



Central Office of Information **annual report & accounts**

1999–2000

**1999–2000**

Ordered by the House of Commons  
to be printed 19 July 2000

HC675

London: The Stationery Office

£x.xx

# Foreword



## A year of growth

This is my first full year as Chief Executive of COI and it has been one of considerable growth, both in traditional media and new. Work placed with us by our clients was 15 per cent higher than in the previous year. A large proportion of the increase reflects new opportunities to target particular audiences using Direct Marketing techniques and an increase in the number of cases where there was a need to deliver complex, detailed information to large audiences. There has also been a large rise in the effort put into regional communications as awareness of the need to meet citizens' information needs at the local as well as the national level has grown. While the bulk of this year's activity was centred on the traditional media, and will probably continue to be for some time yet, there was a marked increase in the use of digital media, where there was a threefold increase over last year's levels. This year we have been able to ensure that resources kept pace with the increase in demand and have therefore been able to avoid the adverse impact on targets that we experienced last year.

## Key targets

We have exceeded our £0.1 million profit target by £0.8 million, thereby completing the recovery of the costs of implementing COI's review over the targeted three-year period. We have also exceeded our 2 per cent efficiency target with an improvement of 6.9 per cent. This year our quality target, the Customer Satisfaction Index, exceeded the target of 8.25 with a score of 8.39. The return to our more customary levels of satisfaction probably reflects the fact that we have been able to bring our resources more into alignment with demand levels than was possible during the preceding year.

## Adding value

COI's contribution to effective government communications extends much further than the sizeable cost and efficiency savings detailed in this report. We add value to government's communications budget in a number of different ways. Our position at the centre of government means we are uniquely placed to facilitate and deliver marketing solutions on crosscutting issues. Our new Strategic Consultancy team is working on a number of projects where different clients share similar issues, for example the delivery of Information & Communications Technology and services to business.

The cost effectiveness of a campaign depends as much, if not more, on the quality of the creative work as on the cost savings achieved in its implementation. Campaigns created by COI alongside their clients frequently win industry accolades for their effectiveness and the year under review was no exception with our creativity being recognised across a wide range of traditional media. However, during the last year we took a further step towards improving standards in new media areas by becoming a patron of the British Interactive Media Association and through that vehicle, and the annual award we sponsor, exerting influence on the sector to produce good public sector websites.

We also run a programme of events and seminars for public sector communicators aimed at encouraging the spread of best practice. In the past year this has included: a PR effectiveness seminar; two seminars at the Institute of Practitioners in Advertising on creative campaign planning; ethnic forums on communication with ethnic minority audiences; internet forums; and presentations to senior government communicators on changes in both the traditional and new media marketplaces.

## Operational highlights

This year, as a result of devolution to the Scottish Parliament and the Welsh Assembly, COI has opened a Regional News Network Office in Edinburgh and strengthened its Cardiff office to help manage those communication needs of central government which had previously been handled by the relevant territorial department.



Once again, perhaps the most striking element of last year's performance was the extent to which clients have felt justified in trusting us with their vital information work. Volumes of work this year have exceeded even the exceptional levels experienced last year. But, as ever, the challenge for COI was not only the volume of activity but the increasing diversity of media used and the increased levels of expertise and creativity required to ensure the government's messages were effectively communicated.

This year placed a heavy burden on our staff and I am conscious that we would be incapable of continuing to deliver to the high standards that we do if it were not for their commitment, flexibility and professionalism. I have therefore set up a 'people team' comprising members of staff at all grades and reporting to me to ensure that we are aware, as soon as possible, of issues and concerns facing our staff and that they are dealt with promptly. My Management Board and I acknowledge and thank our staff for their contribution to COI's success.

### Looking ahead

During the latter part of the year I appointed John Bartle, an eminent member of the advertising profession, as COI's first non-executive director. His counsel has already proved extremely valuable to us and I will be drawing on it fully in order to leverage further improvements in performance in the coming year. We will continue to improve the value we add through our current approaches in existing and the newer media. However, we will also be seeking gains from the development of our strategic communications consultancy service, improvements in the delivery of information in the regions and a more co-operative approach to publicity in crosscutting campaigns.

Carol Fisher  
Chief Executive

# Results at a glance

## COI Targets

For the sixteenth successive year, COI met its financial target and continued its unbroken run of exceeding its efficiency target. This year COI resumed its pattern of exceeding the Customer Satisfaction target (see pages 9 to 11).

## Achievement of key targets

Target	1995-96	1996-97	1997-98	1998-99	1999-2000
Breakeven					
Surplus (£000)	0	657	1,151	2,363	926
Surplus (% of income)	0.00	0.52	0.10	0.79	0.46
Unit cost reduction <sup>1</sup>	3.4%	5.3%	5.6%	5.6%	6.9%
All work delivered on time <sup>2</sup>	99.06%	99.15%	N/A	N/A	N/A
All work in accordance with specification <sup>2</sup>	99.64%	99.76%	N/A	N/A	N/A
Customer satisfaction index <sup>3</sup>	7.96	8.21	8.29	8.21	8.39

<sup>1</sup> Target 1995-97 = 3%, 1997-2000 = 2%

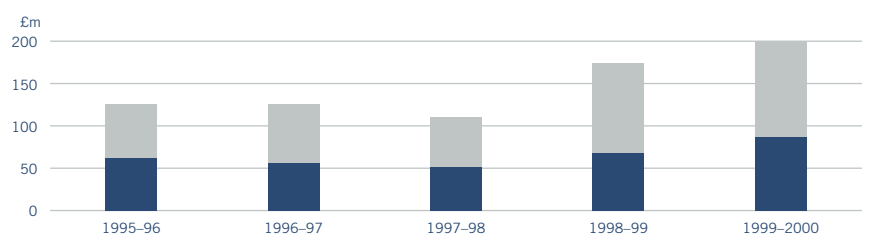
<sup>2</sup> Target is to equal or better previous year's performance. Target discontinued from 1997-98

<sup>3</sup> Target 1995-96 = 7.9, 1996-97 = 8.2, 1997-2000 = 8.25

## Business Trends

The year saw a continuation of the upward trend in activity begun in 1998-99 (see pages 6 and 7).

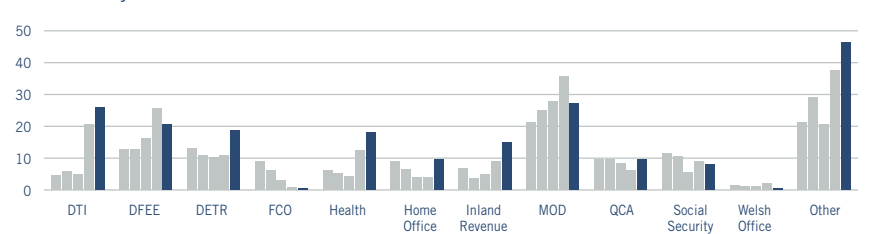
## COI Income (at cash prices)



## Meeting Changing Requirements

COI has been able to respond to changing client needs, both in terms of their volume and media mix requirements (see pages 6 and 7).

## Income Analysis 1995-96 to 1999-2000

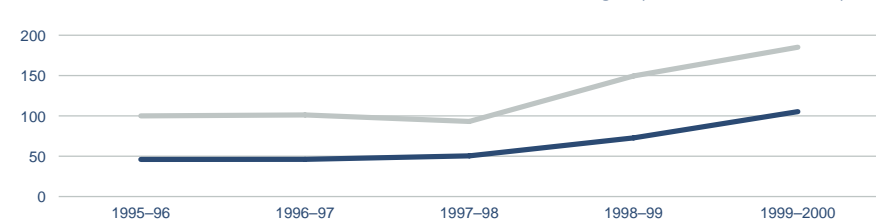


## Volume Trends (Continuing Services)

The year saw another considerable increase in volume of activity in both advertising and non-advertising areas (see pages 6 and 7).

The index is based on 1995-96 = 100

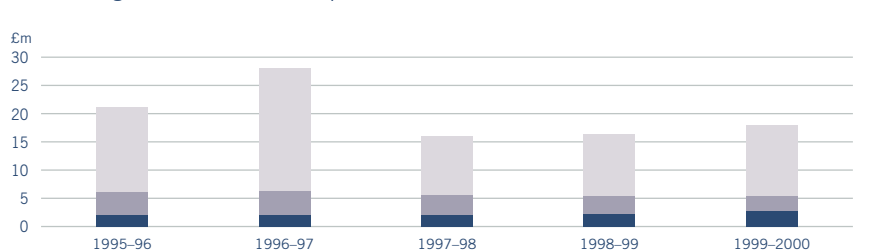
## COI Volume Index 1995-96 to 1999-2000



## Running Costs

Running costs rose by 12.4 per cent during the year (9.6 per cent at 1999-2000 prices), a somewhat lower rate than the increase in activity (see page 7).

## COI Running costs (at 1999-2000 prices)



# Aims and objectives

## Purpose and role

As the government's executive agency for publicity procurement, COI's purpose is to help departments and agencies secure their policy objectives, while achieving:

- maximum effectiveness; and
- best value for money.

Its role is to offer central government consultancy, procurement and project management in a range of marketing and publicity services, also providing it with a direct representation service to the regional news media.

In essence, COI acts as an agent between central government and private sector suppliers. It does not seek to carry out activities for which a sustainable and effective private sector market exists. It regularly reviews and redefines its business in the light of marketplace developments.

## Aim

The aim of the Agency is to enable central government to secure its policy objectives through achieving maximum communication effectiveness and best value for money.

## Objectives

COI's objectives are to improve the effectiveness of and add value to its clients' publicity programmes through its consultancy, procurement and project management services across all communication channels and through its direct representation service to the news media in the regions

In line with the principles of Service First, COI is committed to providing a measurable quality of service to its customers, with specific targets for improvements in its customer satisfaction levels, as well as meeting financial and efficiency targets set by its Minister.

## COI's core services

These are:

- providing strategic advice to departments and agencies on achieving their communications objectives;
- providing purchasing and project management services for implementing those strategies; and
- supplying directly those services which, for propriety or other reasons, can only be provided by a government organisation (such as those provided by the COI Regional News Network).

## COI Structure and Services

Chief Executive Carol Fisher						
Marketing Communications	Publications and Digital Media	Regional News Network	Broadcast and Events	Client Services	Central Services	Non-executive director
Peter Buchanan Group director	Michael Reid Group director	Rob Haslam Group director	Sally Whetton Group director	Ian Hamilton Group director	Keith Williamson Group director	John Bartle
Advertising Direct marketing Research Sponsorship Promotions Merchandising Public relations	Publications Print buying Digital media	Regional news network News distribution	TV production Film and video production Radio production Events Exhibitions Conferences	Strategic consultancy Ethnic advisory service Informability Client relations managers	Finance and accounts IT Office services Procurement Personnel Internal audit	

## Review of activity

### Operating area

As a result of devolution to the Scottish Parliament and the Welsh Assembly, COI has opened a Regional News Network Office in Edinburgh and strengthened its Cardiff office to help manage those communication needs of central government which had previously been handled by the relevant territorial departments.

### Trading trends

Forecasting COI's income continues to be problematical because of variations in levels of demand from clients and changes in the media mix required.

Levels of income in 1999–2000 were significantly higher than planned, rising from £173.4 million in 1998–99 to £199.9 million. The most significant increase was in the area of Direct Marketing where there were new opportunities to target particular audiences and where the use of inserts and door drops to communicate complex, detailed information is becoming more significant. The Regional News Network also increased its activity by a significant proportion partly as a result of the increased activity in Scotland and Wales but also as a result of departments attaching more importance to the need for better communication with citizens at the regional level.

Table 1 analyses income by client over the last five years, in cash terms. The numbers of clients increasing their level of business with COI is more or less balanced by those who are reducing it reflecting the normal fluctuations in publicity activity that arise from year to year.

**Table 1 Income analysis  
1995–96 to 1999–2000  
(at cash prices)**

£'000	1995–96	1996–97	1997–98	1998–99	1999–2000
DTI	4,514	5,687	4,874	20,477	<b>25,913</b>
Education and Employment	12,711	12,610	16,308	25,737	<b>20,482</b>
Environment, Transport & The Regions	13,159	10,909	10,185	10,725	<b>18,619</b>
FCO	8,956	6,259	2,985	746	<b>573</b>
Health	6,015	5,191	4,249	12,301	<b>17,909</b>
Home Office	8,961	6,357	3,816	4,014	<b>9,434</b>
Inland Revenue	6,739	3,678	4,907	9,057	<b>15,028</b>
MOD	21,195	25,001	27,805	35,592	<b>27,177</b>
Qualification & Curriculum Authority	9,688	9,677	8,347	6,231	<b>9,684</b>
Social Security	11,342	10,444	5,417	8,969	<b>8,102</b>
Welsh Office	1,420	1,179	1,187	2,037	<b>586</b>
Other	21,085	28,928	20,600	37,516	<b>46,403*</b>
<b>Total</b>	<b>125,785</b>	<b>125,920</b>	<b>110,680</b>	<b>173,402</b>	<b>199,910</b>

Income from Agencies is included under the relevant Department heading.

\*Income in 1999–2000 includes £1,904,000 (£1,169,000) from non-government bodies as an essential and required part of the inter-departmental service provided by COI.

Table 2 analyses the last five years' income by medium and illustrates the variability of demand for COI's products.

Sales income shows the volatility of demand between clients and media but is a poor indicator of year-on-year trends, not least because the lower prices arising from efficiency gains tend to make it appear that activity is declining. Table 3a has therefore been included showing levels of activity in volume terms for each of COI's media divisions, taking 1995–96 as the base year. This gives a more useful indication of trends in COI's services. Table 3b shows the overall trend of COI's continuing services.

## Review of activity



£'000	1995-96	1996-97	1997-98	1998-99	1999-2000	Table 2 Income by medium (at cash prices)
Advertising	63,663	69,396	59,039	105,464	113,493	
Direct Marketing & Promotions	10,043	11,790	9,571	21,241	35,125	
Events	5,909	1,646	3,573	5,323	4,048	
Films & Television	3,190	3,207	3,549	2,584	2,212	
Publications & Digital Media	23,084	21,944	21,366	21,976	25,670	
Radio	404	313	303	159	408	
Regional News Network	4,939	5,254	6,037	7,397	9,657	
Research	2,962	2,975	3,572	4,899	7,103	
Other	2,306	3,214	3,153	4,359	2,194	
Discontinued Services	9,285	6,181	517	-	-	
<b>Total</b>	<b>125,785</b>	<b>125,920</b>	<b>110,680</b>	<b>173,402</b>	<b>199,910</b>	

£'000	1995-96	1996-97	1997-98	1998-99	1999-2000	Table 3a Activity by medium (in volume terms)
Advertising	100.0	102.5	82.6	146.2	163.4	
Direct Marketing & Promotions	100.0	122.4	120.4	328.3	529.1	
Events	100.0	33.5	87.2	151.6	105.4	
Films & Television	100.0	114.8	125.4	80.6	90.6	
Publications & Digital Media	100.0	98.9	97.9	103.8	150.2	
Radio	100.0	77.7	75.4	54.5	126.1	
Regional News Network	100.0	107.9	123.3	161.7	230.0	
Research	100.0	87.8	115.4	157.9	232.0	
Other	100.0	136.0	141.9	187.0	94.1	
Discontinued Services	100.0	70.7	5.9	0.0	0.0	
<b>Total</b>	<b>100.0</b>	<b>98.5</b>	<b>88.3</b>	<b>141.4</b>	<b>175.1</b>	
Analysed as: Advertising	100.0	102.5	82.6	146.2	163.4	
Non-Advertising	100.0	95.7	95.4	135.2	195.7	

£'000	1995-96	1996-97	1997-98	1998-99	1999-2000	Table 3b Overall activity (in volume terms) excluding Discontinued Services
<b>Total</b>	<b>100.0</b>	<b>101.2</b>	<b>93.1</b>	<b>149.5</b>	<b>185.2</b>	
Analysed as: Advertising	100.0	102.5	82.6	146.2	163.4	
Non-Advertising	100.0	100.3	109.7	158.1	228.8	

£'000	1995-96	1996-97	1997-98	1998-99	1999-2000	Table 4 COI Running costs (at 1999-2000 prices)
Staff	15,137	21,773	10,389	11,329	12,558	
Accommodation	3,960	4,240	3,512	2,853	2,658	
Other overheads	2,117	2,079	2,105	2,181	2,721	
<b>Total</b>	<b>21,214</b>	<b>28,092*</b>	<b>16,006</b>	<b>16,363</b>	<b>17,937</b>	

\* Includes £9.2 million of costs resulting from the implementation of the COI review.

### Costs

Running costs rose by 12.4 per cent in comparison with 1998-99 as staff numbers increased to catch up with the growth in activity over the last two years. In real terms, after adjusting for inflation, they increased by 9.6 per cent.

Table 4 shows total running costs for the past five years, analysed by staff, accommodation and other costs, at 1999-2000 prices. The number of permanent staff in post at 31 March 2000 was 370 against 345 at 1 April 1999 and 600 at 1 April 1995.

## Review of activity

### Procurement

COI provides specialist services that complement and supplement those of its client departments. It provides optimum quality and prompt service with good value for money purchasing and added value from expert support.

The aim of COI's procurement policy is to achieve lowest prices through buying expertise and aggregation of government publicity spend while ensuring best value for money from expert knowledge of all forms of media and media markets. Client departments will thereby gain through lower costs, greater effectiveness, expert management of suppliers and the freeing up of their own purchasing and information resources to concentrate on core activities. To achieve this COI is working towards ensuring that all staff dealing with suppliers have appropriate training, through studying for the Certificate of Competence in Purchasing and Supply or through its own internal courses as appropriate.

COI supports the Office of Government Commerce in its aim to improve purchasing performance across government and will contribute to its various initiatives.

During 1999–2000 COI's clients benefited from average unit cost savings of 6.9 per cent of their business with COI. Table 5 shows how the savings were delivered by medium. The calculation of savings is dependent upon the base against which they are measured. Table 5 gives savings based upon prior year COI prices but, in the case of advertising, savings can also be measured against standard industry benchmarks. Table 6 gives COI's performance against these benchmarks.

**Table 5 Efficiency gains (losses) by medium**

£'000	1995–96	1996–97	1997–98	1998–99	1999–2000
	%	%	%	%	%
Advertising	0.2	4.2	2.2	3.3	3.7
Direct Marketing & Promotions	10.4	6.6	17.5	18.6	(2.6)
Events	7.7	19.3	18.9	18.4	(9.4)
Films & Television	13.0	15.0	2.9	(8.2)	23.8
News Distribution	6.2	3.7	10.6	(0.9)	11.7
Publications & Digital Media	5.8	5.0	5.9	5.3	19.2
Radio	(16.2)	2.7	2.7	30.7	(10.9)
Regional News Network	5.7	4.0	5.7	11.8	7.2
Research	(6.4)	(9.5)	10.9	(0.2)	1.3
Discontinued Services	7.0	7.5	2.7	–	–
<b>Total</b>	<b>3.4</b>	<b>5.3</b>	<b>5.6</b>	<b>5.6</b>	<b>6.9</b>

**Table 6 Advertising savings: industry benchmark**

£'000	Media value obtained	Actual spend	Saving	Saving %
Television	58,940	40,402	18,538	31.5
Press	60,453	36,040	24,413	40.4
Posters	9,156	6,761	2,395	26.2
Radio	14,090	8,581	5,509	39.1
Cinema	5,252	3,148	2,104	40.1
<b>Total</b>	<b>147,891</b>	<b>94,932</b>	<b>52,959</b>	<b>35.8</b>

# Performance against targets

## Supplier payment performance

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

Using the Civil Service standard measure, during 1999–2000 COI paid 97.0 per cent of supplier bills within 30 days (97.0 per cent in 1998–99) and the average time taken to pay a bill was 19.5 days (15.7 days in 1998–99).

## Performance against targets

COI has five key performance indicators. Table 7 summarises overall performance.

Key Ministerial Targets	Targets, outturns and achievements						Targets for 2000–01	Table 7 Key Ministerial targets
	1995–96	1996–97	1997–98	1998–99	1999–2000			
<b>Efficiency</b>								
Unit cost reduction in real terms	Target	3.0%	3.0%	2.0%	2.0%	<b>2.0%</b>	2.0%	
	Outturn	3.4%	5.3%	5.6%	5.6%	<b>6.9%</b>		
<b>Quality</b>								
Customer Satisfaction Index								
Mean score (out of 10)	Target	7.90	8.20	8.25	8.25	<b>8.25</b>	8.25	
	Outturn	7.96	8.21	8.29	8.21	<b>8.39</b>		
% scores 6 or more	Target						96.0	
% increase in response rate	Target						5.0	
Timeliness and specification (discontinued)								
% work delivered on time	Target	96.74%	99.06%					
	Outturn	99.06%	99.15%		Discontinued			
% work delivered in accordance with specification	Target	98.83%	99.64%					
	Outturn	99.64%	99.76%		Discontinued			
<b>Financial performance</b>								
To achieve surplus	Target	£0.0	£0.0	£1.0m	£1.0m	<b>£0.1m</b>	£0.0	
	Outturn	£0.0	£0.7m	£1.2m	£2.4m	<b>£0.9m</b>		

## Financial target

COI's financial target is to break even in current cost terms after covering all costs, including interest on borrowing. In 1997–98 this target was increased to a surplus of £1 million as a means of recovering the cost of achieving the efficiency gains implemented following the COI review. The £1 million surplus target was expected to be set each year until 1999–2000. In each of the first two years surpluses in excess of target were made with the result that for the year under review a target of £0.1 million was set to complete the recovery of the cost of implementing the efficiency gains. In fact, a surplus of £0.93 million was earned.

COI has consistently met its financial target since it became a repayment department in 1984, with a small (less than 1 per cent of income) surplus each year.

For 2000–01 COI's financial target is to achieve break even on an accruals basis.

# Performance against targets

## Efficiency target

COI's efficiency target is to achieve a 2 per cent reduction in unit cost of output in real terms while maintaining suitable levels of quality. In 1999–2000 COI achieved a reduction of 6.9 per cent.

An efficiency target was first set formally when COI became an executive agency in April 1990 although it had been used as an internal measure before then. COI has exceeded its efficiency target every year. Table 5 analyses COI's efficiency performance by medium.

For 2000–01 COI's efficiency target is to achieve a unit cost reduction of 2 per cent.

## Quality targets

While quality measures exist and are used for COI's larger projects, it is very much more difficult to develop objective measures for the smaller projects undertaken by COI and which would be capable of aggregation across the department. As a first step towards achieving wider and more objective measures of quality than are currently available, COI introduced two key service measures. These are the extent to which work is delivered first time to clients in accordance with their specification and the extent to which delivery dates are met. The target for each of these measures is to meet or better the previous year's achievement.

Table 8 shows by medium the extent to which these targets have been met using price-weighted averages.

Since the delivery and specification measures have approached perfection and are in any case relatively mechanistic in their approach, it was decided to abolish them as key targets from 1997–98 onwards. Prior years' performance data is included for historical accuracy.

Because a vital measure of quality is customer satisfaction, COI introduced its Customer Satisfaction Index in 1993–94.

This index is compiled from customers' responses to questionnaires which they are asked to complete upon receipt of COI services. Marks are awarded on a scale of 1 (not satisfied at all) to 10 (extremely satisfied). The target average mark for 1999–2000 was 8.25 and was exceeded with a score of 8.39 (8.21 in 1998–99). Results are analysed by medium in Table 8.

**Table 8 Service performance by medium**

	Delivery %			Specification %			Customer Satisfaction Index						
	1995-96	1996-97	1997-2000	1995-96	1996-97	1997-2000	1995-96	1996-97	1997-98	1998-99	1999-2000		
Advertising	100.00	100.00		100.00	100.00		7.44	7.86	7.78	7.40	<b>7.85</b>		
Direct Marketing	99.21	100.00		100.00	100.00		7.39	7.77	8.33	7.85	<b>8.33</b>		
Events	100.00	100.00		97.82	100.00		7.91	8.49	8.36	8.53	<b>8.52</b>		
Films & Television	100.00	100.00	<b>DISCONTINUED</b>	100.00	100.00	<b>DISCONTINUED</b>	8.06	8.26	8.16	8.29	<b>8.32</b>		
News Distribution	97.85	99.93		99.94	99.92		8.33	7.99	8.20	7.80	<b>8.10</b>		
Publications	95.13	95.60		98.41	98.75		8.01	8.18	8.31	8.32	<b>8.44</b>		
Radio	100.00	100.00		100.00	100.00		8.46	8.13	8.22	8.07	<b>8.33</b>		
Regional News Network	99.94	99.98		100.00	100.00		8.37	8.46	9.17	8.45	<b>8.66</b>		
Research	100.00	100.00		100.00	100.00		8.09	8.66	8.68	8.01	<b>8.24</b>		
Discontinued Services	96.98	98.74		100.00	100.00		7.81	8.01	N/A	N/A	<b>N/A</b>		
<b>Total</b>	<b>99.06</b>	<b>99.15</b>			<b>99.64</b>		<b>99.76</b>		<b>7.96</b>	<b>8.21</b>	<b>8.29</b>	<b>8.21</b>	<b>8.39</b>



## Performance against targets

Table 9 compares the distribution of marks awarded in 1998–99 and 1999–2000 and shows how the distribution of client satisfaction scores has changed between the two years.

For 2000–01 the target has been amended to reflect the difficulty and doubtful cost benefit of attempting to secure marginal increases on an already high level of performance and will instead focus attention on reducing the small number of jobs where clients are dissatisfied with the service provided.

The quality targets for 2000–01 will therefore be to obtain the following results from customer satisfaction feedback:

- (a) to achieve an overall customer satisfaction score of at least 8.25 (out of 10);
- (b) at least 96 per cent of returns to score 6 or more;
- (c) a 5 per cent increase in the response rate (from 54 per cent to 56.7 per cent).

### The environment

COI is fully committed to playing its part both in the preservation of natural resources and in the prevention of environmental pollution.

The principal elements of this policy are:

- improving the efficiency of energy usage;
- reducing waste in the use of goods and products;
- increasing the recycling of waste materials; and
- reducing the use and release of polluting substances.

The main quantified objectives in this area are:

- to continue to reduce energy consumption by 1 per cent per annum in greenhouse gas emissions;
- to recover a minimum of 40 per cent of total office waste, with at least 25 per cent of that recovery coming from recycling in 2000–01; and
- to reduce water consumption by at least 5 per cent in 2000–01.

### Staff development and training

COI's staff development takes place at two levels. Central training and development is provided for infrastructure projects and areas of departmental concern, whereas group directors are responsible for providing media-related development. COI has retained Investors in People recognition for the last two years.

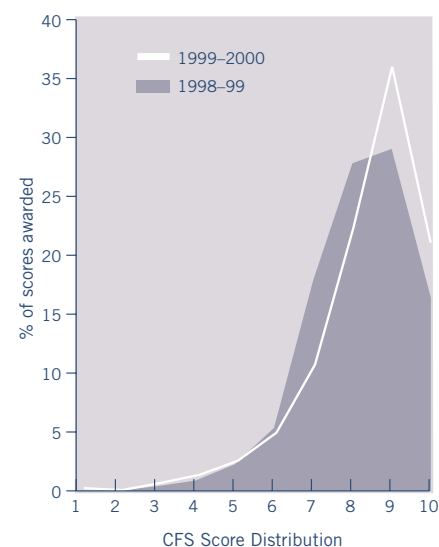
During the year, COI's training expenditure amounted to 3.2 per cent of salary costs. All staff were trained in the use of the upgraded performance management system and specialised procurement training was provided for key staff.

During 2000–01 our central training and development effort will concentrate on taking forward the Investors in People, procurement and leadership programmes. Group training and development will continue to address improvements in craft skills and knowledge.

### Year 2000

COI's preparations for the millennium date change were successful and it was able to provide support to clients throughout the millennium holiday period. No problems were encountered on returning to normal operations in the new millennium.

**Table 9 Customer Satisfaction Index**





## Service First and selling into wider markets

### Service First

Although COI does not provide services directly to the public, it applies Service First principles by publishing performance targets and results and by its commitment to continuous improvements in the quality of its services. In its sixth year of operation the overall Customer Satisfaction Index exceeded target with a score of 8.39 out of 10.

In furtherance of Service First principles COI continues its exploration of innovative means of communicating government messages to the public. There has been considerable growth in the use of the Internet for government publicity purposes with COI's support for clients more than trebling in comparison with the preceding year. At present COI typically has 135 digital media projects in hand for 45 clients at any one time. COI has been able to advise departments on the efficient use of this increasingly important medium in their communications strategies and plays a key role in keeping client departments updated on new media technologies and e-government initiatives through the Government Internet Forum which it chairs, hosts and manages on behalf of a cross-governmental steering committee.

Nearly 60 departments now use COI's press release site to extend the readership of their press notices and users currently make over 1.6 million accesses to the site a week, more than three times higher than at this time last year.

The Informability Unit offers advice, consultation and procurement services to the public sector in all areas of information provision for people with sensory impairment and those who have difficulties with literacy. The Unit produced *The Informability Manual*, published through The Stationery Office Ltd. The manual explains the problems encountered by certain sectors of the population in accessing information and provides guidance on the techniques and media that can be used to make information more accessible. COI also produces *Public Scene*, a unique video magazine for deaf and hard of hearing audiences, and *Sound Advice*, an audio magazine for people who prefer information on tape, including those with sight impairment, learning or literacy difficulties. The Unit is increasingly involved in preparing information formats for people with learning disabilities.

Following on from the success of the Informability initiative and recognising the need to communicate effectively with all citizens, COI has established the Ethnic Advisory Forum. This forum is attended by information specialists from across Whitehall and aims to provide guidance and to share best practice in relation to the communication of government's messages to members of ethnic minority communities in this country.

### Selling into wider markets

COI does not have significant asset holdings nor does it have intellectual property rights capable of large-scale commercial exploitation. However, COI is able to generate additional income from other markets in support of government information effort for itself and its clients through a number of different initiatives.

Contracts have been placed with the private sector by means of which COI's film rights are pro-actively exploited through sales of footage to third parties and through sales and hire of copies.

During the year COI Sponsorship & PR doubled their 1998–99 total of £1.5 million added value secured from the private sector to £3 million. Educational campaigns dealing with reading and numeracy, parenting and paid for childcare were major beneficiaries from this support. Significant added value was also secured for fire safety and environmental awareness campaigns.

# Future strategy

## Strategy

COI can best add value for its clients where it has the greatest community of interest with them – ie where COI and the client seek to maximise value for money for the taxpayer.

COI's strategy, therefore, is to strengthen its relationship with its government sector clients. COI aims to achieve this better relationship by:

- demonstrating improving efficiency in the provision of its goods and services;
- continually improving the level of service it offers;
- continually improving its unit cost of output;
- seeking to enhance the effectiveness of all its services; and
- inviting direct client input on service quality.

COI believes that effectiveness of publicity effort can be greatly enhanced if an holistic approach is taken to publicity support for policy initiatives. Accordingly a new service was launched during the year to offer strategic communications consultancy input to clients. So far response to the new service has been very encouraging and 12 commissions have already been undertaken.

COI is constantly aware of the need for flexibility in responding to the uncertainty which surrounds the estimation of future levels of demand and the mix of services required by clients.

## Efficiency

COI already places around 90 per cent of its business with outside suppliers. Its core business is routinely market tested by its clients and support activities are subject to an untied internal market. In responding to these efficiency drivers COI managers adopt a variety of techniques to achieve continuing efficiency improvements and their achievement is monitored monthly by Management Board.

## Adding value to clients' activities

COI supplements and complements its clients' publicity resources. It adds value to clients' activities in the following ways:

- achieving keen prices through aggregating buying power;
- using its expertise to make the best choices of private sector suppliers;
- bringing specialist publicity and financial expertise to the management of complex contracts;
- concentrating procurement expertise and impartial advice across a range of marketing and publicity services, thereby facilitating informed choices;
- applying its specialist knowledge of public procurement rules and requirements;
- understanding clients' particular needs and the environment in which they operate by fostering long-term relationships with them; and
- exploiting developments in relevant markets and pursuing an innovative approach to all its work.

# Foreword to the Accounts

## History

COI was established in 1946 after the demise of the wartime Ministry of Information when responsibility for information policy was resumed by departmental Ministers. COI became a common service agency, concentrating expertise to avoid a wasteful duplication of specialists throughout Whitehall and taking advantage of centralised purchasing. In April 1981 the then Prime Minister approved the move to a repayment service which was introduced on 1 April 1984.

On 5 April 1990 COI became a Vote-funded executive agency and on 1 April 1991 COI became a trading fund under the Central Office of Information Trading Fund Order 1991. In December 1995 COI's first agency review concluded that COI should continue as an executive agency subject to its improving efficiency and becoming more focused. In consequence, COI repositioned its activities during 1996–97.

## Statutory Background

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

The Chief Executive of COI is also the Accounting Officer and is formally responsible to the Minister for the Cabinet Office for the operations of the Agency within the overall framework set out in COI's framework document.

These accounts have been prepared in accordance with a direction given by the Treasury in pursuance of section 4(6) of the Government Trading Funds Act 1973. The direction is reproduced as an appendix.

COI continues to receive, outside of the trading fund, a small Voted provision in respect of the central advisory service. This service is accounted for separately through COI's appropriation account (Class XVII Vote 4) which is reproduced on page 29.

## Results and appropriations

A surplus of £926,000 was made for the year. The whole of this amount will be retained by the Trading Fund to make good the deficit incurred in implementing COI's repositioning and to support capital investment in information technology.

## Review of activities

COI's principal activities continued to be the procurement and provision of publicity services for government departments. Its main aims are to ensure that the services it provides to clients are cost-effective and of an appropriate quality; and to achieve progressive improvements in the standard of service provided. There have been no changes in these aims.

## Targets

COI made a surplus of £926,000. More detail on performance and targets is contained in the preceding pages of this document.

## Fixed assets

There have been no significant changes in fixed assets during the accounting period.



## Recruitment

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

Seventy-seven staff were recruited during 1999–2000.

	Male	Female
Unified Grades	3	1
Information Staff	21	39
Administration Staff	5	8
Support Grades	–	–
Total	29	48

One person from an ethnic minority group was recruited and no disabled persons were recruited.

8.7 per cent of COI's staff are from ethnic minority groups. 1.7 per cent of staff are disabled as defined under the Disability and Discrimination Act 1995.

The permitted exceptions to the principles of fair and open competition and selection on merit were used on one occasion for an appointment over 12 months.

## Employee involvement

COI encourages the involvement of its staff in the daily running of its affairs through normal line management contacts. Information is disseminated through office circulars, e-mail, Intranet, an electronic staff newspaper and distribution of the Annual Report and Accounts. Regular workplace meetings are also used to pass on information to staff and to answer questions.

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

## Disabled persons

In relation to disabled employees, COI complies with the Equal Opportunities legislation and provides special facilities where necessary.

## Management Board members

Throughout the year COI's Management Board consisted of:

### **C Fisher**

Chief Executive

### **J Bartle**

Non-Executive Director (From 18.1.2000)

### **P M Buchanan**

Group Director – Marketing Communications

### **I R Hamilton**

Group Director – Broadcast and Events (Until 25.7.99)

Group Director – Client Services (From 26.7.99)

### **R P Haslam**

Group Director – Regional News Network

### **M Reid**

Group Director – Publications and Digital Media

### **S E Whetton**

Group Director – New Business (Until 25.7.99)

Group Director – Broadcast and Events (From 26.7.99)

### **K E Williamson**

Principal Establishment and Finance Officer

### **CAROL FISHER**

Chief Executive

11 July 2000

# Income and expenditure account

for the year ended 31 March 2000

1999 £'000		Notes	£'000	£'000	£'000
<b>169,389</b>	Turnover	1(e)		193,276	
	Change in stocks of finished				
<b>(988)</b>	goods and work in progress	6		961	
<b>4,013</b>	Other operating income	7		6,634	
<b>172,414</b>					200,871
<b>(796)</b>	Raw materials and consumables		(971)		
<b>(157,936)</b>	Other external charges	12	(185,868)		
<b>(158,732)</b>				(186,839)	
	Staff costs:				
<b>(8,820)</b>	(a) Wages and salaries	14, 17	(9,795)		
<b>(689)</b>	(b) Social security costs		(789)		
<b>(1,533)</b>	(c) Other pension costs	15	(1,974)		
<b>(11,042)</b>				(12,558)	
	Depreciation and other amounts				
<b>(598)</b>	written off tangible assets	8	(540)		
<b>(598)</b>				(540)	
<b>(170,372)</b>					(199,937)
<b>2,042</b>					934
	(22) Loss on disposal of fixed assets				(31)
<b>720</b>	Interest received	5		595	
<b>(377)</b>	Short-term interest payable	5		(572)	
<b>343</b>					23
<b>2,363</b>	Retained surplus for the period	19			926

All income and expenditure arises from continuing operations  
The notes on pages 19 to 24 form part of these accounts

# Balance sheet

as at 31 March 2000

1999 £'000	Notes	£'000	£'000
<b>Assets</b>			
<b>Fixed assets</b>			
1,295	Tangible assets	1,399	
<u>1,295</u>			1,399
<b>Current assets</b>			
Stocks			
29	Raw materials and consumables	22	
1,399	Work in progress	2,360	
Debtors			
15,979	Trade debtors	13,661	
8	Other debtors	10	
3,021	Prepayments and accrued income	2,794	
23,557	Cash in hand and at bank	33,652	
<u>43,993</u>		<u>52,499</u>	
<b>Creditors</b>			
Amounts falling due within one year			
3,590	Trade creditors	4,806	
3,712	Other creditors including taxation and social security	4,721	
33,764	Accruals and deferred income	39,341	
<u>(41,066)</u>		<u>(48,868)</u>	
<u>2,927</u>	<b>Net current assets</b>		<u>3,631</u>
4,222	<b>Total assets less current liabilities</b>		5,030
(2,076)	Provisions for liabilities and charges		(1,831)
<u>2,146</u>	<b>Total assets less total liabilities</b>		<u>3,199</u>
<b>Financed by capital and reserves</b>			
<b>Capital</b>			
265	Public dividend capital	265	
<u>265</u>			265
<b>Reserves</b>			
1,495	Revaluation reserve	1,622	
386	Income and expenditure account	1,312	
<u>1,881</u>		<u>2,934</u>	
<u>2,146</u>			<u>3,199</u>

The notes on pages 19 to 24 form part of these accounts



Carol Fisher, Chief Executive

11 July 2000

## Cashflow statement

for the year ended 31 March 2000

1999 £'000		Notes	£'000	£'000
(2,868)	Net cash inflow/(outflow) from operating activities	9		10,620
	Returns on investments and servicing of finance			
720	Interest received		595	
(377)	Interest paid		(572)	
			<hr/>	
343	Net cash inflow from returns on investments and servicing of finance	5		23
	<b>Capital expenditure</b>			
(352)	Payments to acquire tangible fixed assets	8	(548)	
23	Receipts from sale of tangible fixed assets		-	
			<hr/>	
(329)	Net cash outflow from capital expenditure			(548)
				<hr/>
(2,854)	Increase/(Decrease) in cash	4(b)		10,095
				<hr/>

## Statement of total recognised gains and losses

1999 £'000			£'000
2,363	Retained surplus/(deficit)		926
76	Unrealised surplus on revaluation of fixed assets	11	127
			<hr/>
2,439	Total recognised gains and losses		1,053
			<hr/>

The notes on pages 19 to 24 form part of these accounts



## Notes to the Accounts

### 1 (a) ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. Significant departures from accounting standards are disclosed and explained in the Notes and the financial effects quantified where practicable.

### (b) FIXED ASSETS

(i) Items of equipment are valued at cost updated, using an appropriate index, for the effect of inflation, less depreciation. Depreciation is charged on the straight line method at a rate chosen to recover the cost of the asset over its anticipated useful life, as follows:

New technology equipment	over 1 to 11 years
Equipment, fixtures & fittings	over 1 to 25 years

(ii) On items of new technology equipment the costs of hardware and operating systems software are capitalised and depreciated over the anticipated useful life. Applications software is depreciated over 12 months.

(iii) Items of equipment costing less than £100 are written off in the year of acquisition.

(iv) Fully written down assets' lives are extended where appropriate to reflect the full remaining useful life. The resulting revaluation (written back depreciation) is credited to revaluation reserve.

### (c) STOCK

Stock of consumables is counted annually and valued at the lower of cost or net realisable value.

### (d) WORK IN PROGRESS

Work in progress is defined as work which is incomplete, undelivered, or for which the full costs are not yet known. It is valued at cost to date, including an allowance for overheads, plus an amount to reflect outstanding charges on work which has been delivered and billed to clients less any sales invoices issued to clients and anticipated losses where significant.

### (e) TURNOVER

Turnover represents the invoiced amount of goods sold and services provided (net of value added tax) from the ordinary activities of the business.

### (f) EARLY RETIREMENT COSTS

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

## Notes to the Accounts

### 2 TRADE CREDITORS

This figure is made up of two distinct groups:

	£'000	£'000
	31.3.99	31.3.00
Customers with sums on deposit	1,345	1,955
Supplier bills and customer credits outstanding	2,245	2,851
Trade creditors	3,590	4,806

### 3 TRADE DEBTORS

This figure comprises:

	£'000	£'000
	31.3.99	31.3.00
Deposits lodged with suppliers	77	73
Customers' bills and supplier credits outstanding	15,902	13,588
Trade debtors	15,979	13,661

### 4 CASH IN HAND AND AT BANK

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

	£'000	£'000
	31.3.99	31.3.00
Cash at Paymaster General	23,553	33,648
Girobank	4	4
Cash in hand and at bank	23,557	33,652

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

	£'000	£'000
	1998-99	1999-2000
Balance at 1 April	26,411	23,557
Balance at 31 March	23,557	33,652
Increase/(Decrease) in cash	(2,854)	10,095

### 5 INTEREST

	£'000	£'000
	1998-99	1999-2000
Interest received from the National Loans Fund	186	126
Interest received from the Paymaster General	534	469
	720	595
Interest paid on short-term borrowing	377	572
	(377)	(572)
Net cash inflow from returns on investments and servicing of finance	343	23

### 6 CHANGE IN STOCKS OF FINISHED GOODS AND WORK IN PROGRESS

	£'000	£'000
	1998-99	1999-2000
(a) Closing work in progress – jobs:		
Total expense on jobs	179,099	219,629
Less total income on jobs	177,731	217,269
	1,368	2,360
Plus transferred profit/loss on jobs	31	–
Closing work in progress	1,399	2,360
Cross divisional charges	–	–
Work in progress at 31 March	1,399	2,360
(b) Opening work in progress – jobs:		
Total expense on jobs	112,365	179,099
Less total income on jobs	110,018	177,731
	2,347	1,368
Plus transferred profit/loss on jobs	40	31
Closing work in progress	2,387	1,399
Cross divisional charges	–	–
Work in progress at 1 April	2,387	1,399
(c) Change in stock of finished goods and work in progress	(988)	961

### 7 OTHER OPERATING INCOME

	£'000	£'000
	1998-99	1999-2000
Advertising discounts	2,601	5,245
Discounts received (prompt payment)	13	18
Rent received	1,399	1,371
Other operating income	4,013	6,634

The discounts shown above are those which are receivable only after certain conditions have been met by COI (mainly higher volume). The major proportion of discounts negotiated by COI are trade discounts and are received in the form of lower invoice cost. These are not therefore separately identified in the accounts. Similarly, prompt payment discounts are also received in the form of lower invoiced cost.

## Notes to the Accounts

### 8 TANGIBLE FIXED ASSETS

The movement between the opening and closing balances is accounted for as follows:

(a) Using the current cost accounting convention (in accordance with COI accounting policy note 1(b)):

	New technology equipment £'000	Equipment fixtures and fittings £'000	Total £'000
<b>Gross replacement cost or valuation</b>			
Opening balance at 1.4.99	2,161	1,163	3,324
Acquisitions during year	509	39	548
Add surplus on revaluation	69	(7)	62
Deduct disposals during year	(218)	(44)	(262)
Closing balance at 31.3.00	2,521	1,151	3,672
<b>Depreciation provision</b>			
Opening balance at 1.4.99	1,323	706	2,029
Provided during the year	435	105	540
Surplus on revaluation	(41)	(24)	(65)
On disposals	(196)	(35)	(231)
At 31.3.00	1,521	752	2,273
<b>Net book value</b>			
Opening balance at 1.4.99	838	457	1,295
Closing balance at 31.3.00	1,000	399	1,399

(b) Using the historical cost accounting convention:

<b>Original cost or valuation</b>			
Opening balance at 1.4.99	1,751	1,010	2,761
Acquisitions during year	509	39	548
Deduct disposals during year	(206)	(40)	(246)
Closing balance at 31.3.00	2,054	1,009	3,063
<b>Depreciation provision</b>			
Opening balance at 1.4.99	951	585	1,536
Provided during the year	453	(23)	430
On disposals	(184)	(33)	(217)
At 31.3.00	1,220	529	1,749
<b>Present historic value</b>			
Opening balance at 1.4.99	800	425	1,225
Closing balance at 31.3.00	834	480	1,314

# Notes to the Accounts

## 9 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

Reconciliation of surplus to net cash inflow/(outflow) from operating activities:

	£'000 1998-99	£'000 1999-2000
Retained surplus	2,363	926
Less net interest received	(343)	(23)
Depreciation	598	540
Loss on disposal of fixed assets	22	31
(Increase)/decrease in stock and work in progress	1,007	(954)
(Increase)/decrease in debtors	(2,648)	2,543
Increase/(decrease) in creditors	(3,362)	7,802
Decrease in provision for liabilities and charges	(505)	(245)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(2,868)	10,620
	<hr/>	<hr/>

## 10 CAPITAL

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

- (i) Public Dividend Capital of £265,000; and
- (ii) a deemed loan from the National Loans Fund of £1,527,279.50 bearing interest at 10.5 per cent and repayable, in equal instalments of capital, over six years. Repayment of the loan was completed during 1996-97.

(b) Other long-term finance is provided by retained surpluses on the Income and expenditure account (note 11) and by the revaluation reserve (note 11) which represents changes made to the value to the business of fixed assets to reflect current costs.

## 11 RECONCILIATION OF MOVEMENT IN GOVERNMENT FUNDS

	Public dividend capital £'000	Revaluation reserve £'000	Income and expenditure account £'000	Total £'000
At 1 April 1998	265	1,419	(1,977)	(293)
Retained surplus for the year			2,363	2,363
Other recognised gains and losses:				
Revaluation surplus		76		76
			<hr/>	<hr/>
At 1 April 1999	265	1,495	386	2,146
Retained surplus for the year			926	926
Other recognised gains and losses:				
Revaluation surplus		127		127
			<hr/>	<hr/>
At 31 March 2000	265	1,622	1,312	3,199

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

## Notes to the Accounts

### 12 OTHER EXTERNAL CHARGES

Other external charges includes:

	£'000	£'000
	1998-99	1999-2000
Auditor's remuneration	41	43
Operating leases in respect of hire of plant and machinery	117	111
Operating leases in respect of office accommodation*	1,750	1,750

\*Relates to Hercules House lease which expires in 2008. The minimum annual rental is £1,750,000.

### 13 CAPITAL COMMITMENTS

At 31 March 2000 orders had been placed for capital expenditure to the value of £14,383 (£19,169).

### 14 STAFF

The average number of employees during the year was made up as follows:

#### Permanent\*

Class	1998-99	1999-2000
Unified Grades	42.6	43.5
Information	184.0	209.3
Administration	94.8	97.1
Support	5.9	4.6
Librarian	2.3	1.3
Secretarial	6.0	5.2
<b>Totals</b>	<b>335.6</b>	<b>361.0</b>

#### Casual

Class	1998-99	1999-2000
Unified Grades	-	-
Information	2.4	1.4
Administration	4.2	1.5
Support	-	-
Librarian	-	-
Secretarial	-	0.1
<b>Totals</b>	<b>6.6</b>	<b>3.0</b>

#### Total

Class	1998-99	1999-2000
Unified Grades	42.6	43.5
Information	186.4	210.7
Administration	99.0	98.6
Support	5.9	4.6
Librarian	2.3	1.3
Secretarial	6.0	5.3
<b>Totals</b>	<b>342.2</b>	<b>364.0</b>

\* Includes staff on fixed-term contracts of over one year

### 15 PENSIONS

(a) The employees of COI are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For 1999-2000 contributions of £1,339,108 (£1,363,594) were paid to the Paymaster General at rates determined from time to time by Government Actuary and advised by the Treasury. For non-industrial staff in 1999-2000 these rates were 12.0 (12.0) per cent for staff in Band 1, 13.5 (13.5) per cent for staff in Band 2, 16.5 (16.5) per cent for staff in Band 3 and 18.5 (18.5) per cent for staff in Band 4. There were no industrial staff in the year. The provision for future early retirement cost liabilities has been reduced by £245,000 (reduced by £505,000 in 1998-99).

(b) Provisions for liabilities and charges are in respect of early retirement costs (see note 1(f)). The provision is made up as follows:

	£'000	£'000
	1998-99	1999-2000
Balance at 1 April	2,581	2,076
Released to income and expenditure account	(607)	(559)
Increase in provision charged to income and expenditure account	102	314
<b>Balance at 31 March</b>	<b>2,076</b>	<b>1,831</b>

The liability falls due in the following timescales:

	£'000	£'000
Within one year	521	505
Within two to five years	1,271	1,152
After five years	284	174
<b>Totals</b>	<b>2,076</b>	<b>1,831</b>

### 16 RELATED PARTY TRANSACTIONS

COI has had a significant number of material transactions with other government departments and other central government bodies. The main transactions, by value, are shown in Table 1 on page 6 of the Annual Report.

During the year, none of the senior management or other related parties have undertaken any material transactions with COI.



## Notes to the Accounts

### 17 SALARIES AND PENSIONS

The following information is provided in respect of the Management Board of COI for the year ended 31 March 2000:

	C Fisher Chief Executive	P Buchanan Director	I Hamilton Director	R Haslam Director	M Reid Director	S Whetton Director	K Williamson Director	J Bartle Non- executive director
Age	45	52	46	52	55	40	52	55
Salary including performance pay and bonuses at 31.3.2000 (£'000)	85-90	70-75	50-55	55-60	55-60	45-50	70-75	5-10
Real increase in pension at age 60 (£'000)	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5	N/A
Total accrued pension at 60 at 31.3.2000 (£'000)	0-5	0-5	15-20	20-25	15-20	5-10	25-30	N/A

In addition, a bonus payment of £7,747 was made to Tony Douglas, in respect of the financial year 1998-99.

### 18 FINANCIAL TARGET

COI was set a financial target of a surplus of £100,000. It achieved a surplus of £926,000 (£2,363,000 surplus in 1998-99).

## Statement of Trading Fund's and Accounting Officer's responsibilities

---

Under section 4(6) of the Government Trading Funds Act 1973 the Treasury has directed the Central Office of Information Trading Fund to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at Appendix 2 to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Trading Fund's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Trading Fund is required to:

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Trading Fund will continue in operation.

The Treasury has appointed the Accounting Officer of the Central Office of Information as the Chief Executive and Accounting Officer for the Central Office of Information Trading Fund. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

## Statement on the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Central Office of Information (COI).

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Management Board;
- regular reviews by the Management Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- as appropriate, formal project management disciplines.

The Central Office of Information has an internal audit unit, which operates to standards defined in the *Government Internal Audit Manual*. The work of the internal audit unit is informed by an analysis of the risk to which COI is exposed and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by COI's Management Board and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in COI. The report includes the HIA's independent opinion on the adequacy and effectiveness of COI's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the executive managers within COI who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and will take reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by the Treasury.



**CAROL FISHER**  
Chief Executive

11 July 2000



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

I certify that I have audited the financial statements on pages 16 to 24 under the Government Trading Funds Act 1973. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 19.

## **Respective responsibilities of the Trading Fund, the Accounting Officer and Auditor**

As described on page 25 the Trading Fund and the Accounting Officer are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trading Fund and the Accounting Officer are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Trading Funds Act 1973 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Trading Fund has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 26 reflects the Trading Fund's compliance with Treasury's guidance *Corporate governance: statement on the system of internal financial control*. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## **Basis of opinion**

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trading Fund and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trading Fund's circumstances, consistently applied and adequately disclosed. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Central Office of Information Trading Fund at 31 March 2000 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Trading Funds Act 1973 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

JOHN BOURN	National Audit Office
Comptroller and Auditor General	157–197 Buckingham Palace Road
14 July 2000	Victoria
	London SW1W 9SP

### **ACCOUNTS DIRECTION THE CENTRAL OFFICE OF INFORMATION TRADING FUND (THE COI)**

#### **ACCOUNTS DIRECTION GIVEN BY THE TREASURY**

The Treasury, in pursuance of section 4(6) of the Government Trading Funds Act 1973, hereby gives the following Direction:

1. The statement of accounts which it is the duty of the COI to prepare in respect of the financial year ended 31 March 1992 and in respect of any subsequent financial year shall comprise:

- (a) a Foreword;
- (b) an Income and Expenditure Account;
- (c) a Balance Sheet; and
- (d) a Cash Flow Statement

including in each case such notes as may be necessary for the purposes referred to in the following paragraphs.

2. The COI shall observe all relevant accounting and disclosure requirements given in *Government Accounting* and in the Treasury booklet *Trading Accounts: A Guide for Government Departments and Non-Departmental Public Bodies* (the *Trading Accounts booklet*) as amended or augmented from time to time.

3. The statement of accounts referred to above shall give a true and fair view of the income and expenditure, state of affairs and cash flow of the COI. Subject to the foregoing requirement, the statement of accounts shall also, without limiting the information given and as described in Schedule 1 of this Direction, meet:

- (a) the accounting and disclosure requirements of the Companies Act;
- (b) best commercial accounting practices including accounting standards issued or adopted by the Accounting Standards Board; and
- (c) any disclosure and accounting requirements which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view, insofar as these are appropriate to the COI and are in force for the financial period for which the statement of accounts is to be prepared.

4. The opening balance sheet shall be prepared so as to include assets and liabilities appropriated to the fund by the Central Office of Information Trading Fund Order 1991 establishing the fund and the subsequent Central Office of Information Trading Fund (Variation) Order 1992.

5. Additional disclosure requirements are set out in Schedule 2 of this Direction.

6. The Income and Expenditure Account and Balance Sheet shall be prepared under the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs.

Dated: 10 March 1992

Signed: J S Beastall

Treasury Officer of Accounts

### **SCHEDULE 1 APPLICATION OF THE COMPANIES ACTS' REQUIREMENTS**

1. The disclosure exemptions permitted by the Companies Act in force for the financial period for which the statement of accounts is to be prepared shall not apply to the COI unless specifically approved by the Treasury.

2. The Foreword shall contain the information required by the Companies Act to be disclosed in the Directors' Report, to the extent that such requirements are appropriate to the COI.

3. In preparing its Income and Expenditure Account and Balance Sheet, the COI shall adopt respectively format 2 and format 1 prescribed in Schedule 4 to the Companies Act 1985 to the extent that such requirements are appropriate to the COI. Regard should be had to the examples in Annex C of the *Trading Accounts booklet*, in particular the need to strike the Balance Sheet totals at 'Total Assets less Current Liabilities'.

4. The Foreword and Balance Sheet shall be signed and dated.

### **SCHEDULE 2 ADDITIONAL DISCLOSURE REQUIREMENTS**

1. The Foreword shall state that the accounts have been prepared in accordance with a direction given by the Treasury in pursuance of section 4(6) of the Government Trading Funds Act 1973.

2. The Foreword shall include a brief history of the COI and its statutory background. Regard should be had to Annexes B and C of the *Trading Accounts booklet*.

3. The COI shall have regard to any accounting and disclosure requirements which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view.

# Unaudited Extract of Appropriation Account

## CENTRAL OFFICE OF INFORMATION

1999–2000 CLASS XVII, VOTE 4

ACCOUNT of the sum expended, in the year ended 31 March 2000, compared with the sum granted, for expenditure by the Central Office of Information on allied service work.

### ACCOUNT

Expenditure compared with Grant

Service	Grant £'000	Expenditure £'000	Less than granted £'000	More than granted £'000
PUBLICITY				
Publicity and advisory services	711	711	–	–
Total	711	711	–	–
Surplus			0	
Actual surplus to be surrendered			<u>£0</u>	

There was no surplus to surrender in the Account for the Vote for Publicity, Central Office of Information, Class XVII, Vote 3, for the year ended 31 March 1999.

Accounting Officer

2000

## COI services and contacts

### Client Service Group

COI provides cross-functional input and strategic consultancy for clients. COI develops creative and innovative communication strategies which deliver effective results. The Group offers clients: a dedicated client service team; strategic consultancy (including internal communications consultancy); and a specialist audiences advisory service.

**Group Director – Ian Hamilton**

**Tel: 020 7261 8495**

**Fax: 020 7928 6093**

**E-mail: [ian.hamilton@coi.gsi.gov.uk](mailto:ian.hamilton@coi.gsi.gov.uk)**

### Marketing Communications Group

#### Integrated Marketing

COI designs and implements marketing strategies, providing advice on budget setting and inter-media decisions. As a communications consultant we can integrate a comprehensive mix of marketing tools to achieve effective results. This service now also extends to campaign websites and digital broadcast.

#### Advertising

COI project manages advertising campaigns to ensure client objectives are achieved. From appointing an agency, to carrying out research and analysing the response, COI will initiate a campaign and manage it through to completion. COI's centralised media buying unit also enables clients, whether large or small, to gain maximum value for money.

#### Direct Marketing

COI's direct marketing services include: telemarketing; response fulfilment; direct mail; household drops; and inserts. Clients are assisted in the planning, procurement, project management and evaluation of all activities. Bulk and complex distributions are also undertaken, as well as database construction and application.

#### Research

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

### Sponsorship and Campaign Promotion

COI generates financial and in-kind support for government and public sector initiatives and co-ordinates editorial activity to promote campaigns through the media. Services include: project management; consultancy; strategic and tactical planning; research; editorial services; and merchandising.

**Group Director – Peter Buchanan**

**Tel: 020 7261 8386**

**Fax: 020 7401 2403**

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

### Broadcast and Events Group

#### Film and video

COI undertakes the procurement and management of TV commercials, public service TV fillers, corporate and specialist videos, video news releases, DVDs, CD-ROMs and websites involving new video footage. COI also markets TV fillers to BBC, ITV, cable and satellite stations and other appropriate outlets.

#### Radio

COI procures and manages the production of radio commercials, audio tapes, live interviews, editorial material, public service fillers and audio material for websites.

#### Events Management and Technical Services

COI supplies logistical and technical services for large and small conferences, seminars, press launches and exhibitions, in the UK and overseas. Services include: supplying and procuring equipment for outside broadcasts; duplicating videos, DVDs and CD-ROMs; and Houses of Parliament TV and audio links.

**Group Director – Sally Whetton**

**Tel: 020 7261 8895**

**Fax: 020 7261 8776**

**E-mail: [sally.whetton@coi.gsi.gov.uk](mailto:sally.whetton@coi.gsi.gov.uk)**



## **Publications Group**

### **Publications**

COI produces printed and screen-based publicity and public information material. Formats include: brochures; posters; annual reports; catalogues; electronic publications; newsletters; and bulletins. COI's in-house resource provides a full range of creative services and specialist expertise from writing, editing and proofreading, to designing layout and procurement of print production.

### **Translations**

COI translates any written material to help clients communicate with an overseas audience, or ethnic minority in the UK. Press releases, brochures, posters, audio or video scripts can be translated into any major overseas or ethnic minority language.

### **New Media**

COI provides expert advice on the latest media advancements. Services include: website design and production; day-to-day management of websites; programming and production of CD-ROMs; kiosks; and other digital media – helping clients to make the most of today's technology.

**Group Director – Michael Reid**

**Tel: 020 7261 8421**

**Fax: 020 7928 0989**

**E-mail: michael.reid@coi.gsi.gov.uk**

## **Network Group**

### **News Distribution Service (NDS)**

COI distributes news releases to national broadcast and print media as well as the main regional groups in the UK.

Operating a 24-hour service, news releases are sent by-hand or electronically. News is also distributed on the Internet and CD-ROM.

### **Regional News Network**

COI operates a network of 12 regional offices to manage press and publicity activities across the UK. Services include: representing clients to regional news media; adapting press releases and writing features for a local audience; organising VIP visits; media monitoring and analysis; media training; emergency media planning; and crisis management.

### **Regional Publicity**

COI implements regionally focused communications through its countrywide network. Services include: advertising; media buying; brochures/leaflets; television, radio and video services; and exhibitions.

**Group Director – Rob Haslam**

**Tel: 020 7261 8465**

**Fax: 020 7928 9294**

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

## COI offices

### COI Headquarters

Hercules Road  
London SE1 7DU  
Tel: 020 7928 2345  
Fax: 020 7928 5037  
E-mail: [enquiries@coi.gsi.gov.uk](mailto:enquiries@coi.gsi.gov.uk)

### COI South East

Hercules Road  
London SE1 7DU  
Tel: 020 7261 8795  
Fax: 020 7928 7082/6974  
E-mail: [south-east@coi.gsi.gov.uk](mailto:south-east@coi.gsi.gov.uk)

### COI East

Second Floor  
Block A1  
Westbrook Centre  
Milton Road  
Cambridge CB4 1YG  
Tel: 01223 345734  
Fax: 01223 345754  
E-mail: [cambridge@coi.gsi.gov.uk](mailto:cambridge@coi.gsi.gov.uk)

### COI West Midlands

4th Floor  
Five Ways House  
Islington Row Middleway  
Edgbaston  
Birmingham B15 1SH  
Tel: 0121 626 2023  
Fax: 0121 626 2041  
E-mail: [birmingham@coi.gsi.gov.uk](mailto:birmingham@coi.gsi.gov.uk)

### COI South West

The Pithay  
Bristol BS1 2NQ  
Tel: 0117 945 6861  
Fax: 0117 929 8612  
E-mail: [bristol@coi.gsi.gov.uk](mailto:bristol@coi.gsi.gov.uk)

Plymouth Sub-office  
Mast House  
Shepherd's Wharf  
Sutton Road  
Plymouth PL4 0HJ  
Tel: 01752 635000  
Fax: 01752 227647  
E-mail: [plymouth@coi.gsi.gov.uk](mailto:plymouth@coi.gsi.gov.uk)

### COI Wales

Companies House  
Crown Way  
Cardiff CF4 3UZ  
Tel: 01222 388085  
Fax: 01222 380847  
E-mail: [wales@coi.gsi.gov.uk](mailto:wales@coi.gsi.gov.uk)

### COI East Midlands

Belgrave Centre  
Level C, Stanley Place  
Talbot Street  
Nottingham NG1 5GG  
Tel: 0115 971 2780  
Fax: 0115 971 2791  
E-mail: [nottingham@coi.gsi.gov.uk](mailto:nottingham@coi.gsi.gov.uk)

### COI North West

27th Floor  
Sunley Tower  
Piccadilly Plaza  
Manchester M1 4BD  
Tel: 0161 952 4513  
Fax: 0161 236 9443  
E-mail: [manchester@coi.gsi.gov.uk](mailto:manchester@coi.gsi.gov.uk)

### COI Yorkshire and the Humber

1st Floor  
City House  
New Station Street  
Leeds LS1 4JG  
Tel: 0113 283 6591  
Fax: 0113 283 6586  
E-mail: [leeds@coi.gsi.gov.uk](mailto:leeds@coi.gsi.gov.uk)

### COI North East

13th Floor  
Wellbar House  
Gallowgate  
Newcastle upon Tyne NE1 4TB  
Tel: 0191 201 3600  
Fax: 0191 202 3599  
E-mail: [newcastle@coi.gsi.gov.uk](mailto:newcastle@coi.gsi.gov.uk)

### COI Scotland

1 Melville Crescent  
Edinburgh  
EH3 7HW  
Tel: 0131 244 9060  
Fax: 0131 244 9063  
E-mail: [scotland@coi.gsi.gov.uk](mailto:scotland@coi.gsi.gov.uk)

