House of Commons

Committee of Public Accounts

Ofcom: the effectiveness of converged regulation

Twentieth Report of Session 2010-11

Report, together with formal minutes, oral and written evidence

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The Committee of Public Accounts

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Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/pac. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

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Summary

The Office of Communications (Ofcom) is the independent regulator and competition authority for the United Kingdom communications sector, which encompasses broadcasting, telecommunications and wireless communications. Ofcom was formed in 2003 from the merger of five previous regulators. Its operating expenditure in 2009-10 was £122 million, funded through broadcast licence fees and charges, and grant-in-aid from two government departments: the Department for Business, Innovation and Skills (£75.7 million in 2009-10); and the Department for Culture, Media and Sport (£0.6 million).

In most cases the communications market functions well and consumers enjoy the benefits of competition, such as choice and low prices for a range of products and services, and our report is presented in the overall context of that positive picture. However, there is scope for Ofcom to do more to tackle persistent problems such as the volume of silent calls, relatively low levels of switching between telecoms providers, and limited competition in fixed-line telephony.

Ofcom has successfully reduced its cost base, compared to its predecessors, despite having taken on a number of additional duties. A frequent justification for undertaking public sector mergers is to reduce costs through streamlining 'back-office' functions and property requirements. Ofcom has achieved cost reductions but, because it has classified some of the benefits of the merger as efficiency savings, it is questionable whether the scale of these is as much as would have been expected, once the merger-specific savings have been taken into account.

Ofcom manages its expenditure within an overall cap, which is agreed each year with the Treasury. In most organisations the intended work plan will determine the budget, but in Ofcom it is effectively the other way round. This has the potential to incentivise Ofcom to make decisions based on keeping within the cap – rather than maximising value. This means that value for money – optimising the available resources to achieve intended outcomes – is not always the primary focus.

Ofcom needs to do more to demonstrate its focus on value for money and to allow the taxpayers and companies that fund its activities to assess its performance. Ofcom sets out in its annual work plan the activities it plans to undertake, but it does not specify its intended outcomes, explain how its activities will achieve those outcomes, or set out how it will measure success. This makes it impossible to assess whether Ofcom is delivering value for money.

On the basis of a report from the Comptroller and Auditor General[1] we took evidence from Ofcom on the management of its resources and the outcomes it delivers for citizens and consumers.

1 C&AG's Report, *Ofcom: the effectiveness of converged regulation*, Session 2010-11, HC 490

Conclusions and recommendations

1. **Value for money is the optimal use of resources to deliver the intended outcomes. Ofcom does not articulate the outcomes it expects to deliver, which means it is not possible to assess value for money.** Ofcom publishes a lot of information about consumer outcomes, but acknowledges that it needs to do more to define the specific results its work is attempting to achieve. Ofcom should set out in its Annual Plan what outcomes it intends to deliver, expressed in a clearly defined and measurable way, and indicating in advance what success will look like. We welcome Ofcom's commitment to us to undertake this work, and we look forward to seeing the results in its 2011-12 Annual Plan. Ofcom should then report regularly and publicly on its progress against these intended outcomes.

2. **The expected financial benefits of merging five organisations into one were not defined at the outset, leading to confusion between expected savings and on-going efficiencies.** In 2006 the National Audit Office estimated that the costs of creating Ofcom were in the region of £80 million but, because the expected financial benefits of the merger were not clearly defined at the outset, it is not possible to determine whether these costs have been recovered in full. This weakness is not uncommon in relation to public sector mergers, and this Committee commented on it in April 2010. The Government subsequently committed to "look closely at how it can ensure sufficient weight is given to value for money considerations and specific measurable benefits": we would welcome a progress report from the Treasury.

3. **Some of Ofcom's claimed efficiency savings have been double-counted, as the same savings have been counted across a number of years.** For example, Ofcom appears to intend to keep counting indefinitely the savings from the disposal of surplus properties. Ofcom should in future report its savings to Parliament and the public, on a basis which is in keeping with the principles set out by the Treasury, and as used by other public sector bodies.

4. **The mechanism through which Ofcom's overall expenditure is agreed with the Treasury does not necessarily incentivise value for money.** Other public sector organisations bid for a budget to fund their work plans, creating more tangible incentives to be efficient. Ofcom operates within an annual funding cap, which then drives its work plan. This makes it much more difficult to judge whether the money allocated to Ofcom is too much or too little and whether a 28% budget cut will damage Ofcom. The Treasury and Ofcom should review the current approach to determine whether it is the most appropriate mechanism for controlling Ofcom's overall expenditure, and report back to us by the end of 2011.

5. **It is unacceptable that Ofcom held a large contingency fund in 2009-10, but could not adequately explain to us how it had been allocated.** We noted with some surprise that Ofcom was able to find £14 million in 2009-10 to offset some of its pension fund deficit, and that £7 million came from unused contingencies. Ofcom has not satisfied us, despite submitting further evidence since the hearing, that it

allocates contingency funds to specific areas of its business on the basis of risk assessment, rather than allocating excessive amounts to general contingencies. Ofcom should avoid excessive 'general' contingencies and, where appropriate, make specific and transparent provisions based on risk and the level of certainty that they will be required. In its response to us, we expect Ofcom to make clear the nature and value of the general and specific contingencies that it had in place at the start of 2009-10 and 2010-11.

6. **Ofcom's staff costs are relatively high. Its total wage bill is higher than those of its predecessors, allowing for inflation, although staff numbers have fallen by over 18%.** As an organisation claiming to have a tight grip on costs, Ofcom should ensure that its approach to pay and related spending, such as travel and subsistence, is in line with current best practice in the public sector.

7. **Ofcom has announced a budget cut of 28% over the next four years, and a reduction in staff numbers of 170. There is a high level of risk associated with such cuts.** Ofcom should ensure that its cost reductions are based on a full understanding of the relative costs of alternative cuts and of the effect of these cuts on the effectiveness of Ofcom in serving consumers. We look to Ofcom to produce a robust plan for implementing the necessary changes in a way that minimises the detriment to consumer outcomes.

8. **Outcomes for consumers in communications markets have been broadly positive.** However, we are concerned that Ofcom needs to do more to tackle some issues, including silent calls, consumer switching, and competition in fixed-line telephony:

- The maximum fine that Ofcom may impose on organisations persistently making silent calls has recently been increased; Ofcom has also indicated to the industry that its enforcement regime will be much tougher from February 2011.

- We are concerned that it is too difficult for consumers to switch telecoms providers, Ofcom is currently undertaking a strategic review to look at the reasons for this.

- The level of competition in fixed-line telephony is relatively limited. This is understandable to a certain extent given, for example, the nature of the infrastructure, but we believe that consumers could be getting a better deal than they are.

In addition to these areas, three of the goods and services most complained about to the consumer helpline Consumer Direct are within Ofcom's purview: mobile phone service agreements, telephone landlines and internet service providers. We would like Ofcom to write to us in June 2011 to update us on progress and developments in all six of these areas.

1 Ofcom's management of its resources

2. The National Audit Office defines value for money as the optimal use of resources to deliver the intended outcomes, so in order to assess value for money it needs to know what the intended outcomes are and the criteria for measuring them.[2] In its Annual Plan Ofcom sets out what activities it expects will contribute to its desired high-level outcomes, but it does not describe how it will measure whether it has achieved these outcomes: it does not state what success will look like.[3] Ofcom does publish a large volume of outcomes data, for example in its annual publication *The Consumer Experience*, but what is missing is a statement setting out at the beginning of the year where it wants to get to in terms of outcomes and a statement at the end of the year setting out whether it got there. Ofcom agreed that this is something it could do better, and we welcome its commitment to address this issue.[4]

3. In 2006, the National Audit Office calculated that the costs of the merger amounted to some £80 million, and we estimate that the savings represented by Ofcom's year-on-year budget reductions are approximately £70 million.[5] Some of the efficiency savings that Ofcom has claimed are, in our opinion, direct benefits of the merger, for example savings from the disposal of surplus properties. Moreover, Ofcom has double-counted some savings by counting them across a number of years. The disposal of surplus properties again serves as an example: Ofcom has counted the rent and business rates savings every year from 2004 and could not tell us when it intended to stop counting.[6]

4. Ofcom does not agree with our analysis of these issues, and as the expected benefits of the merger were not clearly set out in the original Regulatory Impact Assessment, it is difficult to reconcile these different opinions and disentangle merger savings from genuine efficiency savings. However, it is appropriate for us to judge Ofcom, a public body, under the criteria set by the Treasury, which specify that savings can only be counted once.[7] The shortcomings of the Regulatory Impact Assessment are not unique: we commented on the situation in April 2010, following the Comptroller and Auditor General's report on *Reorganising central government*.[8] In its response to our comments, the Treasury said: "the Government acknowledges that more could be done to ensure there are strong business cases in place for any Machinery of Government changes. Building on the issues already considered when making a Machinery of Government change, as set out in the *Machinery of Government changes: best practice handbook*, the Government will look closely at how it

2 C&AG's Report, para 13

3 Q 100; C&AG's Report, para 2.7

4 Q 101

5 Qq 8, 10; C&AG's Report, *The creation of Ofcom: wider lessons for public sector mergers of regulatory agencies*, Session 2005-06, HC 1175, July 2006, paras 1.8–1.10

6 Qq 14–31

7 Qq 13–15, 32; C&AG's Report, *The creation of Ofcom: wider lessons for public sector mergers of regulatory agencies*, Session 2005-06, HC 1175, July 2006, para 1.7

8 Committee of Public Accounts, Thirty-third Report of Session 2009-10, *Nine reports from the Comptroller and Auditor General published from July 2009 to March 2010*, HC 520, April 2010; C&AG's Report, *Reorganising central government*, Session 2009-10, HC 452, March 2010

can ensure sufficient weight is given to value for money considerations and specific measurable benefits."[9]

5. The resources that Ofcom has available to spend are subject to a financial cap, set annually by the Treasury.[10] Ofcom is free to manage its resources within that overall cap, so the cap effectively drives its work plan. This differs from other public sector organisations, which more commonly agree their work plans and then bid for budgets to fund them. Ofcom has announced a 28% real-terms budget reduction over the next four years, and told us that this cut will be achieved in three ways: by stopping or substantially reducing some activities; by bearing down on overheads or supply costs; and by completely changing what it does, and how it does it, in some aspects of its business. It implied that the third of these will be the most significant.[11] We are concerned that the main impetus for Ofcom's fundamental review of how it could make efficiency savings appears to be the imposition of a significant budget cut, rather than a pre-existing and inherent focus on value for money.[12]

6. Ofcom inherited two defined-benefit pension schemes from its predecessors, which between them have a funding deficit of some £27 million. During 2009-10, Ofcom found £14 million – more than 10% of its annual budget – which it used to offset some of this deficit. Half of this £14 million came from unused contingency funds.[13] Written evidence provided subsequently by Ofcom did not shed any light on where the £7 million unused contingencies had come from; indeed, it only discussed a total provision of £3.5 million in the 2009-10 budget.[14] Whilst Ofcom places emphasis on managing risk, there is no detail about contingencies in its published accounts, and it was unable to tell us the total value of its general contingencies, compared to its specific provisions against expected costs.[15]

7. In 2009-10, Ofcom employed an average of 865 staff, compared to 1,062 in 2002-03 – a reduction of 18.5%. Despite this, over the same period, total staff costs have risen by 34% to £62.3 million, albeit before being adjusted for inflation.[16] Figure 1 shows that average staff costs per person have increased by about 38% over and above inflation to almost £72,000 in 2009-10. Other costs – such as professional fees, temporary staff and outsourced services – have also risen.[17] The amount spent on staff travel and subsistence has not increased, but, at over £1,600 per employee in 2009-10, appears to be relatively high.[18] Average redundancy costs over the last four years have ranged from £66,000 per head to £154,000 per head, which could have significant implications in view of the forthcoming loss of 170 jobs.[19]

9 HM Treasury, *Treasury Minute on the thirty third report from the Committee of Public Accounts*, Session 2009-10, Cm 7886, July 2010

10 C&AG's Report, para 1.9

11 Q 55

12 Qq 68, 72–75

13 Qq 58, 60–62; C&AG's Report, paras 1.20–1.21

14 Ev 41

15 Qq 67, 79–84; *Ofcom Annual Report and Accounts 2009-10*; C&AG's Report, Figure 4

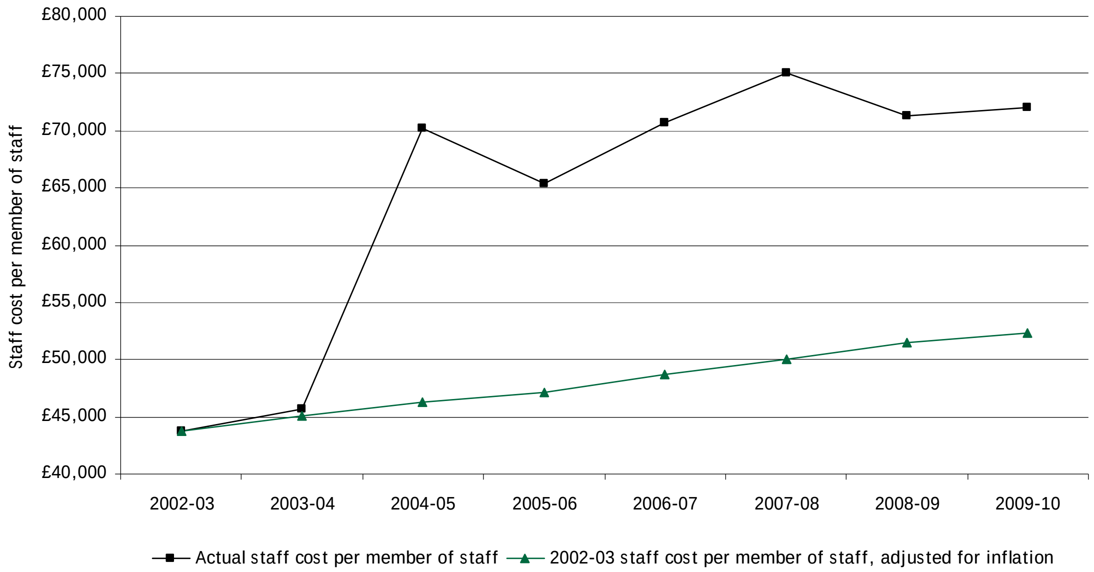
16 Qq 33–34, C&AG's Report, para 1.17

17 Qq 35–38; C&AG's Report, Figure 4

18 Qq 45–54 ; C&AG's Report, Figure 4, para 1.17

19 Qq 110–111

Figure 1: Average staff costs, 2002-03 to 2009-10



Note: Staff costs include salaries and benefits; National Insurance costs; pension costs; and restructuring costs.

Source: We have used 'total staff costs' and 'average number of employees' from the Notes to the Accounts, published in the Annual Reports and Accounts, of Ofcom and the legacy regulators. For the inflation calculation, we have used GDP deflators from HM Treasury

8. Ofcom told us that it had made a conscious decision to have fewer staff than its predecessors but to pay them more, in order to deliver a better-quality organisation. It said that one of the key drivers of the increased staff costs is that Ofcom, unlike the legacy regulators, has concurrent competition enforcement powers under the Competition Act 1998, and that it therefore has to pay for economists and lawyers who are able to exercise these powers.[20] We are not convinced by this argument, however, as Oftel did in fact have powers under the Competition Act.[21]

20 Qq 34, 38

21 Competition Act 1998, Schedule 10; C&AG's Report, *The Office of Telecommunications: helping consumers benefit from competition in the telecommunications market*, Session 2002-03, HC 768, July 2003, paras 2.11–2.12

2 Outcomes for citizens and consumers

9. There are many positive outcomes in the communications market: customer satisfaction levels are generally high; good-quality products and services are widely available; and prices for many goods and services are falling. However, there are a number of areas where we believe Ofcom has not done enough to satisfy the interests of citizens and consumers.[22]

10. Silent calls occur when calling centre equipment connects a call to a consumer but there is no calling centre operator available to take over the call. Complaints to Ofcom about these have risen since 2006, and there will also be many unreported cases. Ofcom believes that the true volume of silent calls has actually fallen over the last two years, and that it is publicity which has caused the number of complaints to rise, but it does accept that the volume of these calls is still too high. The maximum fine that it may impose in such cases has recently been increased to £2 million, which Ofcom believes will be a much more effective deterrent than the previous limit of £50,000. Along with the higher fines, Ofcom has warned offending companies that its regime will be tougher from February 2011. However, because of the publicity surrounding the increased fines, it expects that complaints may continue to rise in the early part of 2011.[23]

11. Switching rates in the communications market are relatively low compared to, for example, the energy and car insurance sectors.[24] Some consumers find it extraordinarily difficult and slow to switch services such as broadband or mobile phone providers. They often face a lot of confusing information which makes it very difficult to compare different providers or to interpret what might be gained or lost by switching. Ofcom agrees that the switching process should be more convenient for consumers and is currently undertaking a strategic review in this area.[25]

12. The average price of fixed-line telephone services has fallen only marginally since 2004, in contrast to a much steeper fall in the costs of mobile services. This seems to be a reflection of fixed-line services having originally been a state monopoly, BT still having the lion's share of the market, and it being hard to drive down costs of the physical infrastructure. Ofcom's research shows that, amongst the countries it uses as comparators, prices for UK consumers are lower than most, and BT has a lower market share than most other incumbent providers. By contrast, there is a much more competitive mobile market and there have been significant technological advances, allowing mobile customers to get a better deal.[26]

13. Data from the consumer helpline Consumer Direct shows that three of the goods and services generating the most complaints in 2009 are ones for which Ofcom has some responsibility. These are mobile phone service agreements (third highest); landline

22 Qq 1, 112; C&AG's Report, para 10

23 Qq 112, 128–129 ; C&AG's Report, para 2.19

24 C&AG's Report, para 2.21

25 Qq 112, 116–117

26 Qq 124–127

telephone services (tenth); and internet service providers (eleventh). Ofcom agreed that the level of complaints is disappointing.[27]

27 Qq 122–123; C&AG's Report, para 2.20, Figure 11

Formal Minutes

Tuesday 1 February 2011

Members present:

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon	Rt Hon Anne McGuire
Mr Stephen Barclay	Austin Mitchell
Dr Stella Creasy	Nick Smith
Matthew Hancock	Ian Swales
Chris Heaton-Harris	James Wharton

Draft Report (*Ofcom: the effectiveness of converged regulation)* proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 12 read and agreed to.

Conclusions and recommendations 1 to 8 read and agreed to.

Resolved, That the Report be the Twentieth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Wednesday 2 February at 2.30 pm

Witnesses

List of printed written evidence

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–11

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Mulit-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
Twelfth Report	Central government's use of consultants and interims	HC 610
Thirteenth Report	Department for International Development's bilateral support to primary education	HC 594
Fourteenth Report	PFI in Housing and Hospitals	HC 631
Fifteenth Report	Educating the next generation of scientists	HC 632
Sixteenth Report	Ministry of Justice Financial Management	HC 574
Seventeenth Report	The Academies Programme	HC 552
Eighteenth Report	HM Revenue and Customs' 2009-10 Accounts	HC 502
Nineteenth Report	M25 Private Finance Contract	HC 651
Twentieth Report	Ofcom: the effectiveness of converged regulation	HC 688

Oral evidence

Taken before the Committee of Public Accounts

on Tuesday 14 December 2010

Members present:

Rt Hon Margaret Hodge (Chair)

Mr Richard Bacon	Austin Mitchell
Stephen Barclay	Ian Swales
Dr Stella Creasy	James Wharton

Amyas Morse, Comptroller and Auditor General, and **Alex Scharaschkin**, Director, gave evidence. **Gabrielle Cohen**, Assistant Auditor General, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, were in attendance.

Examination of Witness

Witness: **Mr Ed Richards**, Chief Executive, Ofcom, gave evidence.

Q1 Chair: Welcome to the Committee, Ed, and thank you for coming. Looking at this Report, on the whole it supports the assertion that Ofcom is doing a good job as regulator on behalf of the taxpayer. I think what we want to tease out of you this morning is where we could get an improvement in performance. So we put that against the background that, on the whole, Ofcom's performance has been supported and found to be good by the NAO. I'm going to ask you the first question, which I think perhaps reflects the criticism in the NAO about your performance management approach, in that you don't really relate your inputs to what you'd seek to achieve so people can't quite tell how the money you spend gets the outcomes and outputs you want.

I'm going to take the example of the money on spectrum, because if you read the Report, the income from the management of spectrum is £200 million a year. I know we also get the spectrum auctions, which bring in a lot of money to the taxpayer. But your expenditure is £75 million, and that just looks jolly high. As you look through the Report, you think, "How do you justify it?" How do we know that you need to spend £75 million—that the £75 million brings value for money to the taxpayer? Or is it simply that that's the money that's given to you by Treasury, so you live within the cap?

Ed Richards: No, we don't just live within the cap at all. In fact, we have tried to drive those numbers down every single year and I think I'm right to say that they have gone down every single year.

Chair: You're going to have to speak up a little bit because the acoustics in this room are pretty poor.

Ed Richards: We do try and drive it down every single year and we try and take a multi-year horizon of that. I think you have to disaggregate what we do with spectrum and ask whether we have the right information, whether we have the right approach to the strategic analysis of that cost information and whether we are trying to ensure that we get best value for money. There are essentially four things that we do. The first is we license spectrum to people—everyone from yacht users, amateur maritime users, through to people like Vodafone. We then manage interference across the country, so if somebody's mobile phone system is being interfered with, or even televisions are interfered with, we send people out to fix those if necessary. We then have a programme of clearing spectrum, which is then linked to a programme of releasing spectrum—the auctions that you talked about.

Looking at each of those, the first two are essentially programmatic pieces of work. Over the years, we have, I think, concentrated very hard on reducing the amount of spend in those areas, and we've been successful in doing that. So, there are far fewer people doing interference management now across the country than there were, and they do it much more effectively, and we have very good information to understand whether they're doing that well or badly.

In terms of licensing, again, we are on a journey to automate licensing and I think when we've fully automated it those costs will go down again, but once more we have very clear KPIs in those areas. We know what we're trying to do: we're trying to license people as effectively as possible, and we test that through our budgeting process every year.

I think the clearance and the auctions are really very different. They are major projects that are designed to ensure that we can release spectrum for economic use, whether it be in public services or, more typically now, for commercial purposes. There's been a bit of uncertainty in relation to clearance because we've been investigating what clearance needed to be done, and that is not a simple task. When we plan to use the 2.6GHz and the 800MHz, which is what will be used for mobile broadband in the future—the iPad and all those sorts of things—we have to clear the existing users from the spectrum in order to be able to release it. That has involved a huge amount of work with BIS and the Treasury to understand what those costs are, but that is work that is being carried out literally as we speak. For example, we need to move the various military radars and change those radars, and we have to fund a change-out programme for those, so they can use—

Q2 Chair: Does that come out of the £75 million?

Ed Richards: No, that would come out of a different pot, which is spectrum clearance funding, but that's where the most uncertainty in terms of costs lies.

Q3 Chair: I can understand those are the tasks you do, but what I find difficult to get a handle on, as I read the Report, is where there is a justification that £75 million is what is needed to carry out those tasks. That, I think, leads into the criticism that I know you were a bit sensitive about, which is that there isn't really a link in the way you manage your finances between inputs, outputs and outcomes. It's all good work, all necessary work, but when I read the Report I was struck by the thought that £200 million income in and £75 million expenditure out, set aside the spectrum auctions, just seems to amount to jolly high management costs.
Ed Richards: Okay, well, I don't agree with that element of the Report and I think that you have to ask yourself what would support the supposition that that is too high.

Q4 Chair: Nobody is saying it's too high.
Ed Richards: Or why do we not understand that it could be lower? Let's think about what you would want to do. You would firstly want to understand what your costs are. Do we understand what our costs are in this area? Unequivocally so. You'd then want to make sure that you had a good analysis of those costs and that you understood what different factors determined whether they went up or could go down. We absolutely do that. You'd then want to understand whether or not the organisation was effective and, typically annually or more often, interrogated those costs and made sure they were as low as possible. We absolutely do that; we do that every year through our budgeting process and those costs are crawled all over in order to make sure they are as low as possible. The final thing you'd want to do is make sure that mechanisms like competitive tendering, good procurement practices and so on were in place to ensure, once again, that those costs were as low as possible. We absolutely do all of those things. So I would say that we do all those things—we have all that information—and they are well understood, and that that process of interrogation to ensure that they are as low as possible happens every year and, indeed, has a cross-check through our internal review process, both through the board and, indeed, through the audit committee. So, I'm unclear as to what else it is that we should be doing, in order to drive those costs down, that we're not actually doing already.

Q5 Mr Bacon: What is your definition of value for money?
Ed Richards: I think the definition of value for money in this context and in any context is that, for a given objective, you deliver that objective for the least possible resource. So, in other words, you spend as little as possible to deliver the desired objective.

Q6 Mr Bacon: You make it sound as though value for money is about reducing costs.
Ed Richards: No, it's not so. It's about spending as little as possible to deliver the desired objective. If the desired objective changes or is greater, then clearly it may cost more. Clearance is a very good example of exactly where that has happened. So, the desired objective is to release the spectrum, which will generate many billions of pounds of value for the economy. As a consequence of that, we are actually going to have to spend about £200 million-plus, more than we would otherwise have done, but that is well worth spending because the value for money created is some billions as a result of the released spectrum. So, I think value for money is a much more subtle question than just lower cost.

Q7 Stephen Barclay: Just building on that issue of reducing costs, looking at the figures, my take on the situation was that Ofcom, in terms of its total spending, now spends around £70 million, over the period it's been in formation, less than the precursor bodies would have spent. Is that your analysis?
Ed Richards: Yes, we think we are about 27% cheaper than the legacy regulators from whom we took over, on a like-for-like basis.

Q8 Stephen Barclay: Sure, that's the analysis at paragraph 1.27. I broke it down: in 2004–05, it was £9 million; in 2005–06, £6 million; in 2006–07, £8 million; in 2007–08, £7 million; 2008–09, £17 million; 2009–10, £23 million—if one's comparing what the precursor five bodies would have spent with what you're spending. So, would you recognise that £70 million figure?
Ed Richards: Yes, that is one approach to calculating efficiencies, and that is a perfectly reasonable approach.

Q9 Stephen Barclay: We'll get on to efficiencies and whether they're being double counted. What I'm looking at is just total spend. So you'd agree total spend wise, that the gap is £70 million during the lifetime of Ofcom?
Ed Richards: That we have reduced it compared to what it would have been?
Stephen Barclay: Yes.
Ed Richards: Yes.

Q10 Stephen Barclay: The merger cost £80 million, so your total spending is still £10 million short of what it cost for the merger.
Ed Richards: This is back exactly to the point I was making: it depends how you calculate these things. We have reduced the base against which one should be comparing it and that is one of the reasons that we calculate, unlike the NAO, cumulative cost, because every single year that goes by that you're not incurring those costs, you can—

Q11 Stephen Barclay: Sure, but what I'm saying is do you accept that since Ofcom was formed the reduction in total spending by Ofcom is less than the cost of the merger in the first place?
Ed Richards: No, I don't accept that.

Q12 Stephen Barclay: Well, the cost of the merger was £80 million.

Ed Richards: I don't accept that, because you have to compare that cost with the cumulative cost that would otherwise have been incurred had the merger not taken place. That seems to me the right way to calculate that against that particular investment, because what you're doing when you make an assessment of a merger of that case is saying, "What is the one-off cost of the merger?" which is £80 million. You then need to compare that against the cash flow savings in the future cumulatively and then discount it back to the present day and then compare the two. If you do that—and it's illustrated by the fact that we're 25% cheaper on a like-for-like basis—and add that up over multiple years—you could take five years, 10 years or 20 years—you are bound to have a net present value that is substantially positive.

Q13 Stephen Barclay: I just don't follow your argument. Perhaps other members of the Committee will. What I'm driving at is this. The cost of the merger was £80 million. I am not even allowing for the fact that, actually, the shortfall is probably more than £10 million because the predecessor organisations would have been expected to have efficiency savings themselves, so in that baseline figure we're assuming no actual efficiency savings by those predecessor organisations. You accepted that the total spending since Ofcom was formed is £70 million less than that unadjusted figure from the precursor organisations, yet the actual cost of setting you up was £80 million.

Ed Richards: No, I don't accept that analysis, and there are two points I'd make. The first is that your assumption that there would have been efficiency savings originally is right, but it's also true that when we took over, the legacy regulators had already diminished their spend very substantially in anticipation of the merger, and the true running costs of the organisations were, I think, very substantially higher than that. So, the task was much more difficult than it appeared according to that data because they'd essentially shut up shop in some respects and, therefore, the running costs were lower. The second reason I don't accept it is that you have to calculate it on a cumulative basis because each of those savings is a step down from the previous year's savings. If you take the 25% on a like-for-like basis and you say, "Today we are 25% less expensive on a like-for-like basis," then you merely say, "Well, that is 25%, roughly speaking, every year since the merger," given our budget is now £143 million, you can immediately see that that number is going to be in excess of £80 million.

Chair: To be fair, Ed, nobody does that across government. I can't remember the CSR rules, but the rules are you can only count a saving once during that CSR period. It has to be a real cash saving. We don't look at it that way—nowhere in government does—and I'm afraid I don't think you should either.

Q14 Stephen Barclay: With respect, there are two flaws in your argument. First of all, as Figure 7 sets out, there is the flaw that you're actually double counting your savings and that's why there's the gap between the savings that Ofcom are putting forward and the savings that the NAO are putting forward. My reading of what's happening is that when you get rid of a member of staff in, say, 2004, instead of counting that as a saving just in 2004, you're continuing to count that as a saving in subsequent years. That's the first issue. Secondly what you're doing is you're dressing up the benefits of the merger—the savings we should have expected as part of the merger—as efficiency savings. So, if we look at Figure 7, the key savings you have made are from the disposal of surplus properties—with five bodies going into one, you would expect that—and the reorganisation and sub-letting of London headquarters.

So, we have an organisation that spent £80 million on the merger, on being set up; the actual reduction in total spend is £70 million; and a fair chunk of that £70 million is being made up of the benefits of the merger, such as getting rid of properties, rather than what I would call traditional efficiency savings—and we'll come on to some of the issues as to where Ofcom is spending money and where it's inefficient. You're dressing up merger benefits as efficiency savings and then you're double-counting them over the years compared to the methodology set out by the NAO.

Ed Richards: Well, I just don't agree with that. I think the NAO has one approach to calculating savings; we have a different one.

Q15 Chair: I don't think you can.

Ed Richards: One is one way and the other gives you different answers. On the CSR savings, if you take a three-year horizon and you say, 'What is the cost of merger?' and all savings need to be identified within that three-year period, then clearly the numbers are going to be much, much tighter. I can't recall the precise costs of the merger—

Q16 Stephen Barclay: But you're counting £19 million of efficiency savings from the disposal of properties.

Ed Richards: What we're doing is taking the operating costs of the organisation as we inherited it and we're comparing the operating costs of the organisation post the merger—

Q17 Mr Bacon: Can I just clarify on this £19 million that Mr Barclay mentioned, where it says, "Disposal of surplus properties," "Ofcom methodology, £19,039,000." That estimate of efficiency savings is based on rent that would otherwise have been paid by those predecessor bodies that is no longer being paid. Is that right?

Ed Richards: Essentially, what we did—it's important to understand the relationship—was to say, "What are the tasks in front of us? How can we do them at a lower cost?" And one of the ways we did it at lower cost was to reduce the headcount. Reducing the headcount enabled us to liberate property; we were able to dispose of that and reduce the ongoing cost. That does seem to me to be to be a reasonable source for—

Q18 Stephen Barclay: Sorry, can I just come in there? You just said one of the ways we reduced cost was to reduce headcount.
Ed Richards: Yes.

Q19 Stephen Barclay: But your overall staff bill has gone up even though your headcount has come down.
Ed Richards: The overall staff cost has gone up over the entire period—that's right.

Q20 Stephen Barclay: But by more than inflation.
Ed Richards: I think we inherited about 1,150 on the staff rolls.

Q21 Mr Bacon: Can I just keep going with the rent for a second?
Ed Richards: That was reduced.
Chair: Let's have that from Mr Bacon.

Q22 Mr Bacon: Yes. Logically, we should come on to the staff if indeed one of the reasons you were able get rid of the buildings was that you were able to reduce staff. But let's just stick with the building for a second. So, you were saying you were able to reduce the staff and thus you were able to free up a building you no longer needed from the predecessor bodies. So the lease came to an end and you didn't renew it, or you broke the lease, paid the penalty and got out, is what you're saying?
Ed Richards: I can't recall the precise detail because this was 2004, which is quite a long time ago, but essentially, it would have been mechanisms of that kind.

Q23 Mr Bacon: Right. Was it just one building?
Ed Richards: In all cases actually, it would have been a mechanism of that kind because we moved everybody to a new building, so it would've been the release of existing leases or negotiated closure. So, that's right.

Q24 Mr Bacon: I'm just trying to get at what this £19 million is comprised of.
Ed Richards: I think that's exactly the kind of thing it's comprised of.
Mr Bacon: Rent—rent that didn't get paid?
Ed Richards: Yes.

Q25 Mr Bacon: For how many buildings?
Ed Richards: Well, there were a number all over the country. There were multiple buildings in London; there were buildings in a variety of towns and cities across England. I think there were also offices in Scotland, Wales and Northern Ireland, but we have retained offices in Scotland, Wales and Northern Ireland. Essentially, the change has been in England, particularly in London, but in other parts of England as well. So there were properties that the legacy regulators had leases on that were let go.

Q26 Mr Bacon: You said this happened in 2004. In 2005, 2006, 2007, 2008, 2009 and 2010, there were therefore rent and business rates savings on those properties.
Ed Richards: Yes.

Q27 Mr Bacon: And that's what that £19 million basically comprises.
Ed Richards: I believe so, yes.

Q28 Mr Bacon: How far do you think it is reasonable to carry that number forward—or do you carry it forward infinitely? On this basis, my goodness, if in six years you can save £19 million, then logically in 60 years you'll be saving £190 million.
Ed Richards: I don't think—
Mr Bacon: But why wouldn't you do that? Logically, if that's your methodology, you'd keep it going.
Ed Richards: I don't agree that you should keep it going for ever.

Q29 Mr Bacon: Why not?
Ed Richards: Because the question—
Mr Bacon: Why not? On your methodology, you're counting it forward. What is the criterion by which you choose to stop?
Ed Richards: Because the question that was put to me was in relation to the £80 million investment.

Q30 Mr Bacon: No, no, no. I'm sorry, but my question is this: if you are rolling it forward, which you are, what is the criterion by which you stop?
Ed Richards: Well, we calculate these things against the original investment. If you're calculating the question of the return against the investment, it seems to me if you were doing a cash-flow analysis of that kind, you would take it forward a number of years—

Q31 Mr Bacon: How many?
Ed Richards: Well, it's typically 10 years.
Mr Bacon: 10 years.

Q32 Chair: Okay. I'm going to stop this because I think, to be honest, there's a disagreement here and all I can say to you, Ed, is you will be judged by us on the criteria set by Treasury. So, in a sense, whatever the economic argument about how long you assess it for, I think your organisation has to accept that as a government organisation that is then held to account by us, we have to stick by Treasury rules, which are that the savings have to be within the CSR period—go on, just remind me.
Alex Scharaschkin: Each saving has to be new within the period, so you can claim the saving once.
Chair: Once.
Amyas Morse: May I add something? I just want to talk about the methodology that Ed's been discussing. I do think that when you made the business case for the merger, it would have been entirely reasonable to have taken the net present value of the savings that you expected and discounted them back, because at that point when you put the business case together, you would have said, "Look, by making this merger we expect to achieve *x*." You're making a point-in-time decision and you're able to compare the cost of doing the merger with the benefits of future reduced expenditure. This should allow you to make a good decision. Then subsequently, you should be able to look at that business case and compare it with what the actual running costs are and say, "Is that right or

not?" That would be a reasonable thing to do. It doesn't mean you go on asserting these are real savings, but you do say, "Did you deliver the benefits intended in the business case?" I just fear that in the middle of the discussion, we may lose sight of that. I think that's not an unreasonable thing to do as part of assessing whether you've delivered the business case for merger.

Ed Richards: I entirely agree with that and that is why I was making the connection to the £80 million cost because I think when you look at—

Chair: But the accounting—

Ed Richards: I understand that and I'm very comfortable with that, Chairman. I do see your point about the CSR and how it's calculated today, and I accept that completely, but when calculating against the £80 million, one has to see it on a value over multiple years.

Q33 Chair: I think the discussion on spectrum and the cost of that all comes to the heart of the issue of how we can better understand your costs in relation to what you're trying to achieve and the outputs you're getting for what you spend. I really think there is an issue. But let me come to staffing, which I think a number of us want to talk you about. Have a look at Figure 4 on page 12. Your numbers went down; they've gone up a bit. I assume these are in real terms. Is Figure 4 in real terms or cash terms?

Alex Scharaschkin: This is in cash.

Chair: It's in cash.

Alex Scharaschkin: That doesn't include pension contributions; it's not fully apportioned, but it's cash.

Q34 Chair: It's cash, so the point is not actually as strong, but staff costs, professional services, temporary staff and contractors and outsourced services are all really quite considerably up. There's a question there again as to how you would set about justifying that. If I just took your staff costs, the crude top figure there, the average cost for a member of staff is about £72,000, which seems jolly high for an organisation and, again, it is very difficult for us to assess, on a value-for-money basis, that that is justifiable.

Ed Richards: There are a number of points to make about that, if I may. The first is that these are cash numbers, so they don't look very dramatic to me. The second is that we made a conscious decision when we created the organisation, which has not changed, which is that we were going to pay fewer people more in order to be better, as a clear calculation about delivering a better-quality organisation and better overall value for money. I am of the view that we have done that. The reason why in this area you have to pay people reasonably well is that you're asking them to go head to head against some of the most highly paid people in the entire economy. They are taking on City lawyers working on behalf of massive global companies that have huge resource to throw at this, professional consultancy and professional economist firms, the Big Four and so on and so forth. We end up having to make and justify decisions that are appealed multiply in the Court of Appeal and then beyond that. So we have to have a quality of people who can actually stand toe to toe with those kinds of individuals.

Despite that, we benchmark our salary information very carefully every year and in the key areas we are way below the actual market rate. So, when I hire someone from one of the City law firms, which I occasionally do, the pitch I make to them is very clear. I say, "We cannot pay you anything like what you would earn in the City law firm that you are currently in. However, we will do our best to be as competitive as we can and you'll get a different mix of things. You'll be doing really interesting work that really matters for the people of this country." But you should be under no illusion: when we make that proposition to people, the proposition is that they are going to be getting paid substantially less than they could otherwise earn.

Of the people at the top of Ofcom, I think five or six out of the top eight all came from the private sector with those kinds of backgrounds. That is the pitch we make to people, not just there, but in other parts of the organisation. So, this was a deliberate and conscious attempt to make sure that we had the quality of people to be able to do the job well. I think, as the Report indicates, and as our own work indicates, the outcomes that the organisation has delivered in terms of price reduction, range, competition and things of that nature suggests that that wasn't too bad a decision, because the outcomes are reasonably good.

Q35 Stephen Barclay: Can I just clarify? Staff costs are now higher than if the merger had not happened.

Ed Richards: I'll have to come back to you and double check on that.

Q36 Stephen Barclay: Okay, well, perhaps then I can take you through my quick look last night at the numbers. In 2002, there were over 1,000 staff—1,062—at a cost of £46.5 million. In 2009–10, as you would expect from a merger, staff numbers had come down—to 865 at a cost of £62.3 million. So, if we take the first figure—the 2002 figure of £46.5 million—and adjust it for inflation, staff costs today would be £56.39 million, but you're spending over £62 million. So, even though you have far fewer staff, your actual wage bill, if we were comparing your organisation against the precursor organisations had they stayed in place, is higher.

Ed Richards: But you're not comparing like for like.

Q37 Stephen Barclay: I'm comparing the total wage bill. You can argue as to whether the people you've hired are more skilled than those in the previous organisations—that's a separate argument. I'm saying your total wage bill is higher than if the merger had not taken place.

Ed Richards: But you really aren't comparing like for like—not because of the different types of people but because we're doing different things. So, we are doing-

Q38 Stephen Barclay: No, again, that's a separate thing. I'm just saying your total wage bill has changed.

Ed Richards: No, because your total wage bill is informed by what you are doing in total and we are doing a substantial number of things that our previous regulators did not do. We have additional tasks for which we've had to hire additional people who cost additional money. Let me give you one very clear example, which is probably the most costly that we have. Four of the previous regulators—the ITC, the Radio Authority, the Broadcasting Standards Commission and the Radio communications Agency—had no competition powers. We are a concurrent regulator for all our sectors, so we are a competition authority. We have to undertake competition investigations; we have to therefore have economists and lawyers who are able to act in light of the Competition Act and the Enterprise Act. That's a very substantial cost that we have used significantly over the last few years, which the legacy regulators did not do. We have had to hire people and pay them in order to do those kinds of tasks.

Q39 Stephen Barclay: Shall we look at numbers then? Since you were chief executive, between 2006 and 2010, staff numbers have gone up 12.5%.
Ed Richards: Yes.

Q40 Stephen Barclay: And you're now about to cut staff numbers by 20%.
Ed Richards: By 170.

Q41 Stephen Barclay: Yes. Well, I thought one in five.
Ed Richards: It's roughly that.

Q42 Stephen Barclay: That's the figure that you've put forward, which I would've thought was 20%. So, in other words, since you've been chief executive it's gone up 12.5% and now you're cutting it. We're actually really talking about a cut of 7.5%, to just beyond where we were in 2006.
Ed Richards: No, because, for example, one of the reasons why staff numbers have gone up since I became chief executive is that we again took a conscious decision on value for money grounds to insource significant aspects of our IT services. The reason for that was that we'd inherited an outsourcing model. It was highly unsatisfactory; the quality of service was a disaster.

Q43 Mr Bacon: Who was your outsourcing contractor, by the way?
Ed Richards: Well, in those days it was CMG. We ended it and insourced the support for people in the building, which has massively improved the quality of the service. I used to get complaints every day of the week from people about it—about their computers not working and systems going down all the time. That has gone away, and it has gone away because we insourced the staff to support it so they cared about what they were doing. That increased the total headcount in the organisation. I accept it did that, but I have no regrets about doing it, and anybody who works in the organisation has no regrets about it either. So, the headcount went up, yes, but that's one of the reasons it did. Looking forward, it is true to say that we are now going to reduce by 170 roles. That is a result, obviously, of the budget constraints that everybody in the public sector faces. We have a variety of ways in which we're going to do that, but it's important to understand what they are. The most important, or the first port of call on this, is that we are going to stop doing some substantial things that we have done in the past. A good example of that is media literacy and digital participation where, under the previous Government we had a substantial role in that area—a multi-million pound activity—and we will not be doing that, outwith the research that we do.

Q44 Stephen Barclay: I think we'll probably come on to the future and the restructuring, but just while we're on the staffing, just to clarify, since your appointment you've been paid over £1.5 million in terms of total package. Is that correct?
Ed Richards: I don't know; I haven't calculated it.
Stephen Barclay: £392,343 in 2006–07. £417,581, which includes a £56,400 bonus, in 2007–08. There was a £66,692 bonus in 2006–07. In 2008–09, the figure was £392,056, although you didn't get a bonus. In 2009–10, it was £381,713. So in total you've received £1,583,693. Is that the case?
Ed Richards: I haven't got the numbers in front of me.

Q45 Stephen Barclay: It's just that the reaction to this Report—and I'll just come on to travel in a moment—was to attack the NAO and to say that you have a "rigorous grip on costs," I think the phrase was. And so I was surprised that under your tenure staff numbers have gone up 12.5%, which we've just touched on. I was also surprised that the travel costs were just over £1.4 million in 2010, which breaks down as £1,612 per member of staff, which seems quite high.
Ed Richards: Rather like the IT point, for the staff costs, there's an explanation that is rather more prosaic. We've had a very busy couple of years on international work, for a variety of reasons, but for one particular reason that stands out, which is that we've had the formation of the Body of European Regulators and the lead-up to the formation of the Body of European Regulators, which is a massive change to the way regulation is done across the whole of the European Union.

Q46 Stephen Barclay: And how much of that travel was first class or business class? I read from your guidelines: "Members are entitled to travel first class where available within the UK and to claim expenses accordingly. Travel overseas may be on business class". Do you have a sense of the £1.4 million? How much of that was first class?
Ed Richards: I don't have a sense, but the guidelines are very clear and, as I recall the guidelines, they are that anything over two hours is permitted to be business class to ensure that people are able to work. Anything less than two hours is not. That is as I recall what the guidelines are, but you might have a copy of the guidelines in front of you, so you might be able to recall them in all the detail. We have checked those

guidelines against other organisations and I believe them to be reasonably standard.

Q47 Mr Bacon: Sorry, when you say "standard", are you talking about first class travel by train?
Ed Richards: No, there's no presumption of first class travel, as I've just said, as I recall the guidelines.

Q48 Stephen Barclay: So where it says "Where available in the UK" when on business, it's saying that if you do business for Ofcom you go first class.
Ed Richards: No, I don't think that is right. I'm very happy to come back to the Committee and correct this if I'm not right, but as I recall our guidelines, our policy is that under two hours is not first class and that you are only able to go first class if a journey is of two hours or greater in business time.

Q49 Mr Bacon: The board members' code of conduct states: "Travel-when on Ofcom business, members are entitled to travel first class where available within the UK and to claim expenses accordingly."
Stephen Barclay: Point 35.
Mr Bacon: "Travel overseas may be on business class. Travel and accommodation should be arranged through the secretary". The first sentence—"When on Ofcom business, members are entitled to travel first class where available within the UK and to claim expenses accordingly"—doesn't have any riders around it about the length of the journey.
Ed Richards: I think that's for board members only, so that's nine people out of 873.

Q50 Mr Bacon: Right. Army generals travel second class now, you know that don't you?
Ed Richards: I didn't know that.
Mr Bacon: So do MPs, by the way.
Ed Richards: I believe what I'm explaining to you about the two hours is in the guidelines that work for 864 people in the organisation.

Q51 Mr Bacon: Do you have any plans to change these guidelines to save money and make everyone travel second class?
Ed Richards: Well, changing the guidelines for the board is something I'd obviously want to discuss with my chairman and the board itself. But for the organisation as a whole—

Q52 Mr Bacon: Do you have any plans to do that?
Ed Richards: I'm very happy to raise it as a result of this discussion, but I have to confess—

Q53 Mr Bacon: Let me ask you a question more seriously, because to set an example in these straitened times, Ministers are flying long haul in economy class. The Minister for Sport, I happen to know, went to South Africa for the World Cup and flew economy class.
Ed Richards: I'm very happy to raise it when I get a chance.

Q54 Mr Bacon: So, why should regulators be any different from Army generals and Ministers?
Ed Richards: That's a very fair point.
Chair: I think Ed is saying he's taking it back.

Q55 Ian Swales: Can I come on to the cost savings that you've announced? You spoke about getting rid of some activities. Can you say more abut how you think you can achieve this huge cut in numbers of people, and will any services that the public enjoy or depend on disappear as a result of these cost savings?
Ed Richards: We've been preparing for this challenge for some time because I think it was very clear that it was going to happen. We have approached it in three different ways. One is that there's a category of things where we are going to stop doing things or substantially reduce things. The second is the area where we are going to bear down on overheads or suppliers re supply costs. The third is where we have to just completely change what we do and how we do it.
On the first of those, I think the headlines are things like we've completed two years of pay freeze ahead of most of the rest of the public sector—so we are already in our second year of pay freeze. And we have stopped accruals, or we're proposing to stop the accruals of defined benefit pensions, which has another very substantial saving. That is not an easy thing to do, as I'm sure you're aware. People feel very unhappy about these sorts of changes, but those are the ones that we proposed. In terms of overheads and suppliers, we've retendered the element of IT that is outsourced and we've borne back down on suppliers like research providers and so on and so forth, and we believe we can make substantial savings there.
The third area is, I think, the most challenging and the most pertinent to your question, which is that the only way we can deliver those benefits at that level without undermining or diminishing the quality of what we do is by significantly changing the way we do some things. For example, we are accelerating our automation of licensing; we are changing the procedures very significantly around broadcasting complaints, where we went right back to the law, examined the statute and asked ourselves whether we could simplify those procedures significantly such that it took time, and, therefore, people cost, out of those processes. We have to consult on that externally because it is a policy and we'll probably be putting that in the next few days. That will be a significant change to the way we actually do something and there's a host of areas of that kind where the process has been redesigned to ensure that the total cost is less for the same service.

Q56 Ian Swales: Okay. So, let's just home in on what we as members of the public or our constituents are likely to see. For example, you mentioned broadcasting complaints; what is going to change?
Ed Richards: If we receive complaints and we then decide to investigate, there is a procedure with the broadcasters to consider the complaint, take representations from them, share our views with them, then there's an appeal regime for them and so on and so forth. So, there's a multi-stage process before a decision is finally arrived at, and what we're proposing to do is simplify that process quite

significantly, which will involve fewer people and less time. As I said, we've gone right back to the statute to ask ourselves what's the minimum we can do consistent with a fair process. I hope that the answer to that is that the public will not see any detriment, but I think that's what the consultation will elicit. It wouldn't surprise me if some of the broadcasters say, "You've pared back right to the bone and we're slightly concerned about this." I wouldn't be surprised by that reaction at all. If that happens, we'll have to sit down with them and say, "Well, we have a budget constraint here, so we can't do it the way we used to do it. We have to find a more efficient way of doing it." And they will say, "Yes, but we want fairness and justice," and then that debate will unfold. That is what is going to happen in the first quarter of next year.

Q57 Ian Swales: And would you say your changes are going to be a big slice of the pyramid? Are you going to take people out at every level or is it going to be front-line services? Or are you mainly going to do it in the management structure?
Ed Richards: Every single level of the organisation is losing jobs. Every single level.

Q58 Chair: I think there are a few more questions around budget and then I want to come to the user/customer thing. In the Report, we see that you've found £14 million for your pension deficit, which is more than 10% of your budget. On the one hand that is good because you've found it there, but on the other hand you say you run a tightly run business, so it's quite surprising to find that within that you can find more than 10% to put to a pension deficit. Do you want to comment on that?
Ed Richards: It's a very fair point, a very fair question. My only answer to it is that we were so concerned about the pension deficit and the implications of it for financeability and our obligations to the pension, pensioners and future pensioners that we took a very conscious decision to try and save wherever we possibly could in order to fund—

Q59 Chair: So what didn't you do?
Ed Richards: There were multiple decisions in multiple different parts of the organisation. I don't think there was a single, particular activity that we didn't do. It was more about putting pressure on every area and saying, "if you don't think you need to spend those professional services fees," or, "If you don't need to fill that job right now," or, "if there's a maternity cover that we don't need to cover straight away"—it's those sorts of calculations that allowed us to squeeze money out, knowing that we had to find some more money to fill the pension deficit. We think we have a very acute understanding of pension deficit because we regulate a number of companies for whom, as you will all know, this is a huge issue, whether it's BT or ITV, Cable & Wireless and now obviously the Royal Mail. So, we're very familiar with the problems of pension deficits and how dangerous they are if they get out of control. We felt that it was terribly important to get on top of it and make sure we were not sitting in a situation where we might have to come back to the Government—or to the companies who pay for the other half of us—and say, "I'm really sorry but we've got this colossal pension deficit; it's got out of control; it's going to get worse; and we have to tackle it in the future". We felt it would be better to try and get to grips with that deficit as soon as possible and that's how we did it.
I think the other side of the coin on that is that is absolutely what has stood us in reasonably good stead for delivering the 28.2%, because what it tells you—and I think this was the implication behind your question—is that we were pushing people very hard in order to finance that pension deficit. What that's enabled us to do is understand roughly where we can squeeze things tighter to now meet the 28.2%, which is obviously a lot more money.

Q60 Dr Creasy: Although you're essentially living within your means as an organisation, I think the challenge that we're all facing here is understanding whether the way in which you're planning for what your means are and how you're spending that money within that is appropriate. I'm very struck by the description you've just given because, actually, the Report tells us that half of that money came from unused contingency funds. What contingency planning are you doing as an organisation for the kind of budgets you're going to need—you also talked about the European regulators—versus the ongoing revenue costs, and there's obviously some concern about whether you're driving those down, and what are you expecting to come up in the next couple of years that you will not be able to fund because you're cutting into your contingency funds to do this?
Ed Richards: You're absolutely right. One of the sources of the deficit funding was unspent contingency and that is always—

Q61 Dr Creasy: That's very different though from you having a process by which every single pound is accounted for and is best value. That's rainy day money, isn't it?
Ed Richards: It is different, though it's only a contribution to the £14 million.

Q62 Dr Creasy: It's 50%. That's quite a substantial contribution.
Ed Richards: It is different, but any organisation of our scale with the level of risk that we live with should have a sufficient contingency. In some years, you don't have to spend it. I think you were asking me what's our contingency plan for the future. One of the things that we will be doing to meet the 28.2% is reducing the amount of contingency we hold, without any question. So we will be running with a higher level of risk in the organisation. The kind of contingency we are worried about—it's worth a word on this—ranges from the fact that, in the next 12 months, we have to do a huge amount of work to prepare for and make sure the Olympics is a success in relation to the use of spectrum. So, there will be more intense demand—there will be an unprecedented level of demand and use for spectrum around the Olympics. There is no historical precedent for it because people are going to turn up in their hundreds of thousands with laptops, iPhones, iPads, all the rest

of it, and they will expect their spectrum and their mobile services to work immediately. Given that you have the security services and you have all the broadcasters there trying to cover the finals and so on and so forth, the risks associated with that for us are very substantial, so we need to keep some contingency in case we need to do operational things to make sure it works. That's one example.

Another example, frankly, is just straightforward litigation. We could find ourselves with huge legal costs as a result of litigation against decisions we take in relation to a whole host of things. Those are the kinds of reasons we need to hold some substantial contingency, but as part of the way we're going to meet the 28.2%, that is going to come down and we'll run at a much lower contingency than we have in the past. .

Q63 Dr Creasy: So, could you see yourself going over budget?

Ed Richards: I would say in future there is a significantly greater risk of that than there has been in the past. I think if you take 28.2% out and your ambition is in a series of areas to ensure that you're delivering the same level of service and the same quality as you have in the past, I think inevitably that is a greater risk.

Q64 Dr Creasy: So, do you think the cap is fair?

Ed Richards: I believe we can deliver what we are here to do within that cap, but it does involve, I think, a slightly higher level of risk for the organisation from a financial perspective. If we weren't stopping doing some things, I think that risk would be too great, but we are stopping doing some things and where you're stopping doing some things, then I think that makes it more manageable. The real challenge, I think, is these areas where we are doing the same and we're trying to make sure we deliver the same level of quality, but simply for 20% less money. That is sometimes hard.

Q65 Dr Creasy: So, just going back to Figure 4 in terms of how you're cutting that cake and how you're using your budgets, obviously as you're saying you're going to have less of a contingency, you're not predicting less in terms of staff costs or the temporary costs. If anything those could go up, couldn't they? So, how are you going to manage those risks?

Ed Richards: Those will absolutely be going down. We're going to lose 170 roles, so staff costs are going to go down, and professional fees will go down because you can't commission professional services properly and effectively unless you have people who are able to commission it. So those will absolutely be going down.

Q66 Dr Creasy: So how then are you going to manage those risks? You've just said you're going to cut your contingency budget, but you're facing some potentially large challenges where you don't have any evidence about how they might play out. How are you going to manage that?

Ed Richards: We'll manage that risk in the way that we—

Q67 Dr Creasy: You can't guarantee that, can you? There might well be a point where actually you want to come back to this Committee and say, "Look, it turned out with the Olympics it was that much more complicated. We had to bring in people. We had to deal with these things." That's a fair possibility, isn't it?

Ed Richards: We will manage the risk in the way that I would expect any organisation of our scale to do. We have a very clear and strong risk register; we discuss the risks that the organisation faces carefully every single month. That's done at the appropriate levels in the organisation and we make sure there is mitigation in place to manage those risks, and that is across the whole range of risks that the organisation faces. That is the case today and will be the case after the budget cuts. If I thought we couldn't manage the risk, and if I thought we were going to go over budget because of the kinds of things that we might have to do, I would say that today, but I don't believe that. We've done a huge amount of very careful preparation to hit these budget targets. We've been planning for some months in anticipation of it, and I think we have a credible and deliverable plan that will hit those targets.

Q68 Dr Creasy: I think the challenge we're facing as a Committee is, if you were able to do this before, why haven't you done it before? If you were able to manage risks and you have all your planning, something in it doesn't quite make sense because we can't link up what you're saying you need to spend to deliver the things you're being asked to do with the fact that you're then saying, "But actually when things change, we'll still be able to do it within these caps."

Ed Richards: Because we are stopping doing some things. The first point is we are simply not going to do some things that we used to do and as a consequence there is no risk associated with it because we're not going to do it. So, let me go back to media literacy, which is one example: we are simply not going to spend any money on media literacy any more apart from a small research programme.

Q69 Dr Creasy: So one in five of your staff are on media literacy?

Ed Richards: There's no risk associated with that because we're not doing it any more.

Q70 Chair: That's the money you got from DCMS.

Ed Richards: No, because the content board of the organisation felt that it was an important priority for citizens and consumers of the country, we spent substantially over, of our own additional money, on media literacy over the period and that money is going to go to zero. So there's no risk associated with that, other than if somebody came to us and said, "You're no longer meeting your duty to promote media literacy". Now, my answer to that will be—

Q71 Dr Creasy: But, sorry, on that model, one in five of your staff was working on media literacy. Is that what you're telling us?

Ed Richards: It's an example. So, there are three ways we're reducing the budget. One is we are going to spend less or stop doing things. So, spending less and stopping doing things could be, "We're not going to spend anything on media literacy," or it could be the pay freeze for two years, or it could be the fact that we stopped accruals on defined benefit pensions. All of that saves a huge amount of money, but we're still going to have the people doing the jobs.

I accept that this is going to be a change and I accept that we have been forced to think harder about this because of budget constraints. I assume that everybody in the entire public sector is in the same position, because when you're confronted with those sorts of constraints—and this is a good thing in some ways—you have to say, "Well, if we want to deliver *x*, we're going to have to do it for less money." So, you have to go right back to square one and ask yourself how you can do it.

Q72 Dr Creasy: But you can understand why we as the Public Accounts Committee are concerned by that approach, can't you? You're saying, basically, "Because our budget has been cut, we're looking for different ways to achieve value for money, rather than having as an organisation a value-for-money led approach to what we're doing."

Ed Richards: No, because there are trade-offs. The presumption there is that we didn't have a value for money framework before and I utterly, utterly reject that. I can tell you that the process we go through every single year and every quarter as we do our reforecasting absolutely has a focus on value for money, and people in the organisation know that and they understand it. It's different.

Q73 Chair: The point is that we can't see it.

Ed Richards: I understand that and I've been trying to explain how we do it to give you reassurance that we do do it. I don't think it's realistic to pretend that there isn't a difference between an operating environment in which you have a budget set and every single year, the organisation in question, which is us, has reduced its real-terms budget and has delivered numbers below that budget—those are the facts of the recent history. We can't pretend that it isn't a different set of questions when somebody turns up and says, "Because of the position of public finances the number has to now be 28% lower." You are presented with a different set of circumstances. We have to go back and ask different questions.

Q74 Dr Creasy: With respect, you're telling me that you're able to manage the future risks that you might face as an organisation within decreasing budgets because you're going to change the way you do things. This does rather suggest to us that you could've changed the ways that you were doing things prior to those constraints coming in, because you don't see any risk to some quite major challenges that are going to come up, such as the Olympics—and I'm sure the Postcomm stuff will be challenging as well.

Ed Richards: I am not saying to you, "There are no risks". If you're saying to me, "Are there risks?" I'm saying to you, categorically, "There are". What I thought you were asking me was, "Do you understand how you're going to manage those risks?" to which the answer is yes.

Q75 Dr Creasy: Yes, but that does rather suggest that there were ways in which you think you can get more resource out of your organisation internally within a situation where you are getting less money, to be able to manage those risks.

Ed Richards: That is always the case.

Q76 Dr Creasy: Or you're telling us actually you think there are going to be substantial risks in the future to your ability to deliver.

Ed Richards: But you're putting me, if I might say so, in an impossible position. Let's look at the record. The record is that we have lived consistently within the budget cap, which was declining, set by Treasury. We have reduced our real-terms budget every single year in our existence. I wonder how many other public sector organisations exist that have done that.

Q77 Chair: Everybody's had the 3% cut, Ed. Everybody's had that—more or less since the time you started, maybe a year or two later.

Ed Richards: That's a real-terms headline budget cut, whereas generally speaking public spending has, I understand, be rising over the last couple of years.

Q78 Chair: Yes but everybody's had to find value-for-money savings.

Ed Richards: Of course. But that is the position. We can debate whether we should have gone further, faster and so on. We can debate that and I accept that in some areas of course you always—

Q79 Dr Creasy: That's our role here, isn't it? It's to say to you, "It's wonderful that you live within your means, but are you cutting the cake in the most effective way for the public sector especially given that you're now telling us that even with a reduced cake you can still feed everyone? That's a terrible metaphor.

***Amyas Morse*:** I just want to say two things. One of them is, really, I don't disagree with a lot of the positive things that Ed is saying about Ofcom, but the point you're making is pretty much the point that we were making in our Report, which is a question of what it should be costing. We're not denying the cost is going down, but is that what it should cost? Can you demonstrate that for us, please?

Anyway, what I wanted to ask was this, really just to be clear: you made some references to reducing contingencies. I hope I'm right in thinking that most of what you have is specific provisions against expected costs. Isn't that right?

Ed Richards: Generally speaking.

Amyas Morse: Because I'm not expecting to hear that you have general contingencies lurking around somewhere in the undergrowth. I'd be a bit surprised by that.

Ed Richards: There is a very modest general contingency in the centre, but otherwise it's things like litigation costs, Olympics contingency and so on and so forth. That is what is generally being squeezed as

part of the 28.2% and I think that is what you do with that.
Amyas Morse*:* I'm only saying it for clarity because if it turns out that these provisions were cast in slightly more generous terms than they are now being cast in but they're still perfectly adequate, then they should have been cast in those terms in the first place. I'm not saying that's the case, but you wouldn't disagree with that, I'm sure.
Ed Richards: Not at a general level, no. I personally think, in my experience, there are sometimes things that happen that you can't know about and you can't foresee exactly.
Amyas Morse**:** Of course.
Ed Richards: And, therefore, I think the aspiration to identify a particular risk against every single pound of contingency is an ambition that is what one might call a stretching one.

Q80 Mr Bacon: How much is your contingency—your general contingency that you just referred to?
Ed Richards: I'd have to come back to you on that. I can't remember.

Q81 Mr Bacon: You said it was modest.
Ed Richards: Well, it is going to be more modest. It's going to be reduced.
Mr Bacon: Sorry, can you say that again?
Ed Richards: I'll have to come back to you on the detail of the contingency.
Stephen Barclay: How do you know it's modest?

Q82 Mr Bacon: Mr Barclay took the words out of my mouth. If you don't know what it is, how do you know it's modest?
Ed Richards: I said it's going to be more modest because it is declining. We've looked at everything across the organisation in terms of delivering the 28.2% and one of the things that we have done is reduce the elements of contingency. That is absolutely one of the things we've done, so relatively speaking there will be a more modest contingency than there was in the past. That's what I'm saying.

Q83 Mr Bacon: I'm just looking at Figure 4. I wanted to ask you about this and it may require you to send us a note, but if so, so be it. Of the £121.5 million there, listed in Figure 4—
Ed Richards: Which?
Chair: Figure 4, page 12.
Mr Bacon: This is figure 4, page 12—your £121 million of your total. How much of that £121 million is your general contingency? You just used the phrase, "General contingency".
Ed Richards: I'd have to come back to you on that because there's a process we go through.

Q84 Mr Bacon: Where does it sit? Everything has a line out in there and it all adds up to £121 million. Where does the general contingency sit? Is it under administrative and office costs?
Ed Richards: Or other costs.

Q85 Mr Bacon: Or other costs. Well, can I just take you through these items? You have £62.2 million of staff, which is £9 million higher than five years previously. Underneath that, you have £10.8 million of professional services, £8.8 million of outsourced services, then you have £8.2 million of administrative and office costs, £3.3 million of temporary staff and contractors and then £7.9 million of other costs. That adds up to £30 million exactly. You could cover quite a lot of ground with £30 million. What I would like to know is, for example, what did the £10.8 million for professional services go on?
Ed Richards: I'm very happy to send you a more detailed note, but in essence it would be things like technical advice on preparation of the auctions—so, for example, propagation modelling for interference management purposes. When we hopefully do the auction in the first part of next year, we have to assume that it will be used by certain services—for example, mobile broadband. What we then have to understand is the likelihood or the potential for that to interfere with existing services—for example, television—and that needs very highly specialised technical—

Q86 Mr Bacon: So it's technical consultants.
Ed Richards: That is one example. Another example would be legal fees in connection to the Court of Appeal and things of that kind. Another example would be specialist economic or financial and accounting support for things like assessing cost of capital for setting price controls for BT. For example, we hire an expert econometrician; we hire an expert financial economist to do both cost of capital work and econometrics, for example, on the advertising market. Where we cannot find or it's not economic for us to employ those sorts of skills internally—so it's an array of those sorts of professional services.

Q87 Mr Bacon: Okay. I will ask you at the end to send us a detailed note, but outsourced services—£8.8 million—you mentioned that IT was being insourced.
Ed Richards: Partially, yes.

Q88 Mr Bacon: Partially insourced. Yet outsourced services have gone up from £5.2 million to £8.8 million.
Ed Richards: Yes.

Q89 Mr Bacon: So what does outsourced services consist in, primarily?
Ed Richards: That would be partly IT. We insourced the desktop support, so we didn't insource servers and things of that kind. Those are still outsourced.

Q90 Mr Bacon: And who are they with now? They're not with CMG anymore?
Ed Richards: No, we are just in the middle of a transition at the moment that is part of the 28.2% savings and the reason we can do the same for less. And we have saved, I think, £3.5 million.

Q91 Mr Bacon: Who are you going to move to?
Ed Richards: We've moved from Capgemini to Logica and we're in the middle of that transition at the moment.

Q92 Mr Bacon: Let me go through it. You moved from CMG to Capgemini and then you moved, or are moving now, from Capgemini to Logica.
Ed Richards: Yes, but with different specifications. So, we do more. The desktop support we do. We insourced ourselves, we employ people ourselves and the service is significantly better. But it doesn't make any sense to insource things like servers.

Q93 Mr Bacon: Right. Administrative and office costs is £8.2 million.
Ed Richards: Just on the outsourced services, that would include also facilities management and things of that nature.
Chair: I hope not Christmas trees.
Ed Richards: Sorry?
Chair: Not Christmas trees.
Mr Bacon: No, you can get a good one from B&Q and Sir Nicholas Macpherson has got an extra moonlighting job as a star turn, if one can put it that way.
Ed Richards: I'll have to go and check our Christmas tree arrangements.

Q94 Mr Bacon: Admin and office costs were £8.2 million. What was that principally on?
Ed Richards: Well, I assume that's got all the—it's not premises. Administration and office costs, it will be—

Q95 Mr Bacon: It's a lot of money.
Ed Richards: Yes, it is a substantial amount of money.

Q96 Mr Bacon: Admin can't be staff because staff is already covered off. You don't spend £8 million on yellow stickies, do you?
Ed Richards: The source of my hesitation is that I don't want to say something's in it that is actually in outsourced services or something of that kind. What would be most sensible is to give you a note on exactly what's in it. You see, some of these things that are under office costs I think might well be under outsourced services.

Q97 Mr Bacon: Yes, and then you have temporary staff and contractors as £3.3 million. That's on top of your £10.8 million for professional services. Now, what is the difference? Are you just separating out interims from management consultants? If I'm a contractor, if I'm providing technical specialist services on spectrum advice on auctions or whatever, why am I a contractor and not a professional service, for example?
Ed Richards: Where we've run a procurement process for the delivery of a professional service that would be in professional services. A temporary or contractor might be a six-month maternity cover for filling a specific role.

Q98 Mr Bacon: And then you have this other cost of £7.9 million, which again is very large with no real description. What do you think that is?
Ed Richards: Let me come back to you on what's in that, but the elements of contingency will be, I think, in there.

Q99 Mr Bacon: Could you give us a very detailed breakdown and include it down to the nearest £100,000?
Ed Richards: Sure.

Q100 James Wharton: Mr Richards, I think, believe it or not, the Public Accounts Committee is here to help you, and I'm pleased that already, in their usual robustly helpful way, Mr Bacon and Mr Barclay have been highlighting some areas where you may want to look at further cost savings. We've had some discussion about costs and what you want to deliver, and identifying the difference between saving cost and actually delivering value for money. I think one of the stumbling blocks that we're already identifying is that, in trying to understand the processes that you as an organisation are going through, there isn't necessarily all of the information that we would want to have to hand.
I'm looking at the Report, page 18, paragraphs 2.7 and 2.8. Paragraph 2.7 says: "Although the Annual Plan sets out what activities Ofcom expects will contribute to its desired outcomes, it does not describe how Ofcom will measure whether it has achieved these outcomes: it does not state what success will look like." And then 2.8 says: "Without a clear idea of when success is achieved it is difficult for stakeholders … to assess the organisation's success in meeting its objectives."
I think one of the missing links in understanding whether value for money is really being found in the organisation is actually getting a clear understanding of what the outcomes you want to achieve are. I wonder whether you are likely to be taking any steps to produce some of this information for us.
Ed Richards: I can assure you there's no absence of information, but let me address the broader points. I think the point being highlighted in the Report is one that we would accept, which is: can we do better to provide a simpler set of relationships between what we do and what the outcomes in the market are? I think the answer to the question whether we can present that in a clearer form is yes, and we should try and do better at that.
However, there are one or two cautionary notes that need to be applied to that, I think, and this is in a sense where we've come at it from historically. I think the first point to make is that I have never worked in an organisation that cares as much about the actual outcomes for the consumer and for the citizen as Ofcom. You don't see it in the annual plan and the reason you don't see it in the annual plan is because we publish separately something called, *The Consumer Experience*, which we publish every single year, which we've done for about five or six years, the purpose of which, as it states explicitly at the front, is to identify how well consumers are doing in the UK. It includes time series data on a whole range of different calculations to help us understand whether or not good outcomes have been delivered.
In addition to that—and we are under no obligation to do this—we publish something called the international communications market review, where we take the UK outcome and we benchmark it against a range of other countries across the globe. This is very unusual

in my experience and it's a very considerable exercise doing it. So, we can then say to ourselves, "Is what we're doing effective, not only on a time series base for the UK, but also when we compare the UK with other countries?" In some cases we're doing very well, in other cases quite well and in other cases we have more work to do. We publish those every single year and they are a comprehensive review of all the key outcomes that you would expect to see in our sector. So, we have a very close concentration on what the outcomes are.

I know every sector is complicated and everyone always has difficulties and I accept that we need to work harder to try and provide those simple relationships. But there is a second note of caution. Let's just take a simple example: broadband. What I sense people would like to have is, "What's the one measure that tells us with broadband that we have done well on broadband?" and, "What Ofcom has done on broadband has delivered a good broadband outcome." But then I have to say to you, "Well, do you mean price or do you mean availability? Or do you mean speed? Or do you mean quality of service? Or do you mean current generation broadband? Do you mean superfast broadband? Do you mean mobile broadband? Do you mean in cities or do you mean in rural areas?" All of those are relevant and, for the consumer, you can't pick one of them and say, "That's a good outcome." It's highly complicated, so we have to try and find a way of connecting activities we take, but not in a way that simplifies it so much that it creates perverse outcomes. I would be quite concerned about that approach.

Q101 James Wharton: Okay, I think I understand that point and there are two observations I would make. One is a concern you may be able to assist with, and the other is more a statement of fact as to what other agencies seem to have been able to do. In respect of the way that you publish outcomes in *The Consumer Experience*, what I would really like to see would be something setting out at the beginning of the year where you want to get to in terms of outcomes and something at the end of the year setting out whether you got there. It seems that detaching the two may give a little bit more flexibility in how it's presented. It may purely be a presentational issue but it then gives some flexibility for yourselves to present it so that things look perhaps a little rosier than they are. What I would like to see is a clear statement of, "This is what we want to do," and then you can look back and say, "Well, have you done it?" I don't in any way dismiss the value of the information in *The Consumer Experience*, but I think there's also a place for that in your annual report. In respect of the complexity of outcomes, that's quite true, and, as you acknowledge, it's the case in many other organisations, and there are a few examples in the Report of organisations—the Environment Agency, the Australian Communications and Media Authority's annual report—which seem to have overcome these challenges and these hurdles and are able to publish these outcomes in a useable and useful way. Of course, we are all human beings on this Committee. If you were to come in front of us in however many years' time and you say, "Well, actually we didn't reach that outcome, and this is why" and explain that it wasn't an accurate measure, I think that would be understood, but we need a basis on which to work, especially when assessing value for money. I would strongly impress upon you, certainly on my behalf and I suspect on behalf of other members of this Committee, that actually some more measureable outcomes in a more clearly defined way, so we can look at where you want to go and what you want to do, assess whether you've got there and assess value for money in that context, would be helpful. Is that something that you're willing to look at bringing in in future?

Ed Richards: I absolutely accept that we can and should do a better job of presenting that in that kind of way. I do accept that.

Q102 Stephen Barclay: A quick point to clarify. You're a director of Thames Water utility.

Ed Richards: Right.

Q103 Stephen Barclay: Is it paid?

Ed Richards: Yes.

Q104 Stephen Barclay: How much is it paid?

Ed Richards: About £42,000.

Stephen Barclay: £42,000.

Ed Richards: Something of that kind.

Q105 Stephen Barclay: And do they meet during the day?

Ed Richards: Pardon?

Stephen Barclay: They meet in office time, I guess, do they?

Ed Richards: They do.

Q106 Stephen Barclay: Okay. Can I just come on to restructuring?

Ed Richards: Could I just clarify the position on it? Because you're clearly leading somewhere and you probably would like to know the full picture.

Stephen Barclay: What I'm clarifying is your remuneration has been £1.5 million since your appointment. The reaction to the NAO Report was "a furious reaction" according to the *Guardian* and the *FT*.

Ed Richards: No, that wasn't—

Q107 Stephen Barclay: Well, perhaps you're able to clarify who in the organisation gave the quote. And so, one of the things that in this Committee we're trying to clarify is how tight the grip on costs cited is. I think relevant to that are issues such as first class travel, remuneration and how that applies across the board. So I think it's a relevant issue.

Ed Richards: Let me just complete the picture for you. I assume you're asking me about how much I'm paid by Thames Water as a non-executive director, presumably on the presumption that I have that money. That money is paid to Ofcom.

Stephen Barclay: Okay, fine. It was purely a question.

Ed Richards: For absolute clarity.
Stephen Barclay: Mr Richards, it's the role of the Committee to ask questions. I'm sorry if that upsets you.
Ed Richards: Every benefit is paid to Ofcom and will be netted off what I'm paid.

Q108 Stephen Barclay: Could I come on to restructuring costs please? Taking you back to Figure 4, you mentioned that you're cutting 170 jobs. I was just trying to understand, within Figure 4, where the cost of restructuring will be captured and how much in the budget you've set aside for that.
Ed Richards: We're still doing those calculations because they're within this financial year and we are aiming to do as much of the restructuring charges within the existing budget by implementing the changes now rather than at the start of next year. So in other words, you start saving the 28.2% in this financial year, thereby making in-year savings and that thereby liberates money that can be used for redundancy charges.

Q109 Stephen Barclay: Do you have an average in terms of just the ballpark, for the Committee, as to per person, what sort of cost you expect that to be?
Ed Richards: The redundancy charges?
Stephen Barclay: The restructuring costs.
Ed Richards: I don't. It's a calculable number, obviously, so I'm very happy to come back to you.

Q110 Stephen Barclay: Could I just give you a steer on past performance? In 2007, 16 staff left, at an average cost of £73,937; 32 staff left in 2008 at an average cost £66,781; four members of staff left in 2009 at an average cost of £77,000; and four members of staff in 2010 left at an average cost of £154,000. So, the four members of staff that were exited in 2010 cost £617,000. When I asked you about the fact that staff costs have gone up, one of the reasons you gave was the fact that, "Well, we brought in expertise; we brought in more skilled people," which seemed odd given that at the same time professional skills budgets have gone up, outsourcing budgets have gone up, and temporary staff budgets have gone up.
I would have thought if you bring in skilled members of staff, your need for skilled advisers would have gone down, but let's put that on one side. If we take the 2008 figure, which is the lowest of the last four, the average is £66,000; times that by 170 jobs and that would give a huge figure of over £11 million. So, what I'm just trying to get a sense of is: if you have brought in more highly paid, more skilled members of staff, I assume getting rid of them is going to cost more and, to flow on from Stella's questions, in terms of your budget for next year and how that links into value for money, what sort of ballpark figure are you working to in terms of the cost of restructuring?
Ed Richards: It won't be the average that you implied there. I'd have to go back and look at which individuals were involved in those previous numbers and check what they were. But, as I said in the earlier answer, the people who will go voluntarily or as compulsory redundancy are a range across the entire organisation, so they are both at the higher end of the pay scales and at the bottom end.

Q111 Stephen Barclay: To the nearest couple of million, do you have a ballpark figure? Obviously there's work going on; there's 170 jobs going. You must be budgeting on something, surely?
***Ed Richards*:** Well, we are budgeting, but we are also in the middle of a consultation on those redundancies and those decisions have not been made, and the consultation is a serious one and needs to be taken seriously. So, I am rather nervous about quoting numbers. There is a modelling assumption that I am very happy to share with you in due course if that would be helpful, but I am nervous about bandying around numbers when we are in the middle of a consultation process on the number and level of redundancies.

Q112 Austin Mitchell: Good morning. I thought I was going to have to say "good afternoon" before my call came through. You should have had Colette Bowe come round and say, "Your call is very important to us, Mr Mitchell, but we've only got one operator on today owing to staff cuts".
Mr Bacon: "If you're from Grimsby, press six."
Austin Mitchell: I want to raise the issue of consumer satisfaction—we have been dealing with value for money—which is very difficult to prove in a field where you are bound to soft-touch regulation, which was the rubric that we started with. Let me just take consumer complaints about fixed-line and mobile phones. So far as I can see there are four areas of complaint, and not enough has been done to satisfy the consumer in these areas. First of all, there is the problem of silent calls. I used to get a lot of them when I was a famous television personality but you could usually detect the breathing on the other end. Now I still get a lot, and it's your fault because you haven't taken action quick enough to stop these silent calls, which are a bloody nuisance. They drag you to the phone out of the shower and then there is nobody there. So what are you doing about that?
Secondly, there is switching, which appears to me, as somebody who has tried to switch, extraordinarily difficult, partly because the companies drag their feet about SIM cards and switching everything over and, more importantly, because you are left with a confused mass of information which makes it very difficult to interpret what you gain and what you lose by switching. You usually get something saying, "Our charge is the same as everybody else's, but bear in mind that you get three free phone calls a month to relatives in Bratislava as part of our package," and it's very difficult to interpret. I think you haven't been helpful there in simplifying the system, and the figures at Figure 13 indicate this quite clearly. Switching is much easier with electricity, gas and car insurance, yet there is only a very small proportion—10%—switching their mobiles, and less than that for the internet. Why isn't switching made easier if the consumer is going to be strengthened against these big organisations?
Thirdly, there is the issue of stolen mobiles. If I reached over and took Ian's mobile, I could not only

do a *News of the World* on the secret affairs of the Liberal party, but I could take it to any market in the north—and I assume the same is true in London—and have it unblocked for a very small figure so I could use it. Why haven't you developed some kind of simple device with the companies that will blow the thief's head off after the first call?

Stephen Barclay: Austin, can I just point out they don't have any secret affairs in the Liberal party—it is all out in the open.

Austin Mitchell: Well, I don't know about that. Not enough is being done about stealing. You could have done more there, in co-operation, I would have thought, with the companies, to render stolen phones useless at the first call once they are reported stolen.

Finally, there is the issue of roaming, where something is being done, but it is being done by the European authorities and not by us. Yet the companies charge in this country. You are responsible for the charging for roaming and you have done nothing about it, leaving it to Europe. Why have consumers faced such long delays in getting any action for them on these important issues?

Ed Richards: I think the easiest one of the four is theft. Theft isn't really something for us. Theft is a matter for the police and then the companies.

Q113 Austin Mitchell: It is also a matter for the operators.

Ed Richards: The operators, yes.

Q114 Austin Mitchell: And you regulate the operators.

Ed Richards: But we don't intervene in the switching on or off of individual phones. As I understand it, what should happen is that as soon as it's stolen, the police should be contacted, then the police can contact the operator or you can contact the operator, and the operator is able to turn it off. We don't really get involved in that.

Q115 Austin Mitchell: Shouldn't you?

Ed Richards: I don't think so. I think it is just one too many cooks, to be honest. I think if something's been stolen it's a matter for the police and then it's a matter for the individual, with their operator, to deal with the issue of closing down the service. I think us getting involved there is just getting in the way to be honest.

Q116 Austin Mitchell: You could encourage and push the operators to cut off service.

Ed Richards: We can certainly encourage and push them, and I am very happy to raise it with them. I am less enthusiastic about trying to intervene when I think that the principal relationship should be with the police and with the individual.

The other three are different. Let's start with switching. The chart you referred to is interesting but I do think it is slightly simplistic. There is one very good reason why switching is higher in electricity and gas, and that is that all you are doing is switching your retail provider. The network is exactly the same. In telecoms you are actually changing the network either through an unbundling, a local-loop unbundler, or if you actually change to cable, so the technological challenge and both the risk to the consumer and the hassle for the consumer is inherently greater. The contrast, I think, is with bank accounts, where the proportion is very low, and we understand why that is: it is not that it is actually very difficult to switch; it is to do with the risk the consumer feels because it's their financial affairs. I think telecoms, in particular, sits somewhere between those two. It's actually technologically more difficult because it involves changing networks. It is quite risky. I think it didn't used to be, but people are now so dependent on their broadband in particular that I think they feel that the risk of losing the service by switching network is quite high.

Would we like to see more convenient, easier switching processes? Yes we would, which is why we published during the course of this year a major document on our approach to switching, arguing that we believe the system should overall move from "losing provider led" to "gaining provider led", which makes it easier and more convenient for people to switch. We spent a huge amount of time trying to ensure those processes are good and more convenient and the evidence is that that has improved things.

Q117 Austin Mitchell: You also need a common basis of information. I can't judge all the various offers from the companies—whether it's on internet provision or mobile phone provision—because they are very confusing. Why not have a simple basis of comparison?

Ed Richards: Let me take two examples. With broadband we have exactly the problem you describe—how do I know who the best provider is? Really there are three criteria. What's the price? Is it available to me? And what's the speed? What we found was that you can find the price and availability out very easily; it is just on everybody's website and it is advertised. What people didn't know was the true speed, and that is why we did some very original research—which we've published and which has been the most downloaded piece of work we have ever done—which revealed the true speeds people were getting and compared one operator with another. So we have done some very substantial work in that area. We do want to improve the switching environment; there is no doubt about that. I think we are more concerned about it in the future because of people buying bundles of services. It is something that we are spending quite a lot of time on and I would like to see the environment improve; there is no doubt about that. It is a risky issue for consumers because of the importance they attach to these services.

Austin Mitchell: Dependence.

Ed Richards: Dependence, particularly on the broadband access nowadays. And it is occasionally technologically quite complicated because you are changing from one network to another. Sometimes that actually involves engineers visiting and re-wiring the house so it's sometimes not as simple as other forms of switching. We definitely would like to improve it and make it a better experience for consumers. There is no doubt about that.

Q118 Austin Mitchell: What about roaming?
Ed Richards: On roaming, it is absolutely true to say that the lead came from Europe, but that is right.

Q119 Austin Mitchell: Not in my book it's not.
Ed Richards: It is right because it is a cross-border activity. So it is inherently—

Q120 Austin Mitchell: But the charging is here.
Ed Richards: But the source of the charging is that when you roam into France, for example, your operator is charged by the French company, who they then have to pay. It is the nature of the—
Chair: I did it when I was a Minister actually. It was a European negotiation and it was very, very difficult.
Ed Richards: It is inherently cross-border and therefore European. So we are very much in support of the action but it has to be taken at a European level.

Q121 Austin Mitchell: I was appalled by the fact that Sky TV provided the intrusion on Gordon Brown's privacy that arose after the Mrs Duffy affair. I wanted to complain about it. I wrote to Ofcom and indicated my willingness. I got back a lot of paper, which as I read it, said that the person affected had to complain. Here was a general principle; I was affected because I went to a bingo hall in Grimsby that same night and people were scrawling "bigot" over the leaflets I was handing out. Fortunately I didn't realise at first because they couldn't spell bigot, but it affected me and undoubtedly affected the vote for the Labour party. I talked to Colette and she indicated that the complaint could come from me. Unfortunately, I went on holiday and forgot about it. I got back and there was a letter saying it was out of time. I see from paragraph 2.35, on page 31, that in respect of the last of the three consultations, which began in June 2009, with a closing date of 15 September 2009, you were still taking consultation responses after the end of February 2010. Now, will you take a complaint from me about the intrusion on Gordon Brown—which was monstrous, frankly, and which no television professional would have condoned—belatedly?
Ed Richards: I will have to take that away and have a look at it. To be honest Austin, I don't know and there are all sorts of precedent implications that I would have to think about. Let me go back and I'll write to you.

Q122 Chair: I wanted to say something about complaints. Looking at Figure 11, I think it is quite depressing to see that the number of complaints to Consumer Direct on communications are as high as the number on second-hand car dealers, car repair and servicing in garages. I think it's a depressing table and I don't think you can feel comfortable with it. I just wondered what your comments were on it. I was surprised to see so many of the areas for which you have responsibility so high up.
Ed Richards: I agree it is disappointing. I think the industry should be more disappointed than it is about it, to be honest. It's pretty common across other countries and there are a variety of explanations for it. Partly it is a highly competitive market and sometimes in those highly competitive markets you have sales practices that generate complaints. But I agree, it is very disappointing and we definitely would like to see it lower. One example which I think is pertinent is the action we've recently taken against TalkTalk, Carphone Warehouse Group, where they were generating a huge number of complaints because they were billing people—charging people—for services they had never actually received. We have investigated that and found them in breach of our requirements and we are now considering what action to take in light of their representations. That is one very good example.

Q123 Chair: I don't think you can argue competition. Competition ought to have the opposite effect, because if there is more competition you can switch provider, despite what you've said about switching. Competition ought to lead to a better service and fewer complaints.
Ed Richards: In some respects you would hope that was the case. I think in some ways that is true. But I think the experience of most liberalising markets whether it be financial services, gas, or energy, has been that, as competition opens up, some parts of the market do adopt very aggressive selling tactics and so on and so forth. I am not condoning it because I would like to see it come down, that is for certain. But you do see those kinds of practices. Mobile phones—hardware—is really retail selling. We don't really have anything to do with that of course, because it's not a service but a piece of equipment rather like a television or a laptop. So only some of these categories are actually within our purview. Hardware items of that kind—your TVs, phones, laptops and so on—are not part of what we do. They would come under Trading Standards, for example. The relevant bits here for us are service agreements for mobile, and telephone services and internet service providers, which are the bottom two. I am not saying that to excuse them, because as I have said, I would like to see these numbers go down and we are taking some action, but we only have powers in respect of probably half the ones that you are looking at.

Q124 Ian Swales: Can I build on the comments of both Austin and the Chair? Thinking about Figure 8, which shows the progression of costs in landline and mobile services, one is struck by the very healthy reductions in mobile costs, which more than halved over this period, whereas landline costs seem to have fairly stubbornly stayed at a similar level. If you then look at Figure 14, which talks about market shares, to what extent do you think the previous graph is affected by the fact that in the mobile areas we well know there is pretty fierce competition between a number of suppliers, whereas in the landline area, BT still have the lion's share of the business and I suspect that some of these other entrants are in effect buying services from BT, although billing separately. Do you believe that the fixed-line market is as competitive as it should be?
Ed Richards: There is a relationship of that kind and of course it's historic in the sense that with fixed-line we are coming from the position of a state-funded monopoly, with the introduction of competition over

time, whereas with mobile we started with two companies, made it four and then made it five. So there was always inherently more competition and I would certainly expect that to make a difference. There has also been more technological change in mobile, though. Remember with fixed you are talking about wires in the ground and the costs of that are difficult to drive down, whereas there have been significant advances in technology in mobile in terms of signal propagation and things of that kind which has allowed the cost structure to come down. I think that is also part of the explanation for the contrast in the two pieces of data on Figure 8. Having said that, would we like to see more competition in the fixed market? Yes, we are here to promote competition and I think we are doing well at that. The incumbent in the UK has a lower market share, I think, than anywhere else in Europe and one of the lowest in the world. So we are in a very good position on a comparative basis. But you want to see competition work as effectively as possible.

Q125 Ian Swales: May I ask a supplementary to that, on the deals that BT do with other providers? Clearly in other industries such as electricity and gas we have seen the markets open up despite their historical means of distribution. To what extent do you get involved in those deals, and are you happy with the way they operate?
Ed Richards: We absolutely get involved in two ways. One is through price controls where we judge BT to have market power in a form that requires price control. On some other occasions, we get involved because companies bring us disputes because they can't agree commercially, and where BT is regulated we sometimes need to resolve those, so we do. They are extremely important and we have to make quite sophisticated judgments in relation to each particular case. That will not change in the short term.

Q126 Ian Swales: I take your point about the fact that the technology is more fixed but you could reverse that and say that mobile operators have been investing vast amounts of capital over this period, whereas with BT, some of its capital will be well depreciated by now and obviously new technology is open to them in terms of use of internet, satellites and all the rest of it. It just seems to me that the fixed-line consumers may be getting a poorer deal and it needs to get better.
Ed Richards: When we look at the outcomes here and we look at the UK against other countries, which I think is probably the best benchmark—I mentioned the work that we've done in that area and this is something we look at incredibly closely—what you will find on fixed line is that the UK position against the comparators that we were able to draw on is the best.

Q127 Ian Swales: In cost terms to the consumer?
Ed Richards: In cost terms to the consumer, we in this country are better than anywhere else. The reason for that is that these are big fixed-cost businesses that need to be paid for. It is true that the original network was sunk and depreciated many years ago but it also true that they've had to invest a lot of money since then, for example, to enable it for broadband and also to ensure it is still working effectively. Obviously, there's a new wave of investment for fibre optic broadband. So I think it is a more complicated story on investment, but on the actual outcomes for British consumers, we are among the best in the world. Our numbers have stopped falling and they actually slightly rose last year, so the difference between us and some of the other countries is not as great as it was and we have got a very beady eye on that and we are asking why that's the case. It just slightly tipped up a little bit. It is an issue we have a careful eye on. The basic price of fixed telephony is a crucial part of what a good outcome is for the consumer. The aggregate position, as our international market review showed, is that we are in a good place, but there is a little change in the last year in relation to which we need to be very vigilant.

Q128 Stephen Barclay: I just wanted to come on to silent calls, because the overall level of complaints on silent calls seems to have gone up during your watch. I just wanted to get your thoughts, first on that and, secondly, on how you assess the ratio between the level of complaints and the actual number of unreported silent calls, because I am sure you will accept that the complaints are just the tip of the iceberg in terms of the underlying problem.
Ed Richards: I think the relationship is even more complicated than that. The complaints have gone up this year compared to last year. When you look at the data on complaints over the years, unfortunately what you actually find is that what appears to cause them to go up is publicity. For example, the biggest increase in complaints that we ever had was when we fined Barclaycard for silent calls. The next upward trend was I think heavily influenced by the fact that we had sought from the Government and been given an increase in the level of fine, and had issued new guidance through which we were going to tighten the obligations around silent calls. The number of complaints we received went up again at that point, and we think that that was essentially directly linked to the amount of publicity.
We cross-check that in *The Consumer Experience*, which I must send you. Rather than just taking complaints, which are obviously voluntary individual acts—you may not have time to make them, I may not—we research people on a statistically reliable basis to ask them whether they have been subject to and have been caused anxiety by silent calls. What that data tells you, which is much more reliable, is that the number of people who have been subject to silent calls has fallen over the last two years, by about 25%. So the actual true experience appears to be getting better not worse, even though the complaints data tells you the exact opposite.
The figure is still too high. As I recall, the number is about 22%-24% of people who have actually experienced it and have been caused anxiety by it. That is why we have tightened up the regime that comes into force on 1 February next year. It is why we have written to all the companies that we've had problems with in this area in order to make clear to

them that the regime is now tougher and the fine is very substantially higher. We're now in informal discussions with a range of those to make sure they understand that is the case and they understand that if we continue to get complaints after 1 February, the consequences are much more significant. I can say to you in all honesty that I think the deterrent effect of a £50,000 fine which we have lived with in the past is almost zero. The fact that we now have a potential deterrent effect of £2 million is much more valuable. I think the numbers are going down but we would like to see them go down further, and we have a regime in place that we will enact from 1 February next year which should do that.

Q129 Stephen Barclay: Following that logic you would expect the numbers of complaints to continue coming down.
Ed Richards: I think if it turns out that we need to take public activity in the first/second quarter of next year, I would expect there to be an increased volume of complaints to us directly, yes, because historically that is what has happened. I would.

Q130 Mr Bacon: I'd like to ask you about Radio Caroline. You may be aware that they are trying to get a medium-wave licence or a medium-wave piece of the spectrum.
Ed Richards: Yes I am.
Mr Bacon: Ofcom announced in December 2006 that it wouldn't be issuing any more commercial licences for medium-wave broadcasting in the UK, and from that date onwards—I am reading from a note from Radio Caroline—"both the BBC and commercial radio operators have regularly announced to their respective listeners that they regard medium wave as inferior and have been encouraging their listeners to switch." Those local commercial radio stations that use medium wave record such tiny audiences that they have deemed medium wave to be uneconomical to run stand-alone and they have been grouping together to share programme output and reduce costs and indeed have indicated a reluctance to do anything other than the bare minimum with medium wave.
Radio Caroline go on to say, "The best commercial minds in the country have been unable to make medium wave pay in terms of advertising revenue, and so we are confident that our presence on medium wave and our unique programme format would not take away any advertising from already licensed operators. Allowing us a place on the band which no one else wants to utilise whilst covering our traditional heartland of the south east would be a fitting tribute to Britain's first commercial radio station"—which indeed of course it is. "But in order to achieve this we would need to be treated as a special case. What's more, in order to be broadcasting by Easter 2014, which would be a magnificent 50th birthday celebration not only for Radio Caroline but for the people of Great Britain". What's not to like about all of this? "In short, if no one else wants it, can we have a small part of it, please?"
My parliamentary colleague Caroline Lucas wrote to Ofcom and received a reply saying that, according to the registered data that the International Telecommunications Union have, one of the frequencies—107.1kHz—that Radio Caroline has highlighted is in use 24 hours a day, by the French; it's registered to the French. In fact, it turns out that Radio Caroline has checked with CSA the French equivalent of Ofcom, and been told that 107.1 is no longer used in France. Now, instead of doing "computer says no" answers, why don't you just help this national institution get a toehold on a piece of frequency that is not otherwise required, by phoning up the French and saying, "You're not using it, can we have it please?"
Ed Richards: I'm very familiar with the Radio Caroline case and I am very happy to phone up the French and see what the situation is. I wish it were exactly as it sounds, but it very rarely is. This is all about trying to find a frequency. There are not any spare frequencies just kicking around London or the south-east because they have all been used up. I push our engineers on this every year to say, "Can't we find some more frequencies? Can't we squeeze some more in?" It is one of things we discuss and I challenge them on every single year and I always have Radio Caroline in the back of my mind when I am doing so.

Q131 Mr Bacon: I thought you were going to say you have it in the back of your car, except that you can't at the moment because it is only available on the internet.
Ed Richards: Indeed.

Q132 Mr Bacon: On the other hand you probably have such an expensive car that you can probably get the internet in your car so you can listen to internet radio.
Ed Richards: I can absolutely assure you I don't. So there is a question of UK frequencies and at the moment we don't think there are any. There are existing users of medium wave and in our judgment at the moment we would have to move somebody else off. So there is a broader question.

Q133 Mr Bacon: They are specifically saying not. 107.1 is used in the north-east by a Newcastle station; they want it in the south-east where it is not used and it is allocated anyway to the French and the French are not using it.
Ed Richards: That brings us to the French.

Q134 Mr Bacon: Which is why you need to phone the French.
Ed Richards: One conversation I could imagine with the French would be, "Are you using 107 kHz?" To which the answer might be, "Non, non," but that does not necessarily mean that when I say, "Well, can we use it?" the answer will be yes.

Q135 Mr Bacon: But you won't know unless you ask.
Ed Richards: I agree and I am very happy to ask. I wasn't aware it wasn't being used. But I don't want to leave you with the impression that if they say it is not being used, it will also follow that therefore the Brits can have it. I am not sure it will.

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Q136 Mr Bacon: Well, we're letting them have our aircraft carrier. A bit of détente or entente cordiale would go a long way here.
Ed Richards: I will make that point to them.

Q137 Mr Bacon: Especially since it started on a ship**.**
Ed Richards: I will make that point to them.

Q138 Mr Bacon: While you are busy with the French, can I invite you also to co-operate with the NAO on producing a more detailed breakdown of the £121,594,000 on page 12, at Figure 4? I have asked the NAO and they have agreed to help you do this, I am sure you will be glad to know. What we're looking for is a forensic breakdown of that £121 million, by the headings that we already have here but going into immense detail. If it should turn out—as is always the case—that something might easily have been categorised in one but got categorised in another, that is a separate issue. What I want to see is these existing headings and how they were categorised, down to a great level of detail. If you work with the NAO to do that they can help you produce a spreadsheet that has the level of detail we need.
Ed Richards: Very happy to do that.

Q139 Mr Bacon: The second thing, within the staff travel component of £1.4 million, could you produce a ranking of that per employee of Ofcom, so that the employee with the most travel costs is at the top of the ranking going downward until you get to nought, because presumably, quite a lot of people don't incur any travel costs and a smaller number incur much more?
Ed Richards: Absolutely.

Q140 Mr Bacon: The thirds thing is expenses for staff. I don't know which heading it would come under—it might be mixed between "travel and subsistence" and "other costs" or "administrative and office costs", I don't know—but could you itemise and rank by employee all your expenses, including entertainment?
Ed Richards: As I recall, for all the team of the management group, they are already published online monthly, so I'm happy to produce them.
Chair: Right, that's it. Thank you very much indeed for your time.

Written evidence from Ofcom

TRAVEL, SUBSISTENCE AND EXPENSES (£ RANKED BY COLLEAGUE) 2009–10

		Accommodation		*Subsistence*		*UK Travel*			*Overseas Travel*						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
617	Colleague	11,223	517	4,781	131			1,347	14,412	208	3,196	**35,815**			**35,815**
674	Departmental card	9,641	3,849	220		3,492	2,681	69	9,630	117	44	**29,742**	368		**30,110**
54	Colleague	12,224		3,268			34	1,125	10,522	363	951	**28,487**			**28,487**
680	Colleague	8,061		1,964	62		242	9	15,901	406	162	**26,808**	187	2	**26,996**
683	Colleague	8,798	1,698	4,426	24		9	2,489	7,200	15	1,402	**26,061**			**26,061**
286	Colleague	5,356		1,441	17		4	927	14,504	530	285	**23,064**	269	12	**23,344**
625	Colleague	13,217	532	2,572			131		4,273	547	181	**21,452**			**21,452**
84	Colleague	8,472		4,779		140		425	5,378	86	1,931	**21,211**			**21,211**
207	Colleague				27			135				**162**	245	43	**450**
	Departmental card		3,591		1,153		1,284					**6,028**	12,803		**18,831**
602	Colleague	10,018		1,973			25	527	4,951	1,256	388	**19,138**			**19,138**
267	Colleague		8,871		1,566		6,471	406				**17,314**		263	**17,577**
27	Colleague	2,754	661	324			65	872	9,978	1,353	230	**16,236**	255		**16,491**
130	Colleague	3,821		1,029	44	453	2,200	74	7,012	781	233	**15,647**		8	**15,655**
622	Colleague	5,512		842	3	60	230	316	7,825	46	101	**14,935**		178	**15,113**
464	Colleague	6,244		1,647			395	527	4,585	48	496	**13,942**		174	**14,116**
543	Colleague	100	4,934		1,587		4,036	1,802		27		**12,486**	1,293	82	**13,862**
198	Colleague	3,972	949	149	30	136	476	98	5,166	1,631	52	**12,660**	1,021		**13,681**
458	Colleague	2,747		318			109	148	6,875	1,841	825	**12,862**	577	179	**13,617**
527	Colleague	462	2,840	198	1,130	7,377	491	720			41	**13,260**			**13,260**
635	Colleague	7,602		2,467	9			922	2,055	(700)	415	**12,770**	162	174	**13,106**
181	Colleague	747	6,754	90	2,297	439	939	1,363	324	51		**13,005**			**13,005**
621	Colleague	7,030		2,081	23	52	21	481	2,000	137	192	**12,015**			**12,015**
481	Colleague				24	507	21	47				**599**		279	**878**
	Departmental card		2,330		413	1,628	330	2,049	1,219			**7,970**	2,215		**10,185**
5	Colleague	4,539		335	63		117	277	4,765	15	163	**10,274**		527	**10,801**
144	Colleague	1,392	1,174	436	548		3,503	722	2,508	40	79	**10,403**	19		**10,422**
576	Colleague	2,417		231				182	902	4,965	484	**9,181**	1,157	25	**10,363**
590	Colleague	3,104		121			37		2,136	4,293	485	**10,176**			**10,176**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	Credit Card Type	Overseas	UK	Overseas	UK	Air	Rail/Bus/Tube	Taxis & Mileage	Air	Rail/Bus/Coach	Taxis & Mileage	T&S total	Hospitality	Other	Grand Total
320	Colleague	4,485		2,867				258	2,444	7	68	**10,127**			**10,127**
237	Colleague		1,699			3,720	2,728	811				**8,958**	461	246	**9,666**
62	Colleague	359	2,149	102	1,280	432	4,289	631			38	**9,280**	244		**9,524**
678	Colleague		3,875		345	1,459	2,063	728				**8,470**	972	24	**9,467**
176	Colleague	2,893		1,273	5	60	72	468	1,970	1,753	893	**9,388**	33		**9,420**
129	Colleague	546	702	121	46	506	1,097	1,114	3,426	418	123	**8,099**	1,215	9	**9,323**
169	Colleague		2,777	99	1,170	293	4,059	877				**9,275**			**9,275**
630	Colleague	919	228	85	77		260	2,803	4,778			**9,150**			**9,150**
318	Colleague		6,497		765	979	633	108		9		**8,992**		25	**9,017**
508	Colleague	1,347		91	902		974	90	4,788	8	92	**8,293**	597	120	**9,011**
254	Colleague	1,519		401			64	178	5,678	1,090	66	**8,996**			**8,996**
568	Colleague	3,947	20	1,255	17		62	864	1,602	347	744	**8,858**	32	86	**8,975**
413	Colleague	2,627		637	6		75	353	4,758	122	150	**8,726**			**8,726**
195	Colleague		1,920		680	3,391	738	1,282		25	3	**8,038**	473		**8,511**
561	Colleague	3,219	89	586			480	822	1,320	1,812	129	**8,456**			**8,456**
197	Colleague	3,266	89	336	39	99		261	3,513	319		**7,921**			**7,921**
447	Colleague	3,404		1,115	91		29	898	1,647	432	219	**7,835**			**7,835**
664	Colleague	2,724		202			54	46	2,663	1,830	255	**7,774**			**7,774**
120	Colleague	2,398		1,111			102	206	1,635	1,491	488	**7,431**		249	**7,679**
185	Colleague	168	3,852		1,701	281	636	613		75		**7,326**			**7,326**
428	Colleague	1,236		527	50			345	4,828	23	208	**7,217**			**7,217**
499	Colleague	1,409	700	451	190	69	1,169	746	1,801	208	162	**6,904**		247	**7,151**
597	Colleague	981	399	2,074	352		800	598	993	486	417	**7,100**	7	35	**7,142**
638	Colleague		375	95		1,961	808	823	172	637		**4,871**	1,699	333	**6,904**
634	Colleague	4,621		276		5	72	909	698	2	59	**6,643**	41	174	**6,858**
186	Colleague	3,022	428	115		52	238	150	2,623		23	**6,649**	197		**6,846**
405	Colleague	330	4,179	79	1,565	214	123	85	212	38		**6,825**			**6,825**
104	Colleague	2,313		341			207	82	2,954	817	66	**6,779**	4		**6,783**
123	Colleague	3,008	516	428	301		404		2,066			**6,722**			**6,722**
14	Colleague		4,425		1,550		258	372		23		**6,628**			**6,628**
390	Colleague		2,753		517		2,338	891		118		**6,618**			**6,618**
586	Colleague		2,124	206	737	2,230	378	818		9	21	**6,524**		50	**6,574**
362	Colleague	1,789	243	635	74		169	951	767	1,034	27	**5,689**	639	174	**6,502**
132	Departmental card		99			96	156		590	2,690		**3,631**	2,808		**6,439**

		Accommodation		*Subsistence*			*UK Travel*			*Overseas Travel*					
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
208	Colleague				29			117				**146**			**146**
	Departmental card		1,501		57	3,259	268	751				**5,835**	333		**6,169**
53	Colleague	172	1,694	38	83	374	607	2,158	302	15	130	**5,573**	657	14	**6,244**
628	Colleague	3,471		696	95		93	427	1,360	7		**6,148**			**6,148**
272	Colleague	3,664		1,060	12		43	38	892	406	20	**6,135**			**6,135**
69	Colleague				13	69	4,777	728			38	**5,625**	235	170	**6,030**
503	Colleague		1,581		35	2,164	174	1,955				**5,909**			**5,909**
163	Colleague						70					**70**			**70**
	Departmental card	504	155			1,357	2,308		848	646		**5,818**			**5,818**
619	Colleague		679		155		3,986	852		24		**5,696**			**5,696**
687	Colleague	1,275		56	11		(3,132)	1,402	5,425	9	221	**5,267**		414	**5,681**
351	Colleague		2,571		807	134	1,113	825				**5,450**	219	6	**5,675**
202	Colleague		270		147		91	942				**1,450**	42	245	**1,737**
	Departmental card		1,830		395		1,623	0				**3,848**			**3,848**
1	Colleague		2,498		703		194	2,076		24		**5,496**			**5,496**
554	Colleague		3,265		1,010		52	147	975			**5,450**			**5,450**
347	Colleague	2,956	301	628	80		199	199	815		24	**5,202**	63	183	**5,449**
563	Colleague							164				**164**			**164**
	Departmental card	197	4,293				30	39	328		333	**5,221**	32		**5,252**
404	Colleague							18				**18**		231	**249**
	Departmental card		4,439			541	17	88				**5,085**			**5,085**
136	Colleague		1,604		478	1,722	662	261				**4,728**	494	87	**5,309**
276	Colleague						59					**59**			**59**
	Departmental card		4,682				468					**5,150**			**5,150**
29	Colleague	2,636		872			283	190	797	20	70	**4,868**		339	**5,207**
473	Colleague		1,255		617		2,976	88		14		**4,949**		205	**5,154**
676	Colleague	2,925		1,024	24		102	169	822	37	9	**5,112**			**5,112**
287	Colleague	2,130		483			110	122	1,884	32	17	**4,777**		174	**4,951**
90	Colleague	2,254		951	40		73	(21)	1,152	383	92	**4,925**		25	**4,950**
522	Colleague		3,020		860	514	97	257				**4,748**		3	**4,750**

		Accommodation		*Subsistence*		*UK Travel*			*Overseas Travel*						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
219	Colleague		5		349	2,597	766	932				**4,649**		100	**4,749**
23	Colleague		1,093		155	2,297	333	473				**4,350**	175	180	**4,705**
355	Colleague		440		77		3,581	602				**4,700**			**4,700**
38	Colleague	550	2,855		61	140	221	386		197		**4,411**	12	262	**4,684**
654	Colleague		3,363		995	13	84	10				**4,466**		198	**4,663**
437	Colleague	864		214			364	487	310	1,980	324	**4,542**		75	**4,617**
149	Colleague		1,181		477	29	2,889	29				**4,605**			**4,605**
425	Colleague						4,334	218				**4,552**			**4,552**
138	Colleague	2,034	900	462	119		88	802				**4,405**		126	**4,531**
588	Colleague		1,465		404		434	2,149				**4,451**			**4,451**
691	Colleague		2,866			872	633	12		54		**4,436**			**4,436**
475	Colleague	933	652	186	135	360	226	502	1,033	280	107	**4,412**			**4,412**
154	Colleague		1,334		308		2,524	227				**4,393**			**4,393**
242	Colleague		1,245		455		89	2,600				**4,388**			**4,388**
498	Colleague	659		77	4		15	100	528	316	52	**1,751**	242	2,380	**4,373**
493	Colleague	312				3,132	814	62				**4,320**			**4,320**
131	Colleague											**-**		153	**153**
	Departmental card	3,554	99				(58)			546		**4,142**	14		**4,156**
333	Colleague		2,225		432	102	458	1,007				**4,223**			**4,223**
183	Colleague								4,136			**4,136**			**4,136**
336	Colleague		699		101	2,017	788	391				**3,996**		54	**4,050**
366	Colleague		1,813		709	704	527	266		5		**4,025**			**4,025**
283	Colleague	211	1,268	460	264		372	16	1,196		43	**3,830**		186	**4,015**
647	Colleague		418				1,443	2,132				**3,993**		10	**4,003**
19	Colleague	1,740	158	583	54	99	9	387	167	805		**4,000**			**4,000**
262	Colleague		1,006		279		692	1,249		11	250	**3,487**	375	90	**3,952**
297	Departmental card	155				1,386	607		134	1,633		**3,916**			**3,916**
288	Colleague	399	364	40	136	545	837	95	235	41		**2,692**	333	705	**3,731**
599	Colleague	872	91	179	231	122	1,051	132	909	17	86	**3,690**			**3,690**
591	Colleague	896		330				10		2,211	219	**3,666**			**3,666**
510	Colleague	1,485	494	399	122		227	174	701		64	**3,665**			**3,665**
572	Colleague	1,081	157	282	33		692	379	509	190	60	**3,383**	151	96	**3,630**
542	Colleague	658	376	73		264	35	215	790	877	334	**3,623**			**3,623**
677	Colleague						4	26				**30**		3,593	**3,622**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
177	Colleague		3,546									**3,546**			**3,546**
331	Colleague		135			1,010	772	413	577			**2,909**	587		**3,495**
440	Colleague	69		18	267	1,834	304	911				**3,404**	48		**3,452**
482	Colleague		2,803				76	14	72			**2,965**		347	**3,312**
36	Colleague		53				2,891	139		137		**3,220**		75	**3,295**
205	Colleague	1,338		494	9		30	51	855	256		**3,034**	152	10	**3,196**
486	Colleague		190	381	8		95	247	1,581	417	67	**2,986**		177	**3,163**
648	Colleague	145	200	91			289	354	1,741			**2,820**	14	288	**3,123**
439	Colleague		1,128		174		190	1,618		9		**3,119**			**3,119**
661	Colleague		630		15		2,278	8				**2,931**	33		**2,964**
	Departmental card		118									**118**			**118**
632	Colleague	1,442		420			26	70	182		543	**2,683**		377	**3,060**
502	Colleague		56		249		1,533	77	838	10		**2,763**		120	**2,883**
93	Colleague	1,625		928				264	(260)	11	158	**2,725**		141	**2,866**
392	Colleague	869	250	149	24	97	93	151	827	184	133	**2,777**		23	**2,801**
25	Colleague	104		3	4	46	23	431	1,750		67	**2,427**		293	**2,720**
370	Colleague		209		123		718	1,624				**2,674**			**2,674**
55	Colleague		1,233		268		388	744		6		**2,639**			**2,639**
133	Colleague	748		41		434	199	72		558	46	**2,096**	541		**2,637**
659	Colleague		1,226		141	603	531	80				**2,580**			**2,580**
150	Colleague		1,036	17	311	315	569	320				**2,567**			**2,567**
263	Colleague	125		36			31	57			20	**268**			**268**
	Departmental card					558	501	1	549	442		**2,052**	215		**2,268**
402	Colleague					1,029	331	427	82			**1,869**	511	59	**2,439**
421	Colleague	1,376	96	348	28		115	62	369		13	**2,408**			**2,408**
640	Colleague		447		205	544	369	830				**2,394**			**2,394**
31	Colleague		414		350	87	165	925				**1,940**	434	16	**2,390**
244	Colleague						7	133	2,119			**2,259**		104	**2,362**
614	Colleague	1,275		89			4			943	45	**2,356**			**2,356**
304	Colleague		312		90		1,874	45				**2,321**		6	**2,327**
9	Colleague					89	418	208	(98)			**617**	1,695		**2,312**
214	Colleague		1,796		333		133	32		13		**2,306**			**2,306**
261	Colleague	673		11			71	251	838	169	62	**2,076**	26	204	**2,306**
196	Colleague		812		42	1,045	190	119				**2,208**	44	11	**2,263**

		Accommodation		*Subsistence*		*UK Travel*			*Overseas Travel*						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
310	Colleague							22				**22**			**22**
	Departmental card		596		139		1,385	116				**2,235**			**2,235**
206	Colleague						145	2,055		39		**2,239**			**2,239**
330	Colleague		1,253		172	331	86	273				**2,115**	34		**2,149**
238	Colleague	322	288			1	32	199	1,302			**2,143**			**2,143**
321	Colleague		1,649		5	325	141	13				**2,134**			**2,134**
391	Colleague						6	24				**30**			**30**
	Departmental card						1,011	92		860		**1,963**	123		**2,086**
353	Colleague	108		5		250	333	759	138	109		**1,702**	24	388	**2,114**
578	Colleague	337		716	20		132	137	266	23	136	**1,768**	184	117	**2,069**
539	Colleague	778		209	13		37	406	512	80	16	**2,051**		16	**2,067**
61	Colleague		418		122		260	1,265				**2,065**			**2,065**
213	Colleague		1,219		284	361	69	117				**2,051**			**2,051**
349	Colleague		638		113		1,036	131				**1,918**		18	**1,936**
232	Colleague		987		245		335	366				**1,932**			**1,932**
512	Colleague					356	509	534	192		34	**1,626**	247	14	**1,887**
307	Colleague		793		302		717	23				**1,835**			**1,835**
44	Colleague	586		88			72	91	155	774	44	**1,808**	16		**1,824**
431	Colleague	359	162	176	15		215	200	191	46		**1,364**		449	**1,814**
488	Colleague		160		122		1,217	235				**1,734**		70	**1,804**
696	Colleague								1,800			**1,800**			**1,800**
102	Colleague		345		22		1,199	214		5		**1,785**			**1,785**
157	Colleague		252		132		928	353				**1,665**	65	41	**1,772**
491	Colleague	113		40				82	1,004	19	62	**1,321**	434		**1,755**
461	Departmental card		1,009		53		586					**1,648**	98		**1,745**
583	Colleague			960	28		57		166	521		**1,731**			**1,731**
407	Colleague		1,118	20	75		466	31				**1,710**			**1,710**
162	Colleague								1,710			**1,710**			**1,710**
56	Colleague		425	6	267		783	84		12		**1,578**		124	**1,701**
20	Colleague		547		99		1,008	23				**1,677**			**1,677**
294	Colleague		566		29		761	318				**1,674**			**1,674**
182	Colleague	297		63			36	549		508	65	**1,518**	79	63	**1,660**
489	Colleague		241		8	547	221	251	326			**1,594**		51	**1,645**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
192	Departmental card								1,640			**1,640**			**1,640**
517	Colleague		428			117	102	359				**1,006**	632		**1,638**
126	Colleague		799	185	85		530	18				**1,617**			**1,617**
427	Colleague	133	25	16			561	187	339	20	105	**1,386**	228		**1,614**
226	Colleague	299		86			91	11	676	7	49	**1,218**		392	**1,611**
394	Colleague						849	723				**1,572**		26	**1,598**
224	Colleague									1,585		**1,585**			**1,585**
270	Colleague		666		128		716	61				**1,571**			**1,571**
345	Colleague	675					30	135	214	424		**1,478**	84	6	**1,568**
406	Colleague	472	71	87	5		87	10	573		133	**1,438**		117	**1,555**
422	Colleague	459					773	280		28		**1,540**			**1,540**
546	Colleague		990		35		4	484				**1,513**	9		**1,522**
350	Colleague							8				**8**		88	**96**
	Departmental card		968			311	146					**1,424**			**1,424**
533	Colleague	153	99				407	240		264		**1,163**		348	**1,510**
532	Departmental card					254	416	99	739			**1,509**			**1,509**
531	Colleague	241		52	4		37	60	739	300	66	**1,498**			**1,498**
616	Colleague		103	166			1,148	8		23	41	**1,489**			**1,489**
567	Colleague		628		77	663	234	231	(549)			**1,283**	203		**1,486**
564	Colleague						1,070	405				**1,474**			**1,474**
483	Colleague	681	93	82	15	117	47	136	216	8	46	**1,440**			**1,440**
667	Colleague		354		71	113	370	329	196			**1,432**			**1,432**
302	Colleague							806				**806**	44	85	**935**
	Departmental card		121							368		**489**			**489**
147	Colleague		118			231	176	209		409		**1,143**	280		**1,423**
468	Colleague		351		158		26	497				**1,032**		384	**1,416**
341	Colleague		184					201				**385**	321	81	**787**
	Departmental card		118		18	78						**214**	384		**598**
445	Colleague		424	79	177		387	304				**1,370**			**1,370**
365	Colleague		349		68		744	159				**1,320**	45		**1,365**
201	Colleague						16	906		309	18	**1,249**		102	**1,351**

Reference number	Credit Card Type	Accommodation Overseas	Accommodation UK	Subsistence Overseas	Subsistence UK	UK Travel Air	UK Travel Rail/Bus/Tube	UK Travel Taxis & Mileage	Overseas Travel Air	Overseas Travel Rail/Bus/Coach	Overseas Travel Taxis & Mileage	T&S total	Hospitality	Other	Grand Total
140	Colleague				4		299	218				**521**	681	130	**1,333**
662	Colleague		327		219	555	170	56				**1,327**			**1,327**
376	Colleague		157		29	751	271	118				**1,326**			**1,326**
241	Colleague	223		136			32	48	392	457	5	**1,293**	30		**1,323**
641	Colleague						13	422			5	**440**	105		**545**
	Departmental card	136	208			108	13					**465**	302		**767**
601	Colleague			822				369		66	49	**1,307**			**1,307**
300	Colleague	393		6			74	506		309	13	**1,302**			**1,302**
631	Colleague	214		36	44		97	278		430	11	**1,109**	56	131	**1,296**
220	Colleague		266	20	45	179	(0)	209	190	223	61	**1,193**	74	19	**1,286**
452	Colleague		500		80		171	521		9		**1,281**			**1,281**
497	Colleague		282		80	69	765	69				**1,265**			**1,265**
284	Colleague	375					60		395	433		**1,263**			**1,263**
18	Colleague							121				**121**			**121**
	Departmental card						640		494			**1,134**			**1,134**
268	Departmental card		377				10	398		444		**1,229**			**1,229**
91	Colleague	194		68	15		147	320	411	9	56	**1,221**			**1,221**
626	Colleague		75				830	316				**1,221**			**1,221**
264	Colleague		141		330	284	438	15				**1,207**			**1,207**
265	Colleague		517		61		47	567				**1,193**			**1,193**
279	Colleague		214		274		594	105				**1,187**			**1,187**
135	Colleague		438		238		433	27				**1,137**		40	**1,177**
472	Colleague				32	376	512	234				**1,154**		5	**1,159**
682	Colleague		281		52		564	166				**1,062**	92		**1,155**
326	Colleague					108	197	742				**1,047**		93	**1,139**
282	Colleague		151		151		512	283		38		**1,136**			**1,136**
151	Colleague	715					37	36		302	43	**1,132**			**1,132**
604	Colleague		158		28		157	523				**865**	10	257	**1,132**
580	Colleague		362		30		563	35				**990**		135	**1,125**
414	Colleague		255				57	116				**427**		697	**1,124**
518	Colleague		286		147		251	429		9		**1,123**			**1,123**
250	Colleague		99		109	225	373	277				**1,084**		32	**1,116**
364	Colleague		138		30		250	500		191		**1,110**			**1,110**

		Accommodation		*Subsistence*		*UK Travel*			*Overseas Travel*						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
171	Colleague							777		40		**817**		290	**1,107**
178	Colleague		726		91		155	128				**1,100**			**1,100**
26	Colleague		381	218	38		439	12		8		**1,096**			**1,096**
259	Colleague	591		239				140	122			**1,093**			**1,093**
607	Colleague		470		35	345	104	131				**1,085**			**1,085**
325	Colleague		128		125		648	161		9		**1,072**			**1,072**
515	Colleague		792					261				**1,052**		5	**1,058**
239	Colleague		110		30	99	612	203				**1,054**			**1,054**
528	Colleague		321		24	345	185	170				**1,045**			**1,045**
179	Colleague	199	90	52	49		50	412	184			**1,036**		3	**1,039**
579	Colleague	141		44	6		34	299	451	25	4	**1,003**		24	**1,027**
11	Colleague					652	124	144		98		**1,019**			**1,019**
557	Colleague				158			859				**1,017**			**1,017**
105	Colleague		592		21		161	116				**890**	125		**1,014**
681	Colleague		313		5	393	57	220				**989**			**989**
184	Colleague		331		22		418	159		9		**939**		41	**980**
280	Colleague		310		18		551	50				**928**		50	**978**
228	Colleague							182	389		118	**690**		280	**970**
562	Colleague	147		66	10		5	271	387		69	**955**			**955**
433	Colleague		113		69	165	133	302				**782**	44	123	**949**
426	Colleague				23		146	554				**723**	206		**929**
551	Colleague				32		839	45				**915**			**915**
77	Colleague							118	243	430		**791**	25	96	**912**
420	Colleague				21		207	667		9		**904**			**904**
73	Colleague		160				622	5				**787**		115	**902**
469	Colleague							628				**628**		271	**899**
627	Colleague				100		720	72				**892**			**892**
86	Colleague		81				218	28				**326**		540	**866**
76	Colleague		157				709					**866**			**866**
385	Colleague		100				76	550		128		**854**			**854**
500	Colleague											**-**		838	**838**
547	Colleague		263		27		520	15		11		**836**			**836**
441	Colleague				41	484	159	115				**799**		26	**825**
643	Colleague		149		65		246	269				**729**		95	**824**
369	Colleague	266			5		12	50	226	223	38	**821**			**821**
352	Colleague					56		86				**142**		677	**819**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
155	Colleague							441				**441**		368	**809**
240	Colleague	221			72		29	177	301	5		**804**			**804**
401	Colleague			138	2		58	273	160		152	**784**			**784**
516	Colleague					93	53	460				**605**		174	**779**
145	Colleague	66		14			113	34	411		9	**646**		128	**774**
418	Colleague		166					591				**757**		5	**762**
37	Colleague					130	605	27				**762**			**762**
372	Colleague			17		88	63	55	482		48	**754**			**754**
559	Departmental card						85	464		196		**745**			**745**
253	Colleague						589	27				**616**		129	**745**
52	Colleague							8				**8**			**8**
	Departmental card					25	112	308		288		**732**			**732**
293	Colleague						595	110				**705**	31		**736**
644	Colleague	409		121				6	161	15	22	**734**			**734**
565	Colleague		163				86	480				**730**			**730**
308	Colleague						257	459		9		**725**			**725**
71	Colleague			20			123	115				**258**		460	**718**
492	Colleague				262		198	75				**535**		179	**713**
462	Colleague			20			55	150	243	38	74	**580**		131	**711**
3	Colleague						701					**701**			**701**
170	Colleague		266				16	65				**347**		351	**698**
686	Colleague		157			80	378	82				**697**			**697**
636	Colleague		257		181		150	106				**695**			**695**
571	Colleague		208				335	130			15	**688**			**688**
290	Colleague		99		20		23	545				**687**			**687**
332	Colleague	163					106	15		396		**680**			**680**
412	Colleague	204	118	12			33	59	243		9	**679**			**679**
187	Colleague						665	7				**672**			**672**
167	Colleague		158		31	311	102	65				**667**			**667**
371	Colleague			191	10		231	165			47	**644**			**644**
47	Colleague							643				**643**			**643**
225	Colleague							64				**64**		573	**637**
649	Colleague				8	101	223	84				**416**	76	142	**635**
411	Colleague		89					542				**631**			**631**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
423	Colleague				19		48	87		214		**367**		259	**626**
388	Colleague						24		551		50	**625**			**625**
651	Colleague											**-**		31	**31**
	Departmental card						556					**556**	36		**591**
670	Colleague		133		16	111	93	87				**439**	182		**621**
566	Colleague						24		166	414	13	**617**			**617**
455	Colleague		118			13	370	103				**604**			**604**
227	Colleague			8	30		67	18		460		**584**			**584**
194	Colleague				51	326		205				**581**			**581**
655	Colleague								166	414		**580**			**580**
521	Colleague								253			**253**	321		**573**
429	Colleague	146		36			33	63		293		**571**			**571**
669	Colleague				54		39					**93**		476	**569**
40	Colleague						19	9				**28**		540	**567**
160	Colleague		94		55		84	327				**560**			**560**
357	Colleague				14	98	51	79		287		**529**	30		**559**
582	Colleague											**-**		60	**60**
	Departmental card	301				198						**499**			**499**
141	Colleague						36	188				**224**	318	14	**556**
79	Colleague						11	36				**47**			**47**
	Departmental card				70	136	300					**505**			**505**
671	Colleague		118	14	7			15				**154**		398	**551**
313	Colleague	234						310				**545**		5	**550**
48	Colleague		175		235		62	75				**547**			**547**
233	Colleague									430		**430**		114	**544**
246	Colleague							78				**78**		456	**534**
189	Colleague											**-**		528	**528**
354	Colleague		80		27		320	101				**528**			**528**
329	Colleague				37	225	39	226				**527**			**527**
312	Colleague		313		84	59	17	51				**524**			**524**
387	Colleague					430	50	35				**515**			**515**
63	Colleague		147		43		279	44				**513**			**513**
249	Colleague		224				238	25				**487**	24		**511**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
291	Colleague		110			346	4	50				**509**			**509**
298	Colleague		217		16		8	21				**261**		245	**506**
94	Colleague		157		49		273	24				**503**			**503**
442	Colleague		240		30		170	31				**470**		31	**501**
153	Colleague			57	5		61	55		305	9	**492**			**492**
285	Colleague		224		28		159	80				**490**			**490**
174	Colleague	231		31				21		7	26	**316**		174	**490**
479	Colleague							17				**17**	64	407	**488**
338	Colleague											**-**		26	**26**
	Departmental card						457					**457**			**457**
501	Colleague						262	30				**292**		189	**481**
519	Colleague						255	224				**478**			**478**
252	Colleague		160				242	75				**477**			**477**
165	Colleague		85			270	122					**476**		0	**476**
204	Colleague	212								257		**468**			**468**
109	Colleague											**-**		467	**467**
673	Colleague				25		20	51				**96**		371	**467**
89	Colleague					415	50					**465**			**465**
552	Colleague	374					36		28		24	**462**			**462**
235	Colleague		83				67	310				**460**			**460**
49	Colleague							69				**69**		391	**459**
606	Colleague	196		23			60		110		63	**453**			**453**
110	Colleague						453					**453**			**453**
317	Colleague		84			342		26				**452**			**452**
689	Colleague		68			164	117	101				**450**			**450**
524	Colleague		118			30	241	61				**450**			**450**
374	Colleague							42				**42**		408	**449**
319	Colleague							40		383		**423**		23	**446**
509	Colleague						382	45				**427**		6	**433**
356	Colleague							432				**432**			**432**
449	Colleague					193	183	55				**431**			**431**
496	Colleague	120		63			36	17	139	8		**383**	47		**430**
434	Colleague					393	22	10				**425**			**425**
550	Colleague						382	38				**419**			**419**
58	Colleague							415				**415**			**415**

		Accommodation		*Subsistence*		*UK Travel*			*Overseas Travel*						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
569	Colleague					239	99	53				**391**	20		**411**
223	Colleague						97	156				**252**		159	**411**
337	Colleague	137		37				214			20	**407**			**407**
158	Colleague		127		32		196	52				**406**			**406**
251	Colleague	196					16		194			**406**			**406**
399	Colleague		399									**399**			**399**
309	Colleague						16	93				**109**		290	**399**
124	Colleague			101				251			38	**389**			**389**
467	Colleague						60	55				**115**		272	**387**
81	Colleague		249	52			85					**385**			**385**
236	Colleague		161				198	23				**382**			**382**
199	Colleague							62				**62**	277	40	**379**
266	Colleague		57				217	104				**378**			**378**
507	Colleague	94		27			(36)	17		264	7	**374**			**374**
432	Colleague		99		61		38	151				**349**		23	**373**
180	Colleague					236	127					**363**			**363**
222	Colleague							185				**185**		178	**363**
513	Colleague		156	40	30		58	46		10		**341**		20	**361**
620	Colleague		70				185	104				**359**			**359**
148	Colleague						321	37				**358**			**358**
139	Colleague				9		22	13				**43**		300	**343**
172	Colleague				3	106	9	219				**337**	3		**340**
340	Colleague						131	209				**339**			**339**
216	Colleague											**-**		338	**338**
656	Departmental card						161		176			**336**			**336**
596	Colleague				64		16	12				**91**		242	**334**
8	Colleague	185								149		**334**			**334**
190	Colleague							24		3		**27**			**27**
	Departmental card						89	158		56		**303**			**303**
103	Colleague							10				**10**		39	**49**
	Departmental card						81					**81**	199		**280**
12	Colleague		117		29		150	32				**328**			**328**
323	Colleague							320				**320**			**320**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	Credit Card Type	Overseas	UK	Overseas	UK	Air	Rail/Bus/Tube	Taxis & Mileage	Air	Rail/Bus/Coach	Taxis & Mileage	T&S total	Hospitality	Other	Grand Total
66	Colleague		68		65	153	33					**319**			**319**
342	Colleague							317				**317**			**317**
269	Colleague						100					**100**		205	**304**
15	Departmental card	72							7	223		**303**			**303**
529	Colleague				5			80				**85**		216	**301**
549	Colleague						300					**300**			**300**
43	Colleague							60		214		**274**		25	**299**
314	Colleague		45		14			224				**283**		15	**298**
548	Colleague						35	114				**149**		140	**289**
477	Colleague		78		5		135	47				**265**		21	**286**
393	Colleague											**-**		284	**284**
574	Colleague			90				58			13	**161**		117	**278**
257	Colleague											**-**		278	**278**
383	Colleague				45		133	100				**277**			**277**
611	Colleague						245	30				**275**			**275**
358	Colleague	268					3					**271**			**271**
113	Colleague						189	82				**271**			**271**
506	Colleague			80	5		10	132			40	**267**			**267**
303	Colleague				13		100	41				**154**		112	**266**
504	Colleague							265				**265**			**265**
50	Colleague						90					**90**		174	**264**
443	Colleague		175		6		16	65				**262**			**262**
80	Colleague			12	4			17		227		**259**			**259**
311	Colleague							253				**253**	6		**258**
490	Colleague							22				**22**		230	**252**
424	Colleague						4	167				**171**		80	**251**
99	Colleague						101	109				**210**		35	**245**
389	Colleague	120		24			19	17			63	**244**			**244**
122	Colleague			43	9		135	46				**234**		9	**243**
247	Colleague						55	106				**161**		81	**242**
4	Colleague											**-**		240	**240**
570	Colleague						17	10	210			**237**			**237**
24	Colleague						230					**230**			**230**
454	Colleague			129				58			41	**228**			**228**
658	Colleague							226				**226**			**226**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
34	Colleague				4					219		**223**			**223**
17	Colleague						57		166			**222**			**222**
78	Colleague					135	16	67				**217**			**217**
64	Colleague											**-**		216	**216**
41	Colleague											**-**		216	**216**
373	Colleague											**-**		216	**216**
164	Colleague						3	111				**114**		100	**214**
480	Colleague						105					**105**		109	**214**
639	Colleague				50			62				**113**		99	**212**
33	Colleague					210						**210**			**210**
487	Colleague		95		24		18	8				**145**	63		**207**
2	Colleague						54	10				**64**		139	**204**
698	Colleague						199					**199**			**199**
594	Colleague				32		100	60		3		**195**			**195**
88	Colleague			94							100	**194**			**194**
375	Colleague						84	108				**191**			**191**
6	Colleague						125	66				**191**			**191**
598	Colleague	164						13		2	11	**189**			**189**
451	Colleague							189				**189**			**189**
558	Colleague		189									**189**			**189**
360	Colleague											**-**		189	**189**
595	Colleague	67		42			40	6		27		**183**			**183**
106	Colleague		77				24	78				**179**			**179**
215	Colleague				6		122	44				**172**		7	**178**
118	Colleague		118				2	22				**142**		36	**177**
511	Colleague			8				69	100			**177**			**177**
400	Colleague				28		38	68				**134**		42	**175**
85	Colleague					128	17	30				**174**			**174**
609	Colleague											**-**		174	**174**
623	Colleague											**-**		174	**174**
193	Colleague					95				75		**170**			**170**
95	Colleague				57		39	44				**140**		28	**167**
28	Colleague						102	65				**167**			**167**
377	Colleague						43					**43**		120	**163**
612	Colleague		162									**162**			**162**
381	Colleague						8	154				**162**			**162**

		Accommodation		*Subsistence*		*UK Travel*			*Overseas Travel*						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
275	Colleague							160				**160**			**160**
13	Colleague						34	112		12		**158**			**158**
209	Colleague	148		9								**157**			**157**
229	Colleague						156					**156**			**156**
448	Colleague						124	11				**135**		18	**153**
690	Colleague						61	91				**152**			**152**
159	Colleague						38	61				**99**		52	**151**
417	Colleague						20	100				**120**		30	**150**
203	Colleague				10			95			8	**113**	33	4	**150**
92	Colleague							66				**66**		83	**149**
134	Colleague							148				**148**			**148**
248	Colleague						40	97				**137**	11		**148**
82	Colleague						21					**21**		125	**146**
679	Colleague						79	66				**145**			**145**
200	Colleague				142							**142**			**142**
59	Colleague							23				**23**		117	**140**
305	Colleague				79		32	9				**120**		17	**137**
592	Colleague							96				**96**		40	**136**
495	Colleague				5			129				**133**			**133**
128	Colleague							118		3		**121**		12	**133**
83	Colleague						9					**9**	124		**133**
115	Colleague							62				**62**	71		**132**
642	Colleague						11					**11**		121	**132**
593	Colleague				40		24	66				**130**			**130**
538	Colleague						100	10				**110**		20	**130**
212	Colleague						24	33				**57**		71	**128**
74	Colleague											**-**		127	**127**
46	Colleague						85	42				**127**			**127**
430	Colleague						37	51				**88**		39	**127**
653	Colleague						12	12				**24**		98	**122**
523	Colleague						19					**19**		102	**121**
688	Colleague											**-**		120	**120**
663	Colleague		120									**120**			**120**
584	Colleague						10	108				**118**			**118**
695	Colleague		118									**118**			**118**
694	Colleague		118									**118**			**118**

Reference number	Credit Card Type	Accommodation Overseas	Accommodation UK	Subsistence Overseas	Subsistence UK	UK Travel Air	UK Travel Rail/Bus/Tube	UK Travel Taxis & Mileage	Overseas Travel Air	Overseas Travel Rail/Bus/Coach	Overseas Travel Taxis & Mileage	T&S total	Hospitality	Other	Grand Total
315	Colleague											**-**		118	**118**
22	Colleague											**-**		117	**117**
96	Colleague							117				**117**			**117**
60	Colleague							116				**116**			**116**
395	Colleague											**-**		114	**114**
398	Colleague						45	69				**114**			**114**
327	Colleague						65	10				**75**	37		**112**
444	Colleague						26	66		18		**110**			**110**
10	Colleague											**-**		108	**108**
600	Colleague			80			28					**108**			**108**
419	Colleague						97	11				**108**			**108**
456	Colleague				14		58	35				**107**			**107**
556	Colleague				16		57	33				**106**			**106**
116	Colleague							(17)	122			**105**			**105**
450	Colleague											**-**		102	**102**
672	Colleague						6	20				**26**		75	**101**
277	Colleague						8	93				**100**			**100**
217	Colleague											**-**		100	**100**
589	Colleague											**-**		100	**100**
555	Colleague											**-**		100	**100**
119	Colleague				29		16	18				**63**		36	**99**
613	Colleague							32				**32**	63		**95**
168	Colleague							20				**20**		73	**93**
416	Colleague							78				**78**		15	**93**
230	Colleague											**-**		92	**92**
660	Colleague											**-**		90	**90**
348	Colleague							90				**90**			**90**
316	Colleague		89									**89**			**89**
21	Colleague		87									**87**			**87**
281	Colleague			19				47			21	**87**			**87**
397	Colleague						84					**84**			**84**
544	Colleague							81				**81**			**81**
646	Colleague						80					**80**			**80**
530	Colleague							80				**80**			**80**
289	Colleague					79						**79**			**79**
438	Colleague				25		20	33				**78**			**78**

Reference number	Credit Card Type	Accommodation Overseas	Accommodation UK	Subsistence Overseas	Subsistence UK	UK Travel Air	UK Travel Rail/Bus/Tube	UK Travel Taxis & Mileage	Overseas Travel Air	Overseas Travel Rail/Bus/Coach	Overseas Travel Taxis & Mileage	T&S total	Hospitality	Other	Grand Total
484	Colleague											**-**		76	**76**
57	Colleague						76					**76**			**76**
306	Colleague						7	20				**27**			**27**
	Departmental card											**-**	49		**49**
465	Colleague											**-**		75	**75**
534	Colleague						4					**4**		70	**74**
97	Colleague						70					**70**			**70**
137	Colleague											**-**		70	**70**
87	Colleague							70				**70**			**70**
396	Colleague						62	7				**69**			**69**
505	Colleague						66					**66**			**66**
301	Colleague						22	41				**63**			**63**
485	Colleague						10	53				**62**			**62**
629	Colleague						62					**62**			**62**
243	Colleague						42	20				**62**			**62**
101	Colleague						31	30				**61**			**61**
344	Colleague							12				**12**		49	**61**
685	Colleague						60					**60**			**60**
221	Colleague							59				**59**			**59**
260	Colleague						59					**59**			**59**
603	Colleague						56					**56**			**56**
476	Colleague							53				**53**			**53**
470	Colleague							53				**53**			**53**
72	Colleague							52				**52**			**52**
379	Colleague				20		33					**52**			**52**
292	Colleague						21	30				**50**			**50**
30	Colleague						50					**50**			**50**
380	Colleague						49					**49**			**49**
367	Colleague						26	22				**49**			**49**
608	Colleague						48					**48**			**48**
111	Colleague						25	22				**47**			**47**
7	Colleague						20	15				**35**	6	6	**47**
231	Colleague						17					**17**	25	5	**47**
346	Colleague				15		25	6				**46**			**46**
692	Colleague							46				**46**			**46**

		Accommodation		Subsistence		UK Travel			Overseas Travel						
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
255	Colleague						19	26				**46**			**46**
494	Colleague						16					**16**		29	**45**
146	Colleague						23	22				**45**			**45**
359	Colleague						44					**44**			**44**
114	Colleague						34	9				**43**			**43**
463	Colleague						13	10				**23**		20	**43**
384	Colleague							43				**43**			**43**
273	Colleague							42				**42**			**42**
75	Colleague						42					**42**			**42**
605	Colleague							17				**17**		25	**42**
457	Colleague						41					**41**			**41**
645	Colleague							41				**41**			**41**
278	Colleague				5		16	20				**40**			**40**
453	Colleague							40				**40**			**40**
697	Colleague						39					**39**			**39**
256	Colleague											**-**		38	**38**
142	Colleague							38				**38**			**38**
143	Colleague						38					**38**			**38**
68	Colleague						38					**38**			**38**
108	Colleague							37				**37**			**37**
560	Colleague						16	20				**36**			**36**
218	Colleague						21	14				**35**			**35**
67	Colleague						8	26				**34**			**34**
100	Colleague							34				**34**			**34**
211	Colleague				7		16	11				**33**			**33**
657	Colleague							8				**8**		25	**33**
65	Colleague							33				**33**			**33**
615	Colleague						21	12				**33**			**33**
652	Colleague	14					16					**30**			**30**
693	Colleague											**-**		30	**30**
271	Colleague									2	28	**29**			**29**
435	Colleague											**-**		29	**29**
339	Colleague											**-**		29	**29**
328	Colleague						8	20				**28**			**28**
545	Colleague						28					**28**			**28**
173	Colleague						16	12				**28**			**28**

Reference number	Credit Card Type	Accommodation Overseas	Accommodation UK	Subsistence Overseas	Subsistence UK	UK Travel Air	UK Travel Rail/Bus/Tube	UK Travel Taxis & Mileage	Overseas Travel Air	Overseas Travel Rail/Bus/Coach	Overseas Travel Taxis & Mileage	T&S total	Hospitality	Other	Grand Total
45	Colleague											**-**		28	**28**
618	Colleague											**-**		28	**28**
299	Colleague						6	21				**27**			**27**
541	Colleague						16	11				**27**			**27**
191	Colleague							26				**26**			**26**
415	Colleague						6	20				**26**			**26**
324	Colleague						13	13				**26**			**26**
436	Colleague						16	10				**26**			**26**
296	Colleague						16	10				**26**			**26**
386	Colleague											**-**		25	**25**
633	Colleague							25				**25**			**25**
525	Colleague						13	12				**25**			**25**
403	Colleague						6	19				**25**			**25**
35	Colleague							18				**18**		7	**24**
575	Colleague						24					**24**			**24**
295	Colleague						24					**24**			**24**
408	Colleague						24					**24**			**24**
684	Colleague						9	15				**23**			**23**
234	Colleague				7		5	11				**23**			**23**
553	Colleague						23					**23**			**23**
175	Colleague						18	5				**23**			**23**
98	Colleague											**-**		22	**22**
537	Colleague							14		7		**21**			**21**
459	Colleague						21					**21**			**21**
536	Colleague							20				**20**			**20**
466	Colleague							20				**20**			**20**
166	Colleague											**-**		20	**20**
121	Colleague						20					**20**			**20**
361	Colleague							20				**20**			**20**
161	Colleague											**-**		19	**19**
587	Colleague						3	15				**18**			**18**
	Departmental card											**-**			**0**
363	Colleague											**-**	17		**17**
577	Colleague							17				**17**			**17**
16	Colleague							16				**16**			**16**

		Accommodation		*Subsistence*			*UK Travel*			*Overseas Travel*					
Reference number	*Credit Card Type*	*Overseas*	*UK*	*Overseas*	*UK*	*Air*	*Rail/Bus/Tube*	*Taxis & Mileage*	*Air*	*Rail/Bus/Coach*	*Taxis & Mileage*	*T&S total*	*Hospitality*	*Other*	*Grand Total*
51	Colleague							16				**16**			**16**
39	Colleague						16					**16**			**16**
520	Colleague						16					**16**			**16**
624	Colleague				14							**14**			**14**
535	Colleague							14				**14**			**14**
188	Colleague							14				**14**			**14**
409	Colleague									13		**13**			**13**
665	Colleague							13				**13**			**13**
478	Departmental card						11					**11**			**11**
42	Colleague							10				**10**			**10**
210	Colleague							10				**10**			**10**
610	Colleague							10				**10**			**10**
382	Colleague											**-**		10	**10**
112	Colleague							10				**10**			**10**
343	Colleague											**-**		9	**9**
70	Colleague							8				**8**			**8**
127	Colleague						6					**6**			**6**
581	Colleague						6					**6**			**6**
368	Colleague						5					**5**			**5**
107	Colleague						5					**5**			**5**
Grand Total		**254,309**	**195,703**	**69,712**	**44,426**	**77,839**	**168,076**	**133,258**	**261,133**	**64,415**	**22,472**	**1,291,343**	**45,083**	**41,730**	**1,378,157**

January 2011

Supplementary written evidence from Ofcom

APPROACH TO CONTINGENCY AND ITS IDENTIFICATION AND USE IN 2009–10

In line with other statutory corporations and similar public bodies, we take a prudent approach in developing and setting our annual budgets, within the overall level of our funding cap, to ensure sufficient funds are available through the financial year to undertake the planned work across core statutory duties and the strategic priorities as set out in our Annual Plan. Notwithstanding the detailed approach to the budget-setting process, it is simply not possible for organisations such as Ofcom to pre-empt or plan for every eventuality or additional and unforeseen demand on its resources during any particular financial year.

While bodies should be expected to seek to reprioritise, delay and/or curtail existing planned activities in order to accommodate emerging but unplanned priorities, it is not always possible or tenable to achieve the required outcomes within the overall envelope of the financial budget relating to the known and planned activities. Organisations therefore typically take a prudent approach in setting budgets and include a specific, identified and rigorously managed contingency sum within their overall budget.

Taking this prudent approach is particularly appropriate and necessary for us since we were not afforded a working-capital provision at vesting. The funds required to carry out our statutory duties must be levied from stakeholders in advance based on our estimated costs of planned activity for the forthcoming financial year. The Communications Act 2003 sets out this requirement and provides clarity around the annual process of reconciling actual costs incurred to those planned.

In 2009–10, we included a total of £3.5 million of contingency within the approved annual budget, representing 2.5% of the total funding budget and set on the basis of the experience gained through five years of operation and accepted practice among similar organisations. This sum is included in the fees set and collected from our stakeholders through the annual tariff-setting process and ensures we have sufficient working capital to manage such emerging issues as they arise and are formally prioritised through internal governance processes. In the event there is no approved call on or utilisation of this managed budget contingency during the financial year, the sum is returned to stakeholders and taxpayers through lower fees, tariffs and grant-in-aid in the following financial year.

Any proposed utilisation of the budget contingency is subject to rigorous review and requires the explicit approval of the Executive Committee (ExCo) before work can be undertaken and funds committed. The review process reflects the need to consider at an organisation-wide level opportunities to delay, curtail and/or reprioritise existing activities or drive further savings to accommodate the emerging demand and mitigate any potential call on the contingency budget.

During 2009–10, only £0.6 million of this centrally held budgetary contingency was approved for use by ExCo. It was utilised for legal and professional fees in undertaking our ICT sourcing review and commencing the full OJEU procurement process for a new ICT outsourcing partner. This project had been formally approved by ExCo and the Board and represents a further opportunity to deliver additional savings and increased value for money for stakeholders through significantly reduced operating costs in future years. For the financial year 2009–10, we achieved overall savings of £7.5m relative to our approved budget through an aggressive focus on costs, driving efficiencies across the organisation and reprioritising, ceasing and/or rescoping some planned activities. We passed back this significant saving to stakeholders and taxpayers through reduced fees and grant-in-aid for 2010–11.

January 2011

Supplementary written evidence from Ofcom

OFCOM: THE EFFECTIVENESS OF CONVERGED REGULATION

I am writing with information Ed Richards undertook to provide to the Committee of Public Accounts when he gave evidence on 14 December 2010 on the National Audit Office's report "Ofcom: the effectiveness of converged regulation."

This information is attached as follows:

— attachment 1—a detailed breakdown of Ofcom's expenditure in 2009–10 as given in figure 4 of the AO's report (Q138 of the uncorrected transcript of Ed Richards' evidence refers). As requested, his is provided to the nearest £100k and against the same cost elements and has been agreed y the NAO;

— attachment 2—a ranking by colleague of travel, subsistence and expenses in 2009–10 (Q139 and Q140 refer). We note that colleagues incurring the greatest costs are overwhelmingly engaged in international activity (particularly in connection with spectrum management, with its inherent cross-border implications) and that we undertake this on behalf of the UK under direction from the Government. Additionally, some colleagues incurred costs for collective rather than individual activities (eg international travel and events organisation). We have not broken these down to attribute all costs to the specific individuals who incurred them as this would only be possible at disproportionate cost, but we have identified whether costs were incurred on colleague or departmental credit cards; and

— attachment 3—a note about our approach to contingency and its identification and use in 2009–10 (Q83 refers).

As promised, we will provide further information about the costs of restructuring to meet our Spending Review settlement when the final details are settled following a consultation process on proposed redundancies (Q111 refers). We anticipate doing so during the course of February. I trust that is acceptable to the Committee.

January 2011

Supplementary written evidence from Ofcom

OFCOM EXPENDITURE 2009–10

Expenditure	*Description*	*Cost (£m)*	*Commentary*
Staff costs	Core Benefits	1.4	Group Income Protection, Life Assurance, Medical cover
	Employers Pension	4.0	Cash cost of DC Pensions
	ERNIC	5.3	
	Flex Benefits	3.8	Flex Benefits Allowance
	FRS 17 Pension Adjustments	1.4	Accounting charge for DB Pensions
	Holiday Pay	0.5	Non cash accrual for untaken holiday pay @ 31/03
	NI Class 1A	0.1	
	Occupational Maternity Payments	0.3	
	Overtime	0.1	
	Restructuring	0.6	Severance payments
	Rewards & Recognition	0.1	
	Sabbaticals	0.1	
	Salaries & Allowances	42.8	
	Performance Pay	1.7	
	Other	0.1	
		62.3	
Professional Services	Audit	0.1	Internal Audit
	Consultancy—Professional Specialist	6.7	External consultancy work, competitively tendered, to meet Ofcom's objectives on a wide range of projects.
	Consultancy—Thought Partner	2.7	as above
	Legal (Non-policy)	0.8	External legal advice, competitively tendered, to support the delivery of Ofcom projects.
	Legal (Policy)	0.6	as above
		10.9	
Outsourced Services	Outsourced Services—Benefits Admin	0.1	
	Outsourced Services—Aeronautical	0.4	CAA outsourcing contract for aeronautical spectrum management and licensing
	Outsourced Services—Content Analysis	0.4	Partial funding of co-regulator BTSR to cover the development and management of effective co-regulatory arrangements for equal opportunities. Competitively tendered
	Outsourced Services—Facilities Management	0.1	
	Outsourced Services—Field Operations	0.1	
	Outsourced Services—IS Fixed	5.0	Capgemini outsourcing ICT partner
	Outsourced Services—IS Variable	0.4	Capgemini and others for new IS applications and change requests

Expenditure	*Description*	*Cost (£m)*	*Commentary*
	Outsourced Services—Payroll	0.1	
	Outsourced Services—Special Events	1.8	Outsourced management and licensing of Programme Making Special Events
	Outsourced Services—Technology Research	0.2	Technology research, competitively tendered to meet objectives on Ofcom projects.
	Outsourced Services—Translation Services	0.1	
	Outsourced Services—Travel Management	0.1	
		8.8	
Administrative and Office Costs	Books and Magazines	0.2	
	Corporate Subscriptions	2.5	Mainly the UK ITU subscription, an amount paid on behalf of the UK government.
	Events & Roadshows for Stakeholders	0.1	
	External Conferences & Seminars	0.2	
	Field Equipment costs (Non capital)	0.3	In relation to Spectrum Engineering and Enforcement
	Field Equipment maintenance & warranties	0.5	In relation to Spectrum Engineering and Enforcement
	Further Education Sponsorship	0.1	
	Health & Safety	0.1	
	In-House Hospitality	0.2	In-house hospitality for stakeholders
	Insurance	0.3	
	Knowledge Centre Services	0.3	Ofcom's media library which includes subscriptions to the likes of Westlaw and Informa.
	Network charges	0.4	WAN/LAN
	Offsite storage costs	0.2	Document archive costs
	Postage	0.1	
	Printing & Photocopy charges	0.2	
	Professional Membership	0.1	Various individual professional memberships for law, accounting, HR, engineering, etc.
	Publication Printing	0.2	Hardcopy printing of Ofcom documents, including the Annual Report and the Communications Market Report.
	Stakeholder Monitoring	0.1	Durrants daily media update, and DeHavilland’s internet service Public Affairs Briefing
	Stationery	0.1	
	Telephony—Mobile	0.3	
	Telephony—Fixed Line	0.3	
	Training & Development	1.1	Provision for colleagues' development on coaching and training courses.
	Vending	0.1	Maintaining facilities and providing coffee and tea for colleagues in all offices.

Expenditure	*Description*	*Cost (£m)*	*Commentary*
	Website and Intranet Design	0.2	
	Other	0.1	
		8.3	
Premises	Agent's Fees	0.1	
	Electricity	0.6	
	Maintenance—Non contracted out	1.0	Facilities management contract
	Office Cleaning	0.3	
	Onerous Lease Utilisation	(2.5)	Accounting adjustment to reflect reduction in onerous lease provision
	Premises Security—Non contracted out	0.4	
	Rates—Occupied Premises	(0.1)	
	Refuse Collection & Disposal	0.1	
	Rent—Occupied Premises	7.0	
	Rent—Unattended Monitoring Sites	0.1	
	Rent—Vacant Premises	0.4	
	Service Charge—Vacant Premises	0.1	
	Service Charge—Occupied Premises	0.1	
	Other	0.2	
		7.8	
Amortisation	Depreciation Computer Software	5.1	Amortisation relating to ICT systems; Siebel, SMS, Citrix, Artemis and other core systems.
		5.1	
Temporary Staff and Contractors	Recruitment Advertising	0.1	
	Recruitment Agency Fees	0.4	
	Temporary Staff—Agencies	2.1	Temp staff used to cover vacancy positions, and in respect of some specific projects.
	Temporary Staff—Contractors	0.8	Contract staff used to cover vacancy positions, and in respect of some specific projects.
		3.3	
Depreciation	Depreciation Buildings	0.9	
	Depreciation Computer Hardware	0.8	
	Depreciation Field Equipment	1.0	
	Depreciation Fixtures & Fittings	0.1	
	Depreciation Office Equipment	0.1	
		2.9	
Information Technology	IS—Maintenance Hardware	0.7	
	IS—Maintenance Software	1.7	Licensing and support for software; Oracle Siebel, SAP, Microsoft, ATDI, Quickaddress, etc.

Expenditure	*Description*	*Cost (£m)*	*Commentary*
	IT Consumables	0.2	IT consumables like ink cartridges
	Purchase of IS Equipment (non Capital)	0.2	Lower value ICT equipment, privacy screens, keyboards, wireless routers, etc.
		2.8	
Travel & Subsistence	Overseas —Accommodation	0.3	
	Overseas subsistence	0.1	
	Overseas Travel—Air	0.3	
	Overseas Travel—Rail/Bus/Coach	0.1	
	UK Accommodation	0.2	
	UK Travel—Air	0.1	
	UK Travel—Car, Motorbike, Cycle	0.1	
	UK Travel—Rail/Bus/Tube	0.1	
	UK Travel—Taxis and cabs	0.1	
		1.4	
Other costs	Asset Write off—Buildings	0.1	
	Auditors remuneration—statutory audit fees	0.1	Statutory Audit—NAO
	Consumer Research	4.7	Consumer Market Research, competitively tendered, to meet Ofcom's objectives on a wide range of projects.
	Technology Research	2.6	Technology Research, competitively tendered, to meet Ofcom's objectives on a wide range of projects.
	Vehicle contract hire	0.2	Vehicles in relation to Spectrum Engineering and Enforcement
	Vehicles—Fuel	0.1	Vehicles in relation to Spectrum Engineering and Enforcement
	Vehicles—Maintenance	0.1	Vehicles in relation to Spectrum Engineering and Enforcement
		8.0	
		121.6	

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