered by the House of Commons  
to be printed 24 July 2007

HC953

London: The Stationery Office

£13.50

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COI has used the events of this year to focus on its structure and to develop new ways of working

The Transformational Government Strategy, Sir David Varney's Service Transformation Review and their implications for COI



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The reshaped Diversity Service is targeting hard-to-reach audiences more effectively than ever before



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# This year

With so much change in society, in government and in the world of communications, COI has to be in a state of permanent review.

We are finding ways to create flexible management structures without causing constant disruption to the organisational wiring.

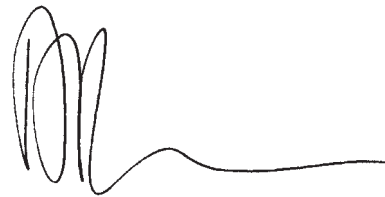
We will let senior people use their creativity and skills across the whole organisation without taking up all their time on administration and line management.

We will organise our specialist services to reflect the actual roles that media channels play in people's lives, rather than any conventional industry labelling of channels as "old" or "new", "traditional" or "online".

We must build new forms of partnership with our clients and colleagues across government. There are more cross-governmental projects and more challenges that we all share, so we must be able to work together with shared resources and shared goals.

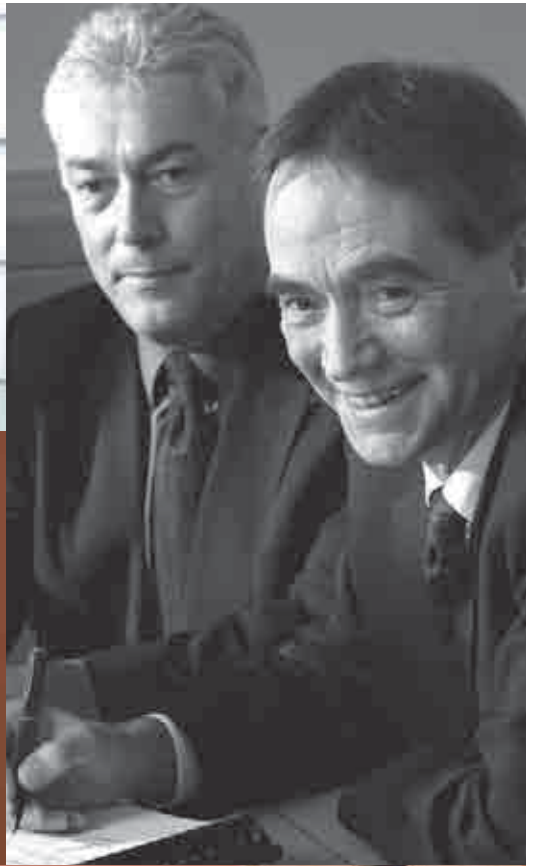
We must make sure that COI's wealth of insight into the needs of different people in the country is properly joined up to our understanding of the needs of our different government clients and partners.

Some in government are wary of referring to citizens as customers – or indeed of referring to people as citizens! However, if we treat people like customers who need to find their way around government, if we understand their aspirations, needs and problems and care for their health and safety as we would a customer, then we will be best placed to communicate with them in the most effective way.



**Alan Bishop**  
COI Chief Executive

**Management Board (clockwise from top left):**  
Sally Whetton and Graham Beasant; Ian Hamilton and Graham Beasant; Alan Bishop and Marilyn Baxter; Graham Hooper, Andrew Wade and Sally Whetton; Rob Haslam; group shot; Emma Lochhead; Rob Haslam and Peter Buchanan



# Our year in summary

## Turnover and operating expenditure levels

COI turnover for 2006–07 was up £15 million (4.7 per cent) on the previous year and our operating expenditure was 4.6 per cent higher than in the previous year.

The additions of Directgov and the Media Monitoring Unit (MMU) from 1 April 2006 increased our turnover by £14 million and £1 million respectively.

**Largest part  
of our total  
turnover at  
40.3%**

Turnover by service £000	2002–03	2003–04	2004–05	2005–06	2006–07
Advertising: Media	134,789	167,580	165,426	154,680	135,909
Non-media (production costs, etc)	11,144	10,667	19,507	13,262	18,825
<b>Total</b>	<b>145,933</b>	<b>178,247</b>	<b>184,933</b>	<b>167,942</b>	<b>154,734</b>
Direct and Relationship Marketing	29,326	36,870	35,893	27,167	29,926
Events	6,353	6,605	9,730	7,494	10,918
Broadcast	15,943	14,431	11,301	12,040	13,677
Publications	26,251	26,629	34,279	36,496	32,107
Digital Media	4,269	3,003	11,067	12,113	22,452
Research	13,136	15,897	13,215	17,703	17,376
PR and Sponsorship	10,330	15,440	19,116	23,702	22,736
Strategic Consultancy	8,985	5,977	7,861	7,207	9,724
GNN/MMU	9,321	10,301	10,224	9,681	9,344
Directgov					13,510
Other and accrual adjustment	(2,073)	4,477	6,166	779	1,075
<b>Total</b>	<b>267,774</b>	<b>317,877</b>	<b>343,785</b>	<b>322,324</b>	<b>337,579</b>

Total operating  
expenditure over  
the year was  
£339 million

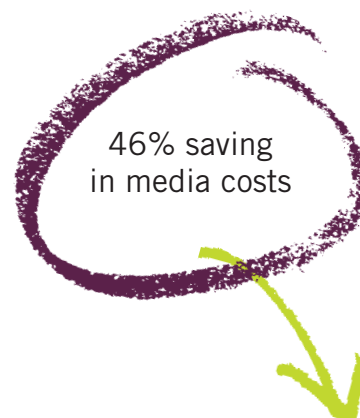
Our operating expenditure can be split into:

- our own running costs, which totalled £46.7 million (£38.2 million in the previous year); and
- costs we have incurred on our clients' behalf, which totalled £292.1 million (£285.6 million in the previous year).

Our running costs increased during 2006–07, mainly due to staffing costs related to the addition of Directgov and MMU (£4.7 million).

## Savings for clients

We have continued to leverage our strong buying position for advertising, enabling us to secure significant savings for our clients. In 2006–07, we secured a 46.0 per cent reduction in media costs measured using recognised industry benchmarks.



	2002–03	2003–04	2004–05	2005–06	2006–07
Savings on media costs against industry benchmarks	39.0%	40.4%	42.1%	44.1%	46.0%
Improvement on previous year	0.7%	1.4%	1.7%	2.0%	1.9%

## Balance sheet and treasury management

Our balance sheet continues to comprise current assets and liabilities. At 31 March 2007, our net current assets totalled £7.0 million against £7.1 million for the year ended 31 March 2006. Our fixed assets are primarily IT equipment, and the increase in net book values reflects the acquisition of new IT infrastructure for Directgov. Our debtor balances are high at £95.1 million – £28.4 million higher than previous year balances – reflecting late end-of-year activity to complete open jobs.

We seek to maximise all assets at our disposal and undertake active treasury management of our cash. During the year, we borrowed and repaid to the National Loans Fund £56 million at an interest cost of £455,000. Investment of surplus cash balances generated £588,000 of bank interest. Greater levels of borrowing were required this year compared with last year in order to meet short-term cash flow requirements.

**To reduce future borrowing requirements, we are actively consulting with our clients on the wider introduction of staged billing in 2007–08.**



## Ministerial targets

We are annually set a financial, an efficiency and a quality target:

- to achieve a 2.5 per cent reduction in the unit cost of outputs;
- to achieve a break-even position year on year; and
- to achieve quality targets as measured by the Customer Feedback Survey (CFS).



We have consistently met our financial target, and annually achieved unit cost reductions significantly in excess of the 2.5 per cent target. Feedback from clients continues to be strongly positive – reflected in us exceeding our CFS target for the seventh year running. Response rates remain lower than the target and we are actively working with our clients to find new ways of receiving their feedback.



		2002-03	2003-04	2004-05	2005-06	2006-07
Financial performance						
To achieve break-even	Target	£0	£0	£0	£0	£0
	Out-turn	£0.0m	£1.0m	£0.3m	£0.0m	£0.0m

Efficiency						
Unit cost reduction	Target	2.5%	2.5%	2.5%	2.5%	2.5%
	Out-turn	9.8%	3.8%	3.6%	4.8%	6.6%

Customer satisfaction index						
Score (out of 10)	Target	No	8.25	8.25	8.25	8.25
	Out-turn	target set	8.63	8.75	8.65	8.83
% score of 6 or more	Target	No	96.0	96.0	96.0	96.0
	Out-turn	target set	97.6	96.9	96.7	97.0
% response rate	Target	No	62.0	62.0	62.0	62.0
	Out-turn	target set	48.0	42.5	37.6	36.3

## Looking ahead to 2007–08

Our clients are operating in a pressurised financial environment, reflecting the financial impact of the Comprehensive Spending Review and tightening of budgets.

**Therefore, we expect our trading environment for 2007–08 to be more challenging than in previous years.**

Demand for our services is very strongly client-led and, therefore, accurate long-term forecasting of our trading activity is challenging. Based on our current knowledge of our marketplace, the wider financial environment our clients are operating in and early indications from clients of likely activity, our operational units have set provisional turnover and expenditure budgets at similar levels to their 2006–07 budgets.

In reaction to the fluidity of our trading environment, we maintain our financial flexibility through our budget control processes. Our own budgets, which are predominantly made up of staff costs (65 per cent), are based on a steady-state financial environment for 2007–08. Should demand for our services change during the year, we are able to manage our costs by flexing our use of agency and freelance staff.

This year the Management Board has been working on an internal review of COI to determine how best to make COI work more effectively for its clients. The review process identified the three key principles of partnership, flexibility and commercial openness to define COI's way of working. This fits with developments in the wider communications industry, where barriers between specialisms are increasingly breaking down in response to rapid changes in how people are consuming media and as new media channels emerge.

The internal reorganisation arising from the review is forecast to be operational by 1 September and is cost neutral. Greater efficiencies across the organisation and the chargeability of any new posts will cover any additional costs.

**Our budgets for next year include ongoing investment in our systems and processes, and our programme of development will be constantly reviewed in the light of the prevailing trading environment.**

To give us further financial flexibility and to allow us to react to changing trading patterns, our operational units review their trading and overhead budgets on a rolling monthly basis and submit revised income and expenditure forecasts as required.

For more information, see page 10

Reorganisation operational by 1 September

# The bigger picture

Events this year have resulted in a revised organisational structure for COI that will see it working in new ways.

2006–07 has been a year of reappraisal and progressive change for COI. Chief Executive Alan Bishop explains:

“The Management Board has been working on an internal review of COI for the past six months. We’ve been determining how COI should organise itself in order to encourage greater collaboration and integration across specialisms.”

At the same time, the Board has also been examining COI’s role in the wider government and communications environment. “The context within which government communicators operate today is changing, so COI needs to work in new ways in order to better deliver for its clients – and ultimately for the citizen.”

## Changing landscape

There have been big changes in the world of government communications in the last few years. There has been a move within government to remove duplication, strive for greater efficiency and do things more professionally and effectively. Alan highlights 2003’s Phillis Review – which called for government communications to be

about customer-focused, two-way dialogue with the public – as one of the key influences.

“Phillis had a huge impact. As a consequence, Howell James was appointed Permanent Secretary for Government Communications and established the Government Communication Network (GCN) – which I’m delighted to say our staff joined from the beginning.”

More recently, 2006 saw GCN introduce the Engage framework, and the publication of the Varney Service Transformation Review. Both these events have emphasised the importance of putting audiences at the heart of communications and policy delivery.

These changes have had a significant impact on COI and the way it operates. “In order to fulfil our role as the centre of marketing and communications excellence for government, COI must anticipate and lead change.”

- |                |                 |
|----------------|-----------------|
| 1. Alan Bishop | 2. Jo Parry     |
| 3. Jean Ward   | 4. Howell James |

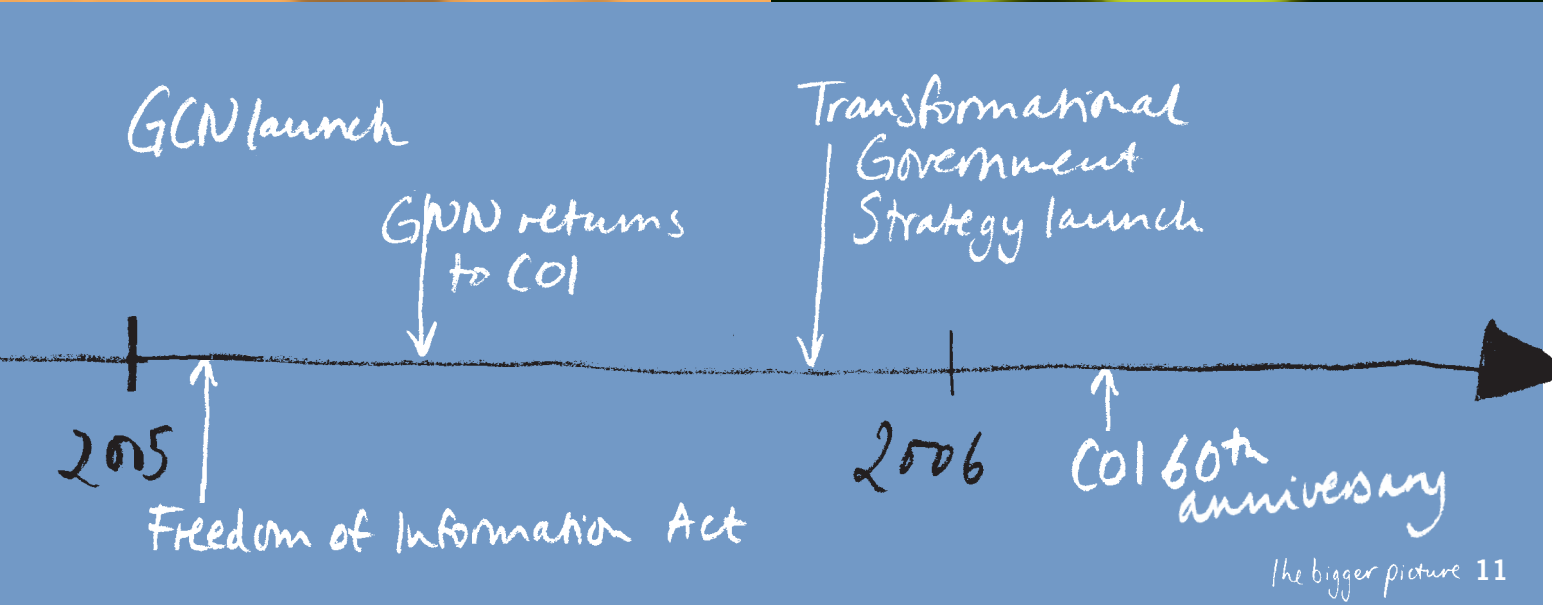
Phillis Review  
of Government  
Communications

Gershon Review of  
public sector efficiency

2003

2004

Lyons review of public sector relocation



Alan is adamant that COI's focus on delivery won't change, but that the way in which it's achieved will. "The latest staff survey highlighted the need for better collaboration across COI, in particular with our colleagues in the Government News Network (GNN), MMU and Directgov. The survey also made it clear that COI should demonstrate greater consistency and coherence across its services and work in partnership with the rest of government. If COI is better integrated, we'll be more able to keep pace with developments in the wider government communications context. Our new corporate objectives reflect this aim."

### A new way of working

The review process has enabled the Board to identify three key principles that will define COI's new way of working.

"The first principle is partnership," explains Alan. "We need to work in true partnership with other government departments and agencies, bearing in mind that we're all aiming for the same goal."

COI has already taken a significant step towards a more complete partnership with its clients. "Working to Howell James, the Directors of Communication set up a working group that commissioned our HR Director Emma Lochhead to develop a GCN people strategy. She's worked alongside them to deliver a fresh, pragmatic, business-based approach to HR issues across GCN." As a result, COI now plays a key role in developing the way in which GCN recruits, trains and manages its communications professionals, and a new COI service – GovGap – will help to meet the growing demand across government for short- and long-term communications staff.

Howell James supports COI's desire to be at the heart of the GCN community. "I think that the changes COI is

putting in place will strengthen its ability to deliver great results through partnership with the rest of government," explains Howell.

Alan's second principle is flexibility – "making sure COI evolves in response to developments across government, the communications industry and in the UK at large" – and the third is commercial openness, so that clients can understand COI's need to recover costs and achieve its ministerial targets.

To convert these principles into a new organisational structure, the Board looked at how the COI specialisms with similar objectives and expertise could align their work more closely and work better together.

"Engage is a way of making government communications more effective by putting audiences first, and we work together best when we follow its framework: scope – develop – implement – evaluate – build, rethink and extend. The same framework has enabled us to map out how work should ideally flow through the organisation so that COI's offer makes sense to our clients."

Alan continues: "We want to strengthen the link between the ways we 'scope' and then 'implement'. We also need to reconsider how we 'develop' communications plans to take account of all our services and communications channels."

Two new roles are being created to help achieve this. "The first is that of a Communications Planning Director, who will ensure that COI considers the best solution to a brief and co-ordinates the planning process across COI's entire offer," explains Alan. "The second position is that of Creative Director, who will take a pan-COI view of our creative output and ensure a consistently high standard."

Media Monitoring Unit  
transfers to COI

Sir David Vamey publishes  
his review

COI becomes responsible for Directgov

2007

## COI's new way of working is reflected in its corporate objectives for 2007–08

- 1 Integrate the governance and management structure across all parts of the new COI to rationalise accountability, clarify stakeholder engagement and match organisational design to customer needs.
- 2 Satisfy the constant demand for COI to develop a communications talent pool, from which we can efficiently rotate and provide people to our major clients for both short- and long-term needs.
- 3 Satisfy the client demand for simple access to COI's store of learnings and insights and the tools which analyse that shared knowledge.
- 4 Drive the role of COI in promoting the highest creative standards across public sector marketing.
- 5 Contribute fully to the government's drive for a better customer experience in public service delivery by providing the broad customer view and the right environment for efficient cross-government working.
- 6 Get formally defined endorsement for COI's specialist procurement role.
- 7 Ensure that our people understand and are able to articulate how they provide value for our customers.
- 8 Meet the ministerial targets within each business unit and corporately.

The creation of these roles has support from COI's clients, as Jo Parry, Head of Strategic Marketing at Defra, explains:

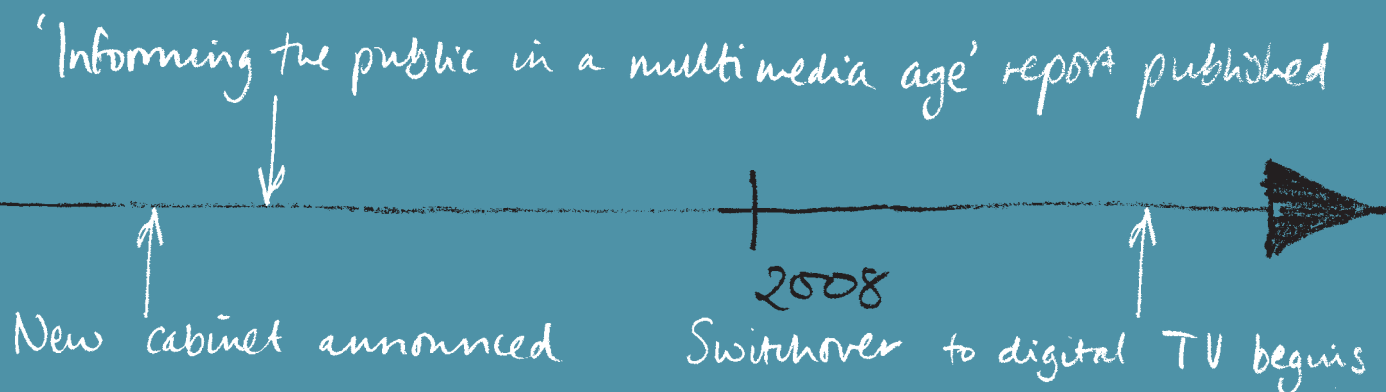
"The reorganisation is a clear recognition that things have moved on significantly in the world of government communications. Creating these new roles is a really interesting move and tells me that COI is committed to enhancing quality across all of its output."

Some areas of COI have been regrouped so that business units with similar interests and expertise can align their work and function better together. "For example, a new unit will join up the areas of news and PR – integrating our PR team, GNN, MMU and the News Distribution Service," says Alan. "Clustering these business areas together is a logical step and something we've been doing informally for some time."

Jean Ward, Deputy Director of GCN, believes that this closer alignment makes perfect sense: "A lot of departments have very tight budgets to work with so they need to get more for their money. Integrating these specialist areas together to pool expertise more efficiently is a great move and very exciting."

Alan isn't just concerned with closer alignment of COI's specialisms – he's also committed to bringing a more coherent and consistent approach to all its business relationships. "A new Commercial Director will ensure that all parts of COI are financially and commercially fit for purpose."

Alan aims to complete this reorganisation by the beginning of September 2007. In the meantime, he's already looking ahead. "It's a really exciting time to be involved in government communications. Rapid change is taking place all the time and I'm really pleased that COI is ready to embrace the challenges this brings."





*It's helped me understand how COI can support our clients.*

**Peta Simey of COI's Client Account Team has been on secondment to the Department of Health since August 2006.**

I'm working on a sexual health campaign targeted at 18 to 24-year-olds. At COI, my role was to have an overview; here, I can really develop my understanding of a policy area.

My objective was to better understand how my client works, and why. Now I'm here I appreciate how many different viewpoints need to be taken into account. My secondment has given me a real insight into how the Department works; but it's also helped me understand better how we at COI can help and support our clients, and to identify the areas where we can use our expertise to best effect.



*It really helped develop my strategic skills.*

**Nick Mann of the Government News Network (GNN) has just returned to COI after an eight-month stint at UK Trade & Investment (UKTI) London.**

My secondment was part of a rolling programme, so the position was already quite well established. But there was still scope for learning and to expand the role. I set myself the goal of building up a strategic PR function almost from scratch, analysing UKTI London's audience needs, incorporating the trade team's strategy and building up relationships with the media. It was liberating to be able to make those decisions myself.

My time at UKTI really helped me develop my strategic skills. Now I'm back at COI and on temporary promotion to SIO, I've taken on a more strategic role: developing new PR strategies for UKTI in London and the South East that will support and strengthen their corporate priorities.



*Being embedded in the client organisation gives a fresh perspective.*

**Strategic analyst Stephen Brunt is on secondment to the new Commission for Equality and Human Rights.**

When the Commission asked COI to find someone to help set up their communications operations, I was keen to get involved. They're bringing together the different strands of equality and linking them to human rights. It's a vital remit, and one that affects us all.

Being embedded in the client organisation gives you a fresh perspective. It's an opportunity to better understand the client, focus on implementation and make sure that communications are at the heart of the organisation from the start.



# Filling the gap

COL is taking the lead on a project called GovGap that will benefit both our people and our clients.

The project resulted from the work I've been doing with the GCN People Strategy since summer 2006, working with directors of communication from across government. The strategy covers all the key elements of HR - recruitment, rewards, performance management and development.

GovGap is an interim resourcing service for our clients. We've spoken to directors of communication and heads of marketing and it's clear that there is a major need for access to talented, experienced marketing and communications professionals, often at short notice.

The service is a formalised version of our existing secondments programme (see what some of our recent secondees had to say, opposite). The aim is to streamline the process and make it more transparent by setting out a range of contract options and establishing clear guidelines for things like charging. We're also planning to set up an approved list of recruitment agencies.

We're still finalising the details, but word is already spreading. The next steps will be to hold a series of team meetings within COL to explain how the service is going to work and to start building up a list of people from within COL and elsewhere who are interested in getting involved.

We're the government's centre of excellence for marketing and communications, so it makes perfect sense for us to act as a centre of excellence for people with skills in those areas. I think GovGap is a great opportunity for COL, our people and our clients.

Emma Lockhead  
HR Director



# Transforming services

COI is using opportunities arising from the Transformational Government Strategy and Sir David Varney's Service Transformation Review to help shape the future delivery of government services.

Since the Transformational Government Strategy was launched in November 2005, major change has been taking place across government. The strategy heralded a change in the way that government services are designed to reflect more accurately the needs of citizens and businesses. This shift culminated with the publication of Sir David Varney's Service Transformation Review in December 2006.

COI has been involved in taking forward the review's recommendations from the start. Alex Butler, COI Transformational Strategy Director, explains: "The Varney Review recommendations concern the various 'touchpoints' where citizens and businesses come into contact with government – e-services, contact centres and face-to-face services. The review makes strong recommendations for government departments to consider their audiences when designing services and communications with citizens."



Alex is convinced that COI has an important role to play in this change. "Our in-depth knowledge about audiences, combined with the overview we have about how and what government departments are communicating, puts us in a unique position."

## Increasing role for e-services

The first touchpoint, e-services, is an area that COI is already heavily involved in. Alex is responsible for making sure that Varney's recommendation – to streamline the information available by migrating all citizen-focused content to [www.direct.gov.uk](http://www.direct.gov.uk) and all business-focused content to [www.businesslink.gov.uk](http://www.businesslink.gov.uk) by 2011 – actually happens.



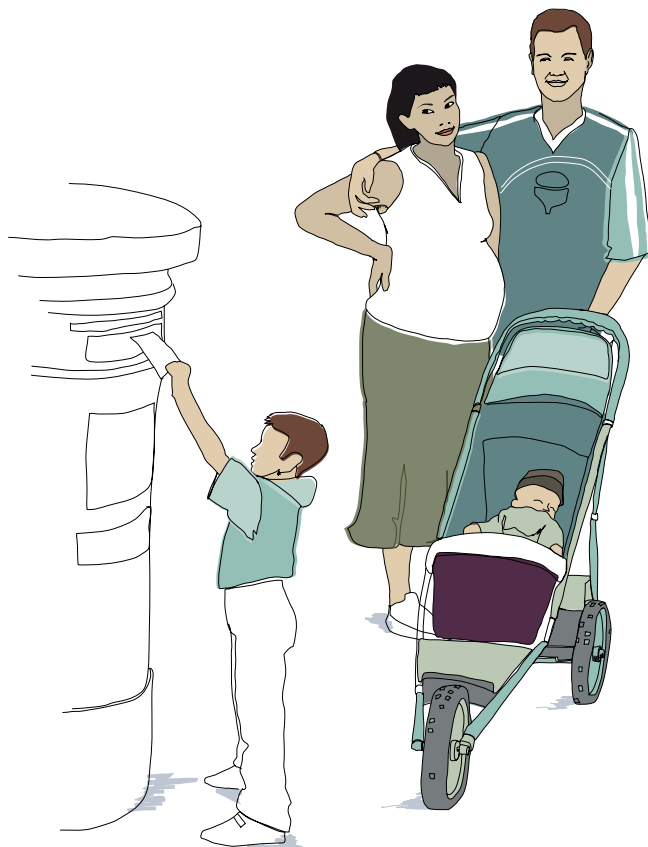
# For tomorrow

“Although the migration of content is a long way from being complete, website rationalisation has been successful in terms of gaining agreements from departments about the closure of websites and plans for the convergence of content onto Directgov and Businesslink.

“Directgov is working for citizens. It’s currently one of the 50 most visited sites in the UK and has already passed the 5 million visits a month mark! COI has managed to influence the number of campaigns that are going through Directgov – again helping to join up government for the citizen.”

Jayne Nickalls, Directgov Chief Executive, says: “Directgov is now a robust business and last year we found a home for our operations in COI. So far, Directgov has grown organically as key content and transactions transfer to Directgov. But also, people are discovering how great it is, so they not only come back to it but tell other people as well.”

Despite good progress made to date, Jayne is adamant that there is still much to be done. “We’re working on our roadmap to show how we will build on our current



business so that Directgov has the right products and capability to respond to the Varney recommendations.”

Part of this roadmap involves working more closely with COI’s Digital Media unit. Director of the unit Jamie Galloway believes that as more website content migrates to Directgov and the number of campaigns going through the website increases, demand is likely to increase for COI’s digital expertise.

“Digital solutions in general are becoming increasingly important to communications planning,” explains Jamie. “It’s about considering the best way to reach the citizen, then looking at what they want and how they want to interact. For example, how can government communicate with the citizen who is watching less TV but using interactive TV and email on a daily basis? And how can government meet the needs of citizens who are demanding more online services?”

## **Harnessing the power of new media**

COI Broadcast has been working with Directgov to develop a platform for the delivery of all online video in the future.

“I’ve been developing an interactive video with the Department for Constitutional Affairs that explains what to expect when going to court as a witness,” says Colin Burgess, a producer in Broadcast. “The video will sit on [www.direct.gov.uk](http://www.direct.gov.uk). It will be the first project that complies with the guidelines we’ve developed to ensure engaging and cost-effective video content delivered online.”



## Making contact

Of equal importance is the role of government contact centres – a large part of the Varney Review's focus and another of COI's areas of expertise.

"Over the years, COI has successfully run hundreds of government contact centres, issued guidance and shared best practice. We're in an ideal place to help implement the Varney recommendations," says Marc Michaels, Director of Direct and Relationship Marketing. "I also represent COI at the Citizen and Business Contact Council, which is responsible for implementing the Varney recommendations."

The Council is focusing on three workstreams: "First on the list is standards and accreditation – looking at what makes a good government contact centre. Second is the introduction of a new telephone tariff that the public will view as fair and that industry will adopt, plus a directory of services for the public. Finally, we're hoping to make contact centres more efficient and therefore cost-effective by examining their remit and avoiding unwanted or unvalued demand," explains Marc. "Being part of the Council that's setting this policy is an exciting new area for COI to be involved in."

## Using customer insight

Research is crucial to the achievement of Varney's recommendations, so there's a large role for COI's Research unit to play. Varney recommended that the Customer Insight Forum – a network of departments that generate insights across government and share best practice – should be given a more prominent and

formal role with a direct link (via its Non-Executive Chairman John Mayhead) to the Delivery Council. Fiona Wood, COI's Director of Research, represents COI on the Forum. "The Forum is an integral part of the Transformational Government Strategy because we make sure that best practice and new knowledge are shared across all of government," she explains.

A joint research project has already emerged, looking at channel strategies for conveying complex information around choice to service users. "It's a really exciting time to be involved in research and insight generation in the public sector, because there's increasing recognition of the vital role played by insight and how important it is to understand the service user's perspective," says Fiona.

## Sharing knowledge and expertise

Marc and Fiona are able to take the knowledge learnt from their respective roles on the Council and Forum and combine it with the expertise already existing in their specialist areas of COI. This combination is something that Alex Butler is keen to harness: "COI client surveys show that our clients believe we truly add value when we share our expertise and learning from across government with them.

"While we may not own policy, COI can help join up government departments by leveraging our expert knowledge and taking it to as wide a government audience as possible. It's that simple."

### Bringing the experience to the citizen

COI is using its experiential marketing expertise to help its clients interact with the citizen in a way that's convenient to them. This year, COI Live Events has been working with Digital UK to alert the over-50s in specific areas of the country to the forthcoming digital switchover.

"We've been using a branded bus to visit the first areas of the country to be switched over, explaining what's going to happen, telling people what they need to do and demonstrating the benefits of digital TV," explains Peter Dickson, Events Project Manager. "The bus has a real impact and allows messages to be tailored to a particular region and to a specific audience."



# Reach out

Head of Diversity Ross James explains how his team is helping clients target hard-to-reach audiences more effectively than ever before.

## When and how was the Diversity Service reshaped?

We created the service in September 2006. Essentially, what we did was bring together the work we were already doing on strategy, informability and engaging hard-to-reach audiences.

## How is it benefiting COI's clients?

The changes mean we can provide a seamless service, with a single point of contact for all diversity needs from guidance and advice through to strategy implementation.

Plus, the more closely we work together within COI, the more we can share our insights into what works for different policy areas and different audiences. That's valuable knowledge we can then pass on to our clients.

## How do you keep pace with fast-changing information needs?

Knowledge development is an essential part of our role. We review the latest research and attend key seminars and events.

We also take the lead ourselves in developing and sharing good practice: in March, we ran an event focusing on accessible communication for disabled people, and we've recently produced a best practice guide to public sector outreach work with the support of the Communities and Local Government department.

And as part of COI we're able to tap into work that's going on across government – and to draw on the knowledge and expertise of colleagues within the organisation.

## How do you know your solutions are working?

Gathering evidence to prove that what we do is effective and makes a difference is a high priority for us. Evidence not only informs future projects, it also helps build trust between us and our clients – and that's particularly important in an area like diversity, where people are often worried about saying and doing the right thing.

## What's next?

We want to ensure that as many people as possible are aware of our services, so over the next few months we'll be focusing on raising our profile. Generally, hard-to-reach audiences aren't of much interest to the private sector. That means we're in a position to offer a unique service to government communicators.

**Client:** National Blood Service.

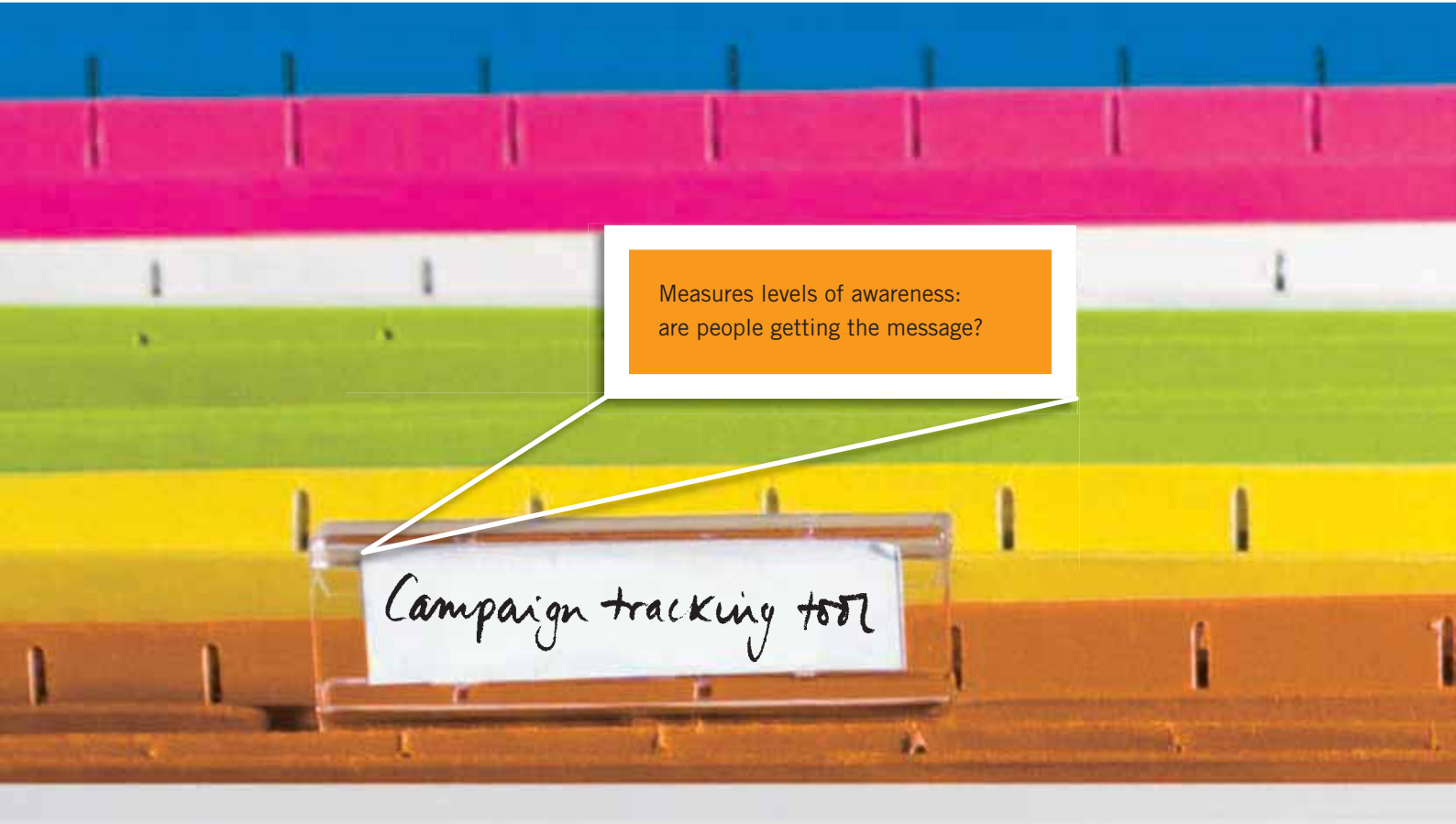
**Aim:** To increase the number of South Asian, Black Caribbean and African blood and bone marrow donors.

**Solution:** Involve celebrities who have real credibility with the target audience and can help attract media interest. Turn their real-life stories into radio ads. Raise awareness further by working in partnership with an organisation with a strong track record in the area – the African Caribbean Leukaemia Trust – to sponsor a high-profile charity ball.


**Client:** Defra.

**Aim:** To ensure that Gypsy and Traveller communities understand their obligations under the new Animal Welfare Act.


**Solution:** Work with intermediaries to develop a strategy that takes into account communities' suspicion of government messages. Work with trusted media channels like Rokker Radio and the *Travellers' Times* to ensure credibility. Diversity team and in-house design experts create leaflet. Traveller liaison group contacts help plan effective dissemination strategy.



Measures levels of awareness:  
are people getting the message?



Campaign tracking tool



In the know

Three new knowledge-sharing initiatives are supporting more accurate campaign planning, better audience targeting and greater collaboration.

As the government's communications agency, COI is in a unique position to improve understanding of how communication works. "Sharing information is vital," says Deputy Chief Executive Peter Buchanan. "It can help make communications more effective, and ensure that COI – and its clients – are achieving the best possible value for money. It's a high priority for us: that's why we've made it one of our corporate objectives."

COI Artemis, a web-enabled evaluation service, has been developed with that objective firmly in mind. "COI Artemis can analyse response and conversion rates by audience group and compare the effectiveness of different media and creative approaches," explains Abigail Maudlin of COI Direct and Relationship Marketing.

Artemis

Evaluates response rates: are people acting on the message?

Knowledge Archive

### The COI Knowledge Archive

The Knowledge Archive is a searchable database of information on over 2,700 projects – information that COI staff can share with its clients in order to develop the most effective communications solutions.

A report looking back over the Archive's first year will be published soon.

"It will show us who's using the Archive and why," explains Knowledge Archive manager Mike Wheeler.

"That will help us move forward. Our vision for the Archive is that it will act as a practical, time-saving ideas bank that supports effective communication, strategy formulation and problem solving. It will also be a learning centre for new employees and for established staff who want fresh ideas."

"We can then use that information to set realistic campaign objectives, predict demand and make sure we're achieving the best possible results relative to spend. Essentially, it's providing us with hard evidence to back up the advice we give."

Meanwhile, COI's campaign tracking database has grown rapidly since its launch in early 2006 and now holds information on 60 campaigns. "The database allows us to compare levels of awareness, so we can tell clients how their campaigns measure up against those of other departments, and whether they're getting good value for money," says Senior Research Manager Sam Davis. Among the clients to have benefited from the database this year is Ben Lynam of the Home Office. "By comparing

recognition scores for the FRANK campaign with other campaigns of a similar size and nature, we were able to put its performance into context and see that it had 'punched above its weight'," he says. "That provides us with a useful basis for setting future targets and carrying out further evaluation."

Over the next year, the teams will be looking at linking the two systems. Inevitably, there are challenges. "It means bringing together information from different sources and in some cases working around gaps in the data we hold, particularly on older campaigns," says Sam. "But the ability to identify links between awareness and response by policy theme and audience group would be an invaluable aid to decision-making."



COI has been very supportive of my commitment to the Reserve Forces.

Olaf Dudley

# Service above self

COI's supportive work environment allows staff the flexibility they need to take on new challenges.

**COI print buyer Olaf Dudley spent six months co-ordinating British Army operations in the Helmand province of Afghanistan last year.**

I took six months' leave from COI to complete my tour of duty, and work has been very supportive of my commitment to the Reserve Forces. I served with the Royal Engineers in Helmand, where our tasks ranged from minefield clearance to life improvement projects for both the Army and Afghan civilians. We also helped sort out the infrastructure for schools and hospitals, and the locals were truly grateful to us. My colleagues at COI have been very accommodating. I've been a member of the Territorial Army for 20 years and it definitely benefits my work at COI – for example, the leadership and management training I've received easily transfers to my daily work.

From left to right: Olaf Dudley on duty in Afghanistan; Heather Reynolds at Johanna Primary School; school governor Gilly Fieldsend

**It was her sister – a police officer – who inspired business analyst Heather Reynolds to start a volunteer reading scheme at a local school in October last year.**

I admire the difference my sister makes to people's lives, so I got in touch with the Johanna Primary School and offered our help, which they accepted. I set up a programme where volunteers assist with pupils' reading on a one-to-one basis, during their lunch hour. More than 25 COI staff have been involved so far and COI has been very supportive – they're keen to get staff involved to help foster good community relations. Di Morgan, headteacher at the school, said that many of the pupils we work with don't get the chance to read with an adult, and we fill this gap. She told us the children think of us as their 'special adult'. I've learnt a tremendous amount from the scheme as well. I've improved my management skills and gained confidence from knowing that I can make something work. It's been a priceless experience.



“““

**COI is keen to get staff involved to help foster good community relations.**

**Heather Reynolds**

“““

**If you feel strongly enough, you need to let your voice be heard.**

**Gilly Fieldsend**



**COI Senior Media Manager Gilly Fieldsend has gone back to school to serve as a school governor at Swakeleys Secondary School, Hillingdon, Uxbridge.**


A school governor functions like a critical friend of the school. I felt that instead of grumbling about the standard of schools, it was more proactive to do something about it. If you feel strongly enough, you need to take action and let your voice be heard. Doing this also enables me to give something back to the community I live in. My experience as a governor gives me a thorough understanding of the education system, and this helps with the work I do at COI for the Training and Development Agency for Schools. COI is very supportive – I get official time off work to fulfil my duties. I recommend becoming a school governor to anyone who is interested. You don't need to be a parent to do the job. All you need is energy, enthusiasm and the determination to make a difference.











 *Clarence Mitchell* Last year, MMU became part of COI and this year we've been working hard to make sure the integration went smoothly. At the same time there were pressure points in the daily news agenda to deal with too – constant coverage of Iraq, Afghanistan and the potential outbreak of bird flu – so we had to make sure we were on top of that. 

*Victoria Collins* This year, on the regional side, we will be focusing on widening and improving our current Whitehall client base. At the same time, our regional monitors will be continuing their work with regional clients. 

We're also planning to digitise the capture of incoming media, so we'll be able to keep more data for longer, it will take up less space, and it will be easier to search and faster to distribute. Eventually we'll be able to send out clips of material and upload images and sound onto the MMU website. 

I'm keen that we concentrate on the potential for more regional media monitoring. Now that we've inherited nine regional monitors from the Government News Network (GNN), we're in an excellent position to provide our clients with both regional and national monitoring. The regional monitors are still based in the GNN offices so that they have constant access to local newspapers, TV and radio stations. 

We've got lots of plans for new services too. We know there's a desire among directors of communication and heads of news for information about what's happening on blogs and on internet forums. It's going to be a challenge to monitor them but it's a really interesting new area for us to get into. Clients have told us that campaigning and debating are taking place online to such a degree that there's a whole new medium out there. They don't want to be blind-sided by material appearing from the web out of the blue in the external media, so the online monitoring product we've been working on over the last year is really going to help. I'm looking forward to launching that to departments over the next few months. 

I think another challenge for us is going to be integrating the entire MMU team with other areas of COI. For example, we could work more closely with the PR team to monitor the success of government campaigns – particularly when it comes to monitoring how successful campaigns are regionally. I'd also really like us to work more closely with COI's regional marketing managers, who sit in the GNN offices. 

We're also looking at delivering cuttings online. Although we don't offer a cuttings service as such, I do think we can help deliver them in a faster, more efficient way. Combining our regional monitoring service with an electronic cuttings service would give our clients a more rounded offer and, although it's still early days for this project, in time we may be able to offer a regional cuttings service to complement our regional news monitoring.

 There's a lot to look forward to!  It's certainly going to be another busy year.

*In the 24-hour news age, staying on top of broadcast and print media is always a challenge for the Media Monitoring Unit (MMU). Clarence Mitchell, Director of MMU, and Victoria Collins, Marketing Manager for MMU Regions, reflect on an exceptionally busy year and discuss their plans for the future.*

From bird flu to blogs





**Planning:** COI's sustainable development action plan, published in April 2007, sets clear targets for energy efficiency, cutting carbon emissions, reducing waste and protecting natural resources.

**Recycling:** In 2006-07, COI added dedicated bins for batteries, videos, CDs and DVDs to its existing recycling facilities for paper, plastic and cans.

# Sustainable COI

**Saving:** Water flush reducers have been installed in toilets throughout Hercules House, COI's London office, and energy efficiency experts are advising on further water-saving measures.

**Pedalling:** Additional bike racks and lockers are making life easier for staff who choose to cycle to work. In January, COI joined the Ride 2 Work scheme, which enables staff to spread the cost of a new bike through a 'salary sacrifice' scheme.

How COI is working to reduce its impact on the environment and contribute to a greener future

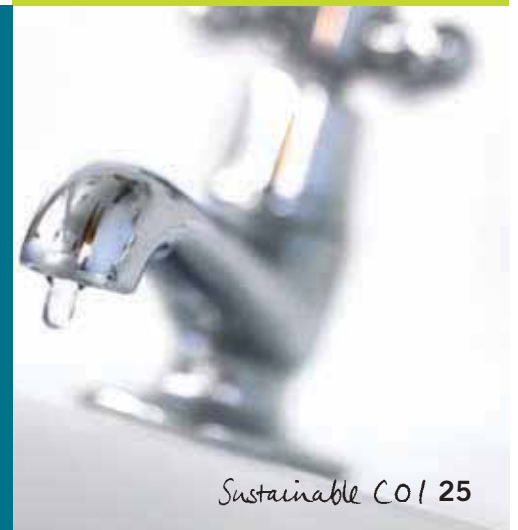


**Purchasing:** Suppliers applying to join COI frameworks will receive extra points for demonstrating compliance with ISO 14001 or their own robust environmental policy. All new contracts now stipulate environmentally friendly ways of working: for example, COI's cleaners have been asked to cut down on water usage and to avoid using harmful chemicals.



**Centralising:** All stationery is being purchased centrally, reducing waste and putting COI in a strong negotiating position when it comes to asking suppliers to implement green measures like cutting down on packaging.

**Influencing:** COI is using its membership of over 20 major industry bodies to raise awareness of the importance of sustainable business practices.





I found it extremely **helpful**. My role is very specialised, but working with so many different people really brought out my other skills. I have a better understanding of what other specialist areas of COI do and where Publications fits into the big picture.

**Akan Leander, Proofreader, Publications**



The two days flew by but I **learnt** lots about the other areas of COI and what people do. I will definitely use the Engage principles I learnt in the Challenge when the opportunity arises. I'd recommend the Challenge to everyone!

**Harry Weber-Brown, Head of External Relations, Directgov**

COI



COI has been encouraging its staff to embrace the principles of Engage (the programme designed to make government communications more effective) by taking part in the COI Challenge.

Three integrated teams from across COI compete against each other to tackle a fictitious but realistic client brief. Designed to increase knowledge among staff about precisely what their colleagues do, the Challenge enables staff to work better together on behalf of their clients.



The best thing about the exercise was the teamwork – everyone brought their own specialist knowledge to the task. At the end of the Challenge I felt a real sense of **achievement**.

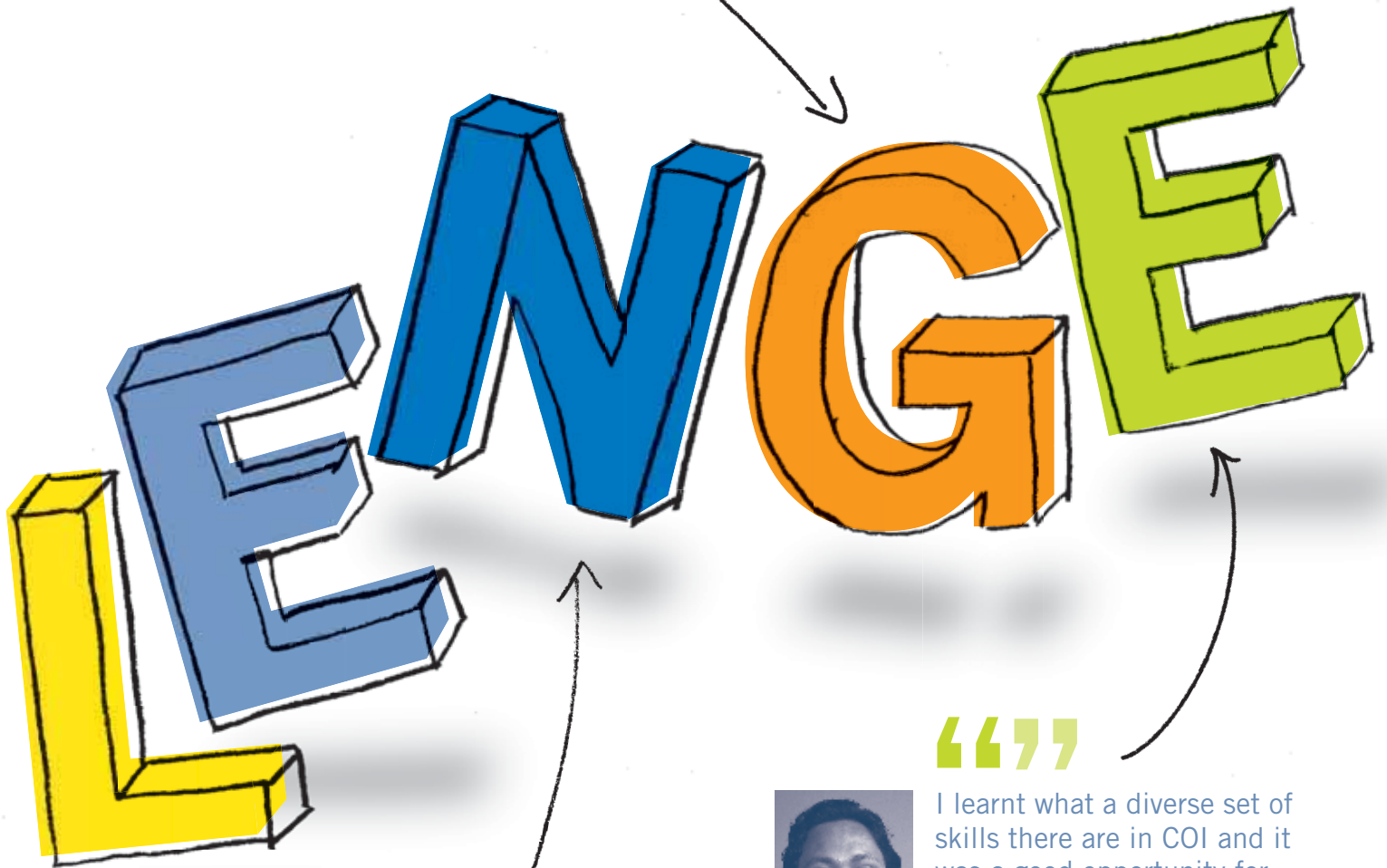
**Julie Gough, Senior Sponsorship and Promotions Manager, PR and Sponsorship**

“““



I'm used to reacting quickly to changing circumstances in my job, so it was a nice change to be able to spend time thinking creatively with colleagues from across COI. I worked with a **great team** of people. I always suspected there were a lot of talented people here, but now I know!

**Stuart Baird, Regional Director,  
GNN East Midlands**



“““



I learnt what a diverse set of skills there are in COI and it was a good opportunity for me to see a whole campaign develop. It left me feeling **enthusiastic** and **energised** about what we do.

**Noah Roychowdhury,  
Strategic Consultant,  
Strategic Consultancy**

“““



The Challenge was a great opportunity to **network** with people from all over COI and to see how they approach problems in different ways. It was a very challenging brief to respond to in just two days but everyone mucked in and got a lot out of it.

**Jay Potton, Senior Account Manager,  
Client Account Team**

In 2006–07, the Directgov  
website received over

**39 million**

visits.

**1st**

COI was named Radio  
Advertiser of the Year at  
the 2007 Aerials Awards.

*The year  
in numbers*

COI Broadcast ensured  
that clients' fillers  
appeared more than

**1.2 million**

times on TV this year.

COI now benchmarks  
its prices against **43**  
separate measures.

**COI recycled 82.5%**

of its waste in 2006–07.

**215**

staff are now  
enrolled in  
the COI gym.

**25%**

of COI staff have taken part  
in the COI Challenge to date.

# Results 2006-07

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# Director's report

## History

COI was established in 1946 after the demise of the wartime Ministry of Information, when responsibility for information policy was taken up again by departmental ministers. COI became a common service agency, concentrating expertise to avoid a wasteful duplication of specialists throughout Whitehall and taking advantage of centralised purchasing. In 1981, the then Prime Minister approved the move to a repayment service, which was introduced on 1 April 1984. On 5 April 1990 COI became a vote-funded executive agency, and on 1 April 1991 it became a trading fund under the Central Office of Information Trading Fund Order 1991.

In February 2002, the Quinquennial Review of COI concluded that COI should continue to operate as a department, an agency and a trading fund for the next five years. Also, COI should develop research on cross-cutting issues and a new role should be created for the Chief Executive, as Chief Adviser to the Government on Marketing Communications.

In April 2006, COI became responsible for the operation of Directgov and the Media Monitoring Unit (MMU), both transferred from the Cabinet Office.

## Statutory background

On 22 June 1992 ministerial responsibility for COI was transferred to the Minister for the Cabinet Office from the Chancellor of the Exchequer. COI continues to be a department of the Minister, who is accountable to Parliament and its select committees for all COI's activities. Taking into account the advice of the Chief Executive, the Minister determines the overall policy and financial framework within which COI operates but does not normally become involved in day-to-day management.

The Chief Executive of COI is also the Accounting Officer and is formally responsible to the Minister for the operations of the agency within the overall framework set out in COI's Framework Document.

As a government department, COI continues to receive a small provision in respect of central advisory services. This is included as income to the trading fund account and is also accounted for separately through COI's resource account. Details of the COI resource account are available on the COI website ([www.coi.gov.uk](http://www.coi.gov.uk)).

## Aims and objectives

The aim of COI is to enable central government to secure its policy objectives through achieving maximum communication effectiveness and best value for money. COI's objectives are to improve the effectiveness of, and add value to, its clients' publicity programmes through its consultancy, procurement and project management services across all communication channels.

## Review of activities

COI's principal activities throughout the year continued to be:

- providing strategic advice to departments and agencies on achieving their communication objectives;
- providing purchasing and project management services implementing those strategies; and
- supplying directly those services that, for propriety or other reasons, can only be provided by a government organisation.

## Results

A surplus of £6,437 was made for the year, which has been retained and carried to reserves.

## Events after the balance sheet date

For 2007–08, COI has taken over financial responsibility for Directgov and consideration is being given to the transfer of responsibility of Directgov to the Department for Work and Pensions.

## Management Board members during 2006–07

A. Bishop, Chief Executive

M. Baxter, Non-Executive Director

P.M. Buchanan, Deputy Chief Executive

I.R. Hamilton, Director, Client Account Team

G. Hooper, Client Director

S.E. Whetton, Board Director, Broadcast, Publications and Live Events

A. Wade, Board Director, Strategic Consultancy and Research

E. Lochhead, Director, Human Resources

G.W. Beasant, Director, Finance and Corporate Resources

R. Haslam, Director, Government News Network

## Audit and Risk Committee

COI has an Audit and Risk Committee which supports the Accounting Officer by monitoring and reviewing risk, control and governance processes. The membership of the committee, which meets at least three times a year, includes the Non-Executive Director, who chairs the committee, one independent member and nominated COI directors.



## Directors' statement with respect to conflict of interest

All Board members have confirmed that they have no significant outside interests that conflict with their management responsibilities.

## Supplier payment performance

COI's policy is to pay all suppliers within 30 days of receipt of goods or services or of a correctly documented invoice (whichever is received later), or according to contract where a different payment period is agreed. COI observes the principles of the CBI Better Payment Practice Code.

Using the Civil Service standard measure, during 2006–07 COI paid 92 per cent of supplier bills within 30 days (93 per cent in 2005–06).

## Recruitment

COI recruits staff on the basis of fair and open competition and selection on merit, in accordance with the recruitment code laid down by the Civil Service Commissioners. Systems are subject to internal and external checks.

Eighty-eight staff were recruited during 2006–07:

	Male	Female
Unified grades	13	7
Information	17	37
Administration	6	8
<b>Total</b>	<b>36</b>	<b>52</b>

Eleven people from ethnic minority groups were recruited. 10.9 per cent of COI's staff are from ethnic minority groups and 1.5 per cent have a disability as defined under the Disability Discrimination Act 1995.

The permitted exceptions to the principles of fair and open competition and selection on merit were not used on any occasion for appointments over 12 months.

## Employee involvement

COI encourages the involvement of its staff in the daily running of its affairs through normal line management contacts. Information is disseminated through office circulars, e-mail, the Intranet, an electronic staff newspaper and distribution of the Annual Report and Accounts. Regular workplace meetings are also used to pass on information to staff and to answer questions. Since 2005–06, a Representative Council has been in operation, which allows staff to have a say on important issues that affect the organisation and provides the COI

Management Board with an insight into popular thinking that can be considered as part of the decision-making process. The Representative Council fulfils the requirements of the EU consultative directive, which gives employees rights to be informed and consulted about the business they work for.

COI has formal contact with its trade unions through the departmental Whitley Council and more frequent and less formal discussions through several sub-committees.

## **People with disabilities**

In relation to employees with disabilities, COI complies with the equal opportunities legislation and provides special facilities where necessary.

## **Pension liabilities**

These are covered in notes 1(g) and 6(a) to the accounts.

## **HM Treasury accounts direction**

These accounts have been prepared in accordance with the accounts direction given by HM Treasury, in accordance with section 4(6)(a) of the Government Trading Funds Act 1973.

## **Disclosure of relevant audit information**

As far as the Chief Executive is aware, there is no relevant audit information of which COI's auditors are unaware, and the Chief Executive has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that COI's auditors are aware of that information.

## **Audit services and costs**

The Comptroller and Auditor General (C&AG) is head of the National Audit Office and is appointed as the auditor of the COI trading fund under section 4(6) of the Government Trading Funds Act 1973. The auditor's remuneration payable is £53,750 for the year ended 31 March 2007 (£53,150 for the year ended 31 March 2006). The C&AG has been appointed by COI under a non-statutory letter of engagement to provide an independent review of the systems and workings supporting performance indicators reported in the annual accounts. The audit fee payable for the review of performance indicators is £2,500 for the year ended 31 March 2007 (£2,400 for the year ended 31 March 2006). The C&AG has also been appointed to complete the statutory audit of the resource account under the Government Resources and Accounts Act 2000. The notional audit fee payable is £4,850 for the year ended 31 March 2007 (£4,650 for the year ended 31 March 2006).

# Remuneration report

## COI remuneration policies for senior staff

### Board directors

All COI Board directors are members of the Senior Civil Service (SCS), and the independent Review Body on Senior Salaries (SSRB) advises the government on appropriate remuneration for SCS members. In setting the remuneration of Board directors, it is COI policy to adopt the recommendations of the SSRB. COI's Remuneration Committee for setting directors' salaries comprises the Chief Executive and the Head of HR. Decisions are subject to ratification by the Employment and Reward Group of the Cabinet Office.

The principal objectives of the pay system for directors adopted by COI, based on SSRB recommendations, are:

- aligning directors' pay with the market, to enable COI to recruit and retain high-calibre people; and
- reinforcing policies to raise the performance of individual directors by relating pay to performance within a formal performance management system.

Details on the remit and work of the SSRB can be found on the website [www.ome.uk.com](http://www.ome.uk.com)

### Chief Executive

The Chief Executive's remuneration is determined by the Cabinet Office Remuneration Committee.

### Non-Executive Director

Remuneration of the Non-Executive Director is set by the Chief Executive and Head of HR, and is reviewed annually. For the financial year ended 31 March 2007, the Non-Executive Director's remuneration was £25,000 (£18,000 in 2005-06). COI does not contribute to the pension of the Non-Executive Director.

## Performance assessment of senior COI staff

In line with COI's policy of linking individual performance to pay, COI's Board directors are appraised under the standard SCS appraisal system against agreed targets and objectives. The objectives of Board directors are linked to the corporate objectives identified by the Board as part of its annual corporate planning and budget setting process, in line with ministerial targets. The performance and targets of the Chief Executive are determined by the Cabinet Office.

The Chief Executive formally assesses each Board director's performance against his/her objectives at a six-monthly interim stage and annually at the end of the business year, to ensure progress is being made against targets.

## **Duration of directors' contracts**

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit, on the basis of fair and open competition.

The appointments of all COI's Board directors and Chief Executive are open ended. At the age of 60 any member of COI staff has the right to retire, but all employees have the right to continue working up to the age of 65. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The Non-Executive Director is appointed on a fixed-term contract, renewable annually, which commenced in September 2003. The appointment can be terminated with three months' notice on either side.

## **Directors' remuneration for the period 1 April 2006 to 31 March 2007**

Remuneration of directors and the Chief Executive comprises a base salary, non-consolidated performance pay, corporate bonus scheme and pension. No benefits in kind are paid to directors. The remuneration of the Chief Executive, directors and Non-Executive Director for the year ended 31 March 2007 is set out in the table overleaf. This information has been subject to audit.

Director's name and position	Salary (including performance pay and bonuses) at 31.3.07	Salary (including performance pay and bonuses) at 31.3.06	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31.3.07	Cash Equivalent Transfer Value (CETV) at 31.3.07	Cash Equivalent Transfer Value (CETV) at 31.3.06	Real increase after adjustment for inflation and adjustment to market investment factors
	£000	£000	£000	£000	£000	£000	£000
A. Bishop* Chief Executive	160–165	150–155	0–2.5	5–10	121	90	24
M. Baxter Non-Executive Director	20–25	15–20	N/A	N/A	N/A	N/A	N/A
P. Buchanan** Deputy Chief Executive	115–120	110–115	0–2.5 plus 2.5–5.0	30–35 plus 90–95 lump sum	751	681	23
I. Hamilton** Director	90–95	85–90	0–2.5 plus 0–2.5	30–35 plus 100–105 lump sum	650	620	10
S. Whetton** Director	65–70	65–70	0–2.5 plus 2.5–5.0	15–20 plus 50–55 lump sum	299	278	7
A. Wade** Director	85–90	85–90	0–2.5 plus 0–2.5	20–25 plus 75–80 lump sum	452	429	10
G. Hooper* Director	85–90	20–25 (70–75 full-year equivalent)	0–2.5	20–25	255	230	20
E. Lochhead** Director	90–95	85–90	0–2.5 plus 2.5–5.0	2.5–5 plus 10–15 lump sum	72	57	14
G. Beasant** Director	70–75	70–75	0–2.5 plus 0–2.5	10–15 plus 35–40 lump sum	292	268	14
R. Haslam** Director	85–90	75–80	0–2.5 plus 0–2.5	35–40 plus 115–120 lump sum	961	906	8

\*has opted to join the Premium pension scheme

\*\*has opted to join the Classic pension scheme

## Pension benefits

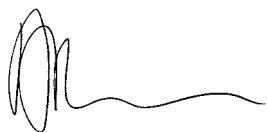
Pension benefits are provided through the Civil Service Pensions (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory-based 'final salary' defined benefit schemes (Classic, Premium and Classic Plus). The schemes are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium and Classic Plus are increased annually in line with changes in the retail price index.

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for Classic and 3.5 per cent for Premium and Classic Plus. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum. Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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. A CETV is a payment made by a pension scheme, an arrangement to secure pension benefits in another pension scheme, or an 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 senior capacity to which disclosure applies. The CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and 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.



**Alan Bishop**  
Chief Executive  
18 July 2007

## Statement of trading fund's and Chief Executive's responsibilities

Under section 4(6) of the Government Trading Funds Act 1973, HM Treasury has directed the Central Office of Information trading fund to prepare a statement of accounts for each financial year 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 trading fund and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM), and in particular to:

- observe the accounts direction issued by HM 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 a going-concern basis.

HM Treasury has appointed the Chief Executive as the Accounting Officer of the Central Office of Information and for the Central Office of Information trading fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the trading fund's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Government Accounting*.

# Statement on internal control

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of COI's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting* and the COI Framework Document, issued by the Minister for the Cabinet Office.

The Minister for the Cabinet Office receives an annual business plan with an assessment of the key corporate risks and actions taken to actively manage the risks identified. The COI department is a related party of the COI trading fund and I am the Permanent Head of the COI department. The COI department operates through the trading fund to meet its objectives of providing advice on publicity matters to central government. I also report to the Permanent Secretary, Government Communications on cross-government co-ordination of research, marketing and campaigns.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control was in place in COI for the year ended 31 March 2007 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

## Capacity to handle risk

The Management Board has the primary responsibility for identifying and monitoring the key risks facing COI. Annually, the Management Board approves objectives and plans and considers the main risks to the achievement of objectives; mitigating actions are determined and the success of these actions monitored.

The Audit and Risk Committee, a sub-committee of the Management Board, examines and reviews, in conjunction with internal and external audit, the adequacy of the arrangements for accounting, risk management, internal control and governance. The Non-Executive Chair reports formally to the Management Board after each meeting of the Audit and Risk Committee.

A Management Board member is responsible for the development and improvement of COI's risk management policies and procedures. The structure and content of the risk registers, and the supporting guidance, are updated monthly. A series of risk/control workshops is held



annually as part of the business planning process, to help improve the level of knowledge and awareness of risk management. Guidance has been provided for completing and reviewing risk registers that includes direction for risk escalation.

All relevant staff have written delegated authorities and have been trained in respect of risk management appropriate to their level of responsibility. Risk management processes are embedded across COI, with units maintaining risk registers, assessing risk during business planning and budgeting and including risk assessments when project managing. Guidance manuals are in place and include the Staff Handbook, Project Management Standards, Procurement Policy and the Finance Manual.

The HR Director is responsible for ensuring that COI employs good staff management systems and practices, so that staff possess the right level of knowledge, skill and competence to run the business efficiently and effectively. HR policies set out the principles and rules of conduct, including duty of care, standards of propriety and rules relating to conflict of interest, to which staff are expected to adhere.

## The risk and control framework

Our management of risk is embedded in planning and delivery through:

- a risk management strategy and process;
- the business planning process with risk registers;
- Project Management Standards with risk registers; and
- policies, procedures and framework controls over procurement, finance, IT and HR.

In COI, the main processes that are in place for identifying, evaluating and managing risk are:

- an annually reviewed risk management strategy and process;
- annual workshops at Management Board and business unit levels;
- Project Management Standards, overseen by the Business Improvement Delivery Group, which include a requirement for all new projects to undergo a risk assessment;
- corporate and business unit risk registers facilitating annual reviews of risk, moving to regular interim reviews of significant risks; and
- the Information Security Forum overseeing IT security risks.

My most significant risks are failure to:

- achieve ministerial targets;
- build strong client relationships;
- match staff skills and experience with business needs;
- support effective, integrated business systems; and
- organise the business flexibly to cope with changes in demand.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department 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.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board and the Audit and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

The main processes that have been applied in reviewing the effectiveness of the system of internal control include:

- monthly meetings of the Management Board to consider planning, performance and change management. Each meeting includes an in-depth review of a number of operating units, with the aim of seeing all units at least twice a year;
- a process to monitor progress towards the key strategic objectives and to ensure that the management of underlying risks, both at a strategic and operational level, is satisfactory;
- monthly meetings of the heads of the business units, chaired by the Deputy Chief Executive;
- periodic reports from the Information Systems Forum and Business Improvement Delivery Group;
- a process of regular risk reporting, which is being further developed, particularly in respect of collating unit risks with corporate risks;
- regular reports by Internal Audit, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of COI's risk management, control and governance systems, together with recommendations for improvement. Internal Audit, in its 2006–07 Annual Report, gave a substantial assurance opinion on the internal controls systems.

- a formal year-end sign-off process by senior management in order to ensure, as far as is possible, that the controls and safeguards are being operated in line with established procedures, policies and standards; and
- comments made by the external auditors in their management letter and reports.

During the year COI identified some weaknesses in its processes for the review of work-in-progress, including identifying income in advance, which will be rectified in 2007–08. Other than this, there were no significant internal control issues during the year, although areas for improvement have been identified in individual audit reports and summarised in the annual internal audit report, with agreed remedial actions implemented or in hand. The expansion of COI's business operations to include Directgov and the Media Monitoring Unit has brought new risks, not least of which is integrating the new areas within COI without damaging our existing business or relations with clients. Through our existing risk management and client communication processes, I have assessed the potential risks to the business of this integration and am satisfied that all significant risks have been identified and, where necessary, mitigated.



**Alan Bishop**  
Chief Executive  
18 July 2007

## Income and expenditure account for the year ended 31 March 2007

	Notes	2006-2007 £000	2005-2006 £000 restated
Turnover	2	337,579	322,324
Other operating income	3	1,160	1,043
Operating costs	4	<u>(338,816)</u>	<u>(323,863)</u>
Gross operating deficit		(77)	(496)
Loss on disposal of fixed assets		<u>(50)</u>	<u>(18)</u>
Deficit on ordinary activities		(127)	(514)
Interest receivable	7	588	844
Short-term interest payable	7	(455)	(265)
Retained surplus for the period	13,15	6	65

All income and expenditure arises from continuing operations.

There were no recognised gains or losses in either year other than those recognised in the income and expenditure account.

The notes on pages 46 to 57 form part of these accounts.

# Balance sheet as at 31 March 2007

	Notes	2007 £000	2007 £000	2006 £000 restated
<b>Fixed assets</b>				
Tangible assets	9	728		511
Intangible assets	8	658		323
<b>Total fixed assets</b>			<b>1,386</b>	<b>834</b>
<b>Current assets</b>				
Work in progress	1 (d)	11,679		6,422
Debtors	10	83,425		60,279
Cash in hand and at bank	11 (a)	<u>15,169</u>		<u>31,920</u>
		110,273		98,621
<b>Current liabilities</b>				
Creditors: amounts falling due within one year	12	<u>(103,269)</u>		<u>(91,473)</u>
<b>Net current assets</b>			<b>7,004</b>	<b>7,148</b>
<b>Total assets less current liabilities</b>			<b>8,390</b>	<b>7,982</b>
Provisions for liabilities and charges	6 (b)		(38)	(83)
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>			<b>8,352</b>	<b>7,899</b>
<b>FINANCED BY CAPITAL AND RESERVES</b>				
<b>Capital</b>				
Public dividend capital	14		265	265
<b>Reserves</b>				
Revaluation reserve	15	447		8
Income and expenditure account	15	<u>7,640</u>		<u>7,626</u>
			8,087	7,634
			<b>8,352</b>	<b>7,899</b>

Alan Bishop  
Chief Executive, COI  
18 July 2007

The notes on pages 46 to 57 form part of these accounts.

## Cash Flow statement for the year ended 31 March 2007

	Notes	2006-07 £000	2006-07 £000	2005-06 £000
Net cash (outflow)/inflow from operating activities	16		(16,274)	9,259
<b>Returns on investments and servicing of finance</b>				
Interest received		588		844
Interest paid		(455)		(265)
Net cash inflow from returns on investments and servicing of finance	7		<u>133</u>	<u>579</u>
<b>Capital expenditure</b>				
Payments to acquire intangible fixed assets	8	(299)		(279)
Payments to acquire tangible fixed assets	9	(311)		(322)
Net cash outflow from capital expenditure			<u>(610)</u>	<u>(601)</u>
<b>(Decrease)/increase in cash</b>	<b>11(b)</b>		<b>(16,751)</b>	<b>9,237</b>

The notes on pages 46 to 57 form part of these accounts.

# Notes to the accounts

## 1 Accounting policies

### (a) General

These financial statements have been prepared in accordance with the 2006–07 Government Financial Reporting Manual (FRm) issued by HM Treasury. The accounting policies contained in the FRm follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FRm permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the trading fund for the purpose of giving a true and fair view has been selected. The trading fund's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### (b) Transfer of MMU and Directgov to COI

With effect from 1 April 2006, MMU moved to COI. This machinery of government transfer has been accounted for as a business combination, using merger accounting principles in accordance with the FRm. Accordingly, principal comparators have been restated. Turnover and operating costs have increased by approximately £1m and reserves have increased by some £17,000.

With effect from 1 April 2006, Directgov operations transferred to COI, although the Cabinet Office continued to be responsible for the oversight and management of Directgov funding. Costs of services provided and related income are included in the income and expenditure account. In 2007–08 COI will assume responsibility for the oversight and management of Directgov and the Machinery of Government transfer will be accounted for as a business combination.

### (c) Turnover

Turnover represents the invoiced amount and accrued amounts to be invoiced of goods sold and services provided (net of value added tax) from the ordinary activities of the business. It also includes money received from the COI department in respect of central advisory services.

### (d) Jobs

For jobs open at the year-end, it is assumed that income and costs will match, with an accrual made to either income or cost as necessary on a job-by-job basis to bring them into balance. The omission of amounts recoverable from clients has led to the adoption of Format 1 (under the Companies Act) for the income and expenditure account. This has no impact on the surplus for the year.

### **(e) Fixed assets**

(i) Fixed assets are valued at modified historic cost, except where current cost adjustments are immaterial. Depreciation is charged using the straight-line method at a rate chosen to recover the cost of the asset over its anticipated useful life, as follows:

Intangible assets	over one to five years
New technology equipment	over one to 10 years
Equipment, fixtures and fittings	over one to 20 years

(ii) Items costing less than £2,000 are expensed in the year of acquisition.

### **(f) Early retirement costs**

Full provision is made in the accounts for all future liabilities in respect of payments to employees who have retired early. Payments are due from COI from the date of early retirement until age 60, when the Principal Civil Service Pension Scheme (PCSPS) assumes the liability.

### **(g) Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is described at note 6(a). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. COI recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, COI recognises the contributions payable for the year.

### **(h) Leasing**

Rentals under operating leases are charged on a straight-line basis over the lease term.

## **2 Turnover**

Clients are charged the actual cost of external goods and services purchased in respect of their work, together with a fee for the time of COI staff, set at a level to recover COI staff and all overhead costs.



### 3 Other operating income

	2006-07 £000	2005-06 £000
Rent received under operating leases	1,160	1,043
	<b>1,160</b>	<b>1,043</b>

### 4 Operating costs

	2006-07 £000	2005-06 £000 restated
(a)		
Staff costs:		
Wages and salaries	25,988	22,665
Social security costs	2,109	1,928
Other pension costs	4,843	3,985
Agency staff	5,186	1,254
<b>Total staff costs</b>	<b>38,126</b>	<b>29,832</b>
Raw materials and consumables	7,655	5,366
Other external charges	292,580	288,118
Depreciation and other amounts written off tangible assets	455	547
<b>Total operating costs</b>	<b>338,816</b>	<b>323,863</b>

(b) Other external charges include:

Auditor's remuneration	54	53
Auditor's remuneration for non-audit work	3	2
Operating leases in respect of hire of plant and machinery	124	102
Operating leases in respect of office accommodation*	1,800	1,800

\*Relates to the Hercules House lease.

(c) Other external charges are net of:

Advertising discounts	3,366	9,244
	<b>3,366</b>	<b>9,244</b>

(d) Volume discounts are received from suppliers based on the volume of work placed by COI with them.

## 5 Staff

(a) The average number of employees\* during the year is made up as follows:

	2006-07	2005-06 restated
<b>Permanent*</b>		
Unified grades	137.6	114.9
Information	394.5	374.9
Administration	146.6	127.7
Support	20.4	11.5
Secretarial	1.4	1.5
<b>Total</b>	<b>700.5</b>	<b>630.5</b>

\* Includes casual staff, staff on fixed-term contracts of over one year and agency staff

## 6 Pensions

(a) The employees of COI are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Employees are eligible to join the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS is an unfunded multi-employer defined benefit scheme, but COI is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the Civil Superannuation resource accounts of the Cabinet Office ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2006-07, employers' contributions of £4,797,308 were payable to the PCSPS (£3,941,266 in 2005-06) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay (16.2 to 24.6 per cent in 2005-06), based on salary bands. The scheme's actuary reviews employer contributions every four years, following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £41,622 (£40,774 in 2005-06) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay (3 to 12.5 per cent in 2005-06). Employers can also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £3,287 (£3,060 in 2005-06), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £212. No contributions were prepaid at that date.

One individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £5,735.

(b) Provisions for liabilities and charges are in respect of early retirement costs (see note 1(f)).

The provision is made up as follows:

	2006-07 £000	2005-06 £000
Balance at 1 April	83	236
Use of provision	(117)	(161)
Increase in provision charged to income and expenditure account	<u>72</u>	<u>8</u>
	<b>38</b>	<b>83</b>

The liability falls due in the following timescales:

	2006-07 £000	2005-06 £000
Within one year	28	76
Within two to five years	10	7
After five years	0	0
	<b>38</b>	<b>83</b>

## 7 Interest

	2006-07 £000	2005-06 £000
Interest received from the National Loans Fund	66	73
Interest received from the Paymaster General	522	771
	<b>588</b>	<b>844</b>
Interest on short-term borrowing	<u>(455)</u>	<u>(265)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>133</b>	<b>579</b>

## 8 Intangible fixed assets

The movement between the opening and closing balances is accounted for as follows, using the current cost accounting convention (in accordance with accounting policy note 1(d)):

	Software licences £000
<b>Gross replacement cost or valuation</b>	
Opening balance at 1.4.06	852
Acquisitions	299
Disposals	(107)
Closing balance at 31.3.07	1044
<b>Amortisation</b>	
Opening balance at 1.4.06	529
Provided during year	231
Disposals	(57)
Revaluation*	(317)
Closing balance at 31.3.07	386
<b>Net book value</b>	
Closing balance at 31.3.07	658
Opening balance at 1.4.06	323

\*Assets have been re-lifed to reflect continued use

## 9 Tangible fixed assets

The movement between the opening and closing balances is accounted for as follows, using the current cost accounting convention (in accordance with accounting policy note 1(d)):

	New technology equipment £000	Equipment, fixtures and fittings £000	Total £000
<b>Gross replacement cost or valuation</b>			
Opening balance at 1.4.06	1,129	674	1,803
Acquisitions	173	138	311
Disposals**	(624)	(0)	(624)
Closing balance at 31.3.07	678	812	1,490
<b>Depreciation provision</b>			
Opening balance at 1.4.06	757	535	1,292
Provided during the year	162	62	224
Disposals**	(624)	(0)	(624)
Revaluation*	(90)	(40)	(130)
Closing balance at 31.3.07	205	557	762
<b>Net book value</b>			
Closing balance at 31.3.07	473	255	728
Opening balance at 1.4.06	372	139	511

\*Assets have been re-lived to reflect continued use

\*\*COI identified fully written off tangible fixed assets which were no longer in use. These assets were subsequently written off with a nil effect on the financial statements

## 10 Debtors

	31.3.07 £000	31.3.06 £000 restated
Trade debtors	73,790	49,507
Prepayments and accrued income	9,438	10,607
Other debtors	197	165
	83,425*	60,279*

\*Intra-government balances are disclosed in note 22

## 11 Cash in hand and at bank

(a) The balance of cash in hand and at bank is made up as follows:

	31.3.07 £000	31.3.06 £000
Cash with Paymaster General	15,169	31,917
Girobank	0	3
<b>Cash in hand and at bank</b>	<b>15,169</b>	<b>31,920</b>

(b) Analysis of changes in cash during the period:

	31.3.07 £000	31.3.06 £000
Balance at 1 April	31,920	22,683
Balance at 31 March	15,169	31,920
<b>(Decrease)/increase in cash</b>	<b>(16,751)</b>	<b>9,237</b>

## 12 Creditors

	31.3.07 £000	31.3.06 £000
Trade creditors	15,241	18,981
VAT creditors	12,182	8,563
Accruals for jobs	69,728	55,617
Deferred income	1,575	2,532
Accrued expenses	4,543	5,780
	<b>103,269*</b>	<b>91,473*</b>

\*Intra-government balances are disclosed in note 22

## 13 Financial target

COI was set a financial target of break-even. It achieved a surplus of £6,437 (£65,253 in 2005–06).

## 14 Capital

(a) The COI trading fund was established on 1 April 1991 under the Government Trading Funds Act 1973 with an originating debt of £1,792,279.50. The debt comprised:

(i) Public dividend capital of £265,000; and

(ii) a deemed loan from the National Loans Fund of £1,527,279.50, bearing interest at 10.5 per cent and repayable, in equal instalments of capital, over six years. Repayment of the loan was completed during 1996–97.

(b) Other long-term finance is provided by retained surpluses on the income and expenditure account and by the revaluation reserve (see note 15), which represents changes made to the value to the business of fixed assets to reflect current costs.

## 15 Reconciliation of movement in government funds

	Revaluation reserve	Income and expenditure	Total
	£000	£000	£000
At 1 April 2005	8	7,561	7,569
Retained surplus for the year	0	65	65
At 31 March 2006 (restated)	8	7,626	7,634
Transfer to reserve	(8)	8	0
Retained surplus for the year	0	6	6
Revaluation surplus	447	–	447
At 31 March 2007	447	7,640	8,087

The revaluation reserve comprises the increase in gross replacement cost less prior-year backlog depreciation on fixed assets.

## 16 Reconciliation of surplus to net cash inflow from operating activities

	2006-07 £000	2005-06 £000 restated
Retained surplus for period	6	65
Less net interest received	(133)	(579)
Depreciation	455	529
Loss on disposal of fixed assets	50	18
(Increase)/decrease in debtors	(28,403)	17,394
Increase/(decrease) in creditors	11,796	(8,015)
(Decrease) in provisions	(45)	(153)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(16,274)</b>	<b>9,259</b>

## 17 Operating leases

At 31 March 2007, COI was committed to making the following payments during the next year in respect of operating leases expiring:

	Land and buildings £000	Plant and machinery £000
Within one year	1,800	67
Within two to five years	0	67
Over five years	0	0
	<b>1,800</b>	<b>134</b>

## 18 Capital commitments

At 31 March 2007, no orders had been placed for capital expenditure (£0 at 31 March 2006).

## 19 Related party transactions

COI is a trading fund of the Central Office of Information. The Minister for the Cabinet Office has ministerial responsibility for the activities of the COI trading fund and the COI department and is therefore regarded as a related party. During the year ended 31 March 2007, COI had various material transactions with both the COI department and the Cabinet Office.

In addition, COI had various material transactions with most government departments and other publicly-funded bodies.



None of the Board members, key management staff or other related parties undertook any material transactions other than payment of salaries and expenses with COI during the period.

## **20 Contingent liabilities**

There were no contingent liabilities.

## **21 Financial instruments**

COI has no long-term borrowings and relies for its cash requirements primarily on receipts from clients. Due to timing differences between income and expenditure, there are cash surpluses or forecast cash deficits. In the former case surplus cash is deposited short term with the National Loans Fund (NLF). In the latter case COI borrows short term from the NLF, but all such borrowings are repaid before the end of the year. Interest rates on both borrowings and deposits are fixed at the date at which the transaction takes place.

All material assets and liabilities are denominated in sterling so COI is not exposed to significant currency risks. FRS13 disclosures exclude short-term debtors and creditors. All COI's financial instruments are short-term and no numerical disclosures have been made.

## 22 Intra-government balances

	Debtors: amounts falling due within one year £000	Debtors: amounts falling due within one year £000	Creditors: amounts falling due within one year £000	Creditors: amounts falling due after more than one year £000
Balances with other central government bodies	73,087		16,325	
Balances with local authorities	254		0	
Balances with NHS trusts	1,246		0	
Balances with public corporations and trading funds	3,687		385	
Subtotal	78,274	0	16,710	0
Balances with bodies external to government	5,151		86,559	
<b>As at 31 March 2007</b>	<b>83,425</b>	<b>0</b>	<b>103,269</b>	<b>0</b>
Balances with other central government bodies	34,495		15,905	
Balances with local authorities	6		3	
Balances with NHS trusts	56		0	
Balances with public corporations and trading funds	17,088		1	
Subtotal	51,645	0	15,909	0
Balances with bodies external to government	8,634		75,564	
<b>As at 31 March 2006 (restated)</b>	<b>60,279</b>	<b>0</b>	<b>91,473</b>	<b>0</b>

## 23 Events after the balance sheet date

For 2007–08, COI has taken over financial responsibility for Directgov and consideration is being given to the transfer of responsibility of Directgov to the Department for Work and Pensions.

The Central Office of Information's trading fund accounts are laid before the Houses of Parliament by the National Audit Office. FRS21 requires the Central Office of Information to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Central Office of Information's management to the National Audit Office.

The authorised date for issue is 24 July 2007.

# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Central Office of Information for the year ended 31 March 2007 under the Government Trading Funds Act 1973. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement 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 Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Central Office of Information, Chief Executive and auditor

The Central Office of Information and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trading Fund's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the information on pages 4 to 42 inclusive and the unaudited parts of the Remuneration Report, is consistent with the financial statements. I also report whether, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Central Office of Information has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Central Office of Information's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Central Office of Information's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Central Office of Information and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Central Office of Information's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

### Audit opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Trading Funds Act 1973 and directions made thereunder by HM Treasury, of the state of the Central Office of Information's affairs as at 31 March 2007 and of its surplus for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder; and
- information given within the Annual Report, which comprises the information on pages 4 to 42 inclusive and the unaudited parts of the Remuneration Report, is consistent with the financial statements.

### Audit opinion on regularity

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

### Report

I have no observations to make on these financial statements.



John Bourn  
Comptroller and Auditor General

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

Date 23 July 2007

# COI services and contacts

## COI

Hercules House  
Hercules Road  
London SE1 7DU

**T: 020 7928 2345**

**E: enquiries@coi.gsi.gov.uk**

## Client Service and Strategy

**Director – Graham Hooper**

**T: 020 7261 8815**

**E: graham.hooper@coi.gsi.gov.uk**

## Client Account Team

The Client Account Team (CAT) helps COI to ensure that we always put clients' needs first. The team's remit is to build strategic partnerships with clients and develop the best possible understanding of their business so that COI can offer effective advice and delivery across all marketing and communications specialisms, with CAT account managers also located in the regions. CAT leads multi-disciplinary teams to ensure that clients receive a wholly integrated service from COI.

**Director – TBC**

## Strategic Consultancy

COI's team of strategic consultants and analysts develops creative, innovative, practical and effective marketing strategies and solutions for clients. The team offers advice at the stages of a project before implementation begins and helps develop an evidence base to underpin the strategy. It looks at the development, planning and communications issues related to all areas of public sector marketing.

The team includes specialists in: internal communications; stakeholder issues; brand development; and inclusivity (inclusivity specialists seek the best strategies to identify and communicate with all socially-excluded audiences, including minority ethnic communities and people with learning difficulties).

**Director – Andrew Wade**

**T: 020 7261 8480**

**E: andrew.wade@coi.gsi.gov.uk**

## Research

COI uses its research expertise to create effective and measurable communications strategies. With its in-depth knowledge of the research industry, COI devises, plans and manages strategic, developmental and evaluation research for all types of communication.

**Director – Fiona Wood**

**T: 020 7261 8905**

**E: fiona.wood@coi.gsi.gov.uk**

## Recruitment service

COI's Human Resources team offers a recruitment service to help clients recruit specialist communications staff. A range of options is available, including placing recruitment advertisements, response handling and preliminary quality checks of applicants. COI's buying power means that significant cost savings on advertisements can be achieved, and the team's expertise in recruiting communications professionals adds value to the whole process.

**Head of HR – John Ellery**

**T: 020 7261 8606**

**E: john.ellery@coi.gsi.gov.uk**

## News and PR

**Director – Rob Haslam** (until December 2007)

**T: 020 7261 8248**

**E: rob.haslam@coi.gsi.gov.uk**

## Government News Network

The Government News Network (GNN) specialises in providing regional communications expertise to government departments and agencies in the public sector, making national issues relevant to local audiences.

GNN's regional intelligence, media contacts and local stakeholder relations are first rate, and there is a comprehensive media monitoring operation in each of the nine regional offices.

The News Distribution Service is an arm of GNN that distributes news releases on behalf of all government departments, both nationally and regionally. It operates 24 hours a day, seven days a week, 365 days a year.

**Director – Rob Haslam** (until December 2007)

**T: 020 7261 8248**

**E: rob.haslam@coi.gsi.gov.uk**

## PR

COI's PR specialists identify objectives, develop briefs, select agencies and agree evaluation criteria for PR campaign activity. Other services include: in-house PR; black and minority ethnic (BME) communications; corporate communications; and promotional merchandising.

**Director – Oliver Hickson**

**T: 020 7261 8388**

**E: oliver.hickson@coi.gsi.gov.uk**

## Media Monitoring Unit

The Media Monitoring Unit provides a 24-hour service to government press officers, special advisers and ministers, compiling regular briefings of developments being reported in the mainstream media that are relevant to government. The Unit covers all the main media outlets – newspapers, terrestrial news bulletins, 24-hour news channels, websites and wire services.

In addition, the Unit can provide specific alerts and updates on breaking news or stories, and transcripts of major broadcast news items.

**Director – Clarence Mitchell**

**T: 020 7276 1044**

**E: clarence.mitchell@cabinet-office.x.gsi.gov.uk**

## Interactive

**Transformational Strategy Director –**

**Alex Butler**

**T: 020 7261 8780**

**E: alex.butler@coi.gsi.gov.uk**

## Digital Media

COI's services for digital media include all aspects of consultancy, project brief development, pitching and procurement, project management and campaign management to ensure successful delivery of customer-focused services and digital products across almost all digital channels.

**Director – Jamie Galloway**

**T: 020 7261 8240**

**E: jamie.galloway@coi.gsi.gov.uk**

## Live Events

COI's Live Events and Broadcast Facilities team delivers a full service for large and small conferences, seminars, press launches, exhibitions and roadshows, in the UK and overseas. With award-winning work in experiential events and expert delivery of deliberative consultation projects, the team uses the latest interactive technology to engage and inform everyone from staff and stakeholders to citizens.

**Director – Simon Hughes**

**T: 020 7261 8884**

**E: [simon.hughes@coi.gsi.gov.uk](mailto:simon.hughes@coi.gsi.gov.uk)**

## Directgov

COI will continue to work very closely with Directgov. Directgov puts public information and services 'all in one place' online, on mobile phones and on DiTV.

It is one of the best known 'joined-up' government programmes around, bringing together local and central government services in a new way directly to the citizen, and so COI's link with Directgov is key.

**Delivery Director – Jayne Nickalls**

**T: 020 7261 8279**

**E: [jayne.nickalls@directgov.gsi.gov.uk](mailto:jayne.nickalls@directgov.gsi.gov.uk)**

## Interruptive

**Director – Peter Buchanan**

**T: 020 7261 8386**

**E: [peter.buchanan@coi.gsi.gov.uk](mailto:peter.buchanan@coi.gsi.gov.uk)**

## Media and Advertising

COI's media and advertising specialists manage advertising activity outside the policy areas covered by the Client Account Team. As well as handling this business, they also: ensure that COI's media services deliver excellent value for money for all clients, irrespective of size; maintain a gold standard across all aspects of advertising (including online), from agency appointment to post-campaign evaluation; and ensure that issues such as propriety are properly taken into account.

**Director – Corinne Purton**

**T: 020 7261 8947**

**E: [corinne.purton@coi.gsi.gov.uk](mailto:corinne.purton@coi.gsi.gov.uk)**

## Sponsorship

Sponsorship and partnership marketing specialists project manage campaigns that generate financial and in-kind support for government initiatives from commercial and non-commercial organisations.

**Head of Sponsorship – Daphne DeSouza**

**T: 020 7261 8423**

**E: [daphne.desouza@coi.gsi.gov.uk](mailto:daphne.desouza@coi.gsi.gov.uk)**



## Direct and Relationship Marketing

COI's direct and relationship marketing specialists are responsible for planning, procuring, project managing and evaluating: outbound direct marketing (direct and e-mail, door drops, field marketing, telephone, inserts, SMS); and response-handling and fulfilment (all forms of contact centre provision). Working closely with the Transformational Strategy Director, the team develops long-term contact strategies (data-driven relationships affecting attitudinal and behavioural change).

**Director – Marc Michaels**

**T: 020 7261 8391**

**E: marc.michaels@coi.gsi.gov.uk**

## Creative Delivery

**Director – Sally Whetton**

**T: 020 7261 8895**

**E: sally.whetton@coi.gsi.gov.uk**

### Broadcast

COI's broadcast specialists procure and manage the production of: commercials, public information fillers, online television and audio, Houses of Parliament Television, vlogs, training films, recruitment videos, documentaries, conference openers, stakeholder management programmes, British Sign Language productions, internal communications, DVD duplication, digital encoding, technical facility installation, archiving, pieces to camera, podcasts and mobisodes.

**Director – David Seers**

**T: 020 7261 8528**

**E: david.seers@coi.gsi.gov.uk**

### Publications

The team's consultants, designers, writers and print specialists provide integrated creative solutions to help clients reach diverse audiences and achieve their communications goals.

Working across print and interactive media, services include: branding; copywriting, editing, proofreading and indexing; graphic design; project management; print procurement and production; and translations.

**Director – Andrew Prince**

**T: 020 7261 8830**

**E: andrew.prince@coi.gsi.gov.uk**

COI<sup>👑</sup>



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Designed and written by COI Publications.

ISBN 978-0-10-294778-6



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