Cabinet Office

Annual Report and Accounts 2021-22

HC 914

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Annual Report and Accounts 2021-22

(for period ended 31 March 2022)

Accounts presented to the House of Commons pursuant to Section 6 (4) of the Government Resources and Accounts Act 2000

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This is part of a series of departmental publications which, along with the Main Estimates 2022-23 and the document Public Expenditure: Statistical Analyses 2020, present the government's outturn for 2021-22 and planned expenditure for 2022-23.

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Directors' Report

Foreword

The Rt Hon Oliver Dowden CBE MP

It was a great honour to take up the role of Chancellor of the Duchy of Lancaster in October 2022. I look forward to building on the work of my predecessors and the Cabinet Office staff, as outlined in this report.

Recent events have conspired to create significant global economic challenges, notably Russia's illegal invasion of Ukraine. Careful stewardship and difficult decisions are needed to guide Britain safely through the turbulence. As a team, the Cabinet Office shares the Prime Minister's priorities: most immediately, these are to ensure stable and effective government, driving security and renewed propriety at home and overseas.

Our 2019 manifesto pledges were messages of pride, opportunity and hope around levelling up the whole country and the life chances of citizens. The Cabinet Office focus will be on helping to deliver safer streets, a stronger NHS, better schools and protection for the environment, and increasingly robust energy security among other key challenges. Rightly, the public want their money spent wisely and here, too, the Cabinet Office will exercise a core responsibility: driving maximum efficiency and effectiveness in the Civil Service.

During 2021-22, Cabinet Office colleagues were at the heart of the government's strategic operations. They helped to direct the national pandemic response and led the 'Living with COVID-19' Plan in February 2022. They also used their coordinating experience and expertise to marshal the government response to other emerging priorities, including supply chain issues in autumn 2021 and the crises in Afghanistan and Ukraine.

From this pivotal position there were global events to stage, too: the G7 summit in Cornwall, in June 2021; and the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow, in November 2021, which the United Kingdom co-hosted with Italy.

Looking ahead, the Cabinet Office continues to play its own part in spreading opportunity around the United Kingdom. Our flagship Places for Growth programme relocates

Civil Service roles outside the South East, while work to promote the National Cyber Strategy (published in February 2022) is furthering UK-wide investment in jobs, skills and economic growth. The record £2.6 billion of funding behind the Strategy speaks to the socio-economic opportunities of the digital age, and the potential to demonstrate global leadership in a way that helps promote long-term UK national interests.

Finally, I wish to express, on behalf of all of us in the Cabinet Office, our respect for Her late Majesty Queen Elizabeth II. Her lifelong devotion to her subjects, her country and to the Commonwealth of Nations ensured that she was loved and admired around the world. Cabinet Office teams worked with thousands of colleagues and partners to support the ceremonial events during the National Mourning Period and the State Funeral.

Ministers and Board members

Ministers

Cabinet Office Ministers at 1 December 2022

The Rt Hon Rishi Sunak MP

Prime Minister, First Lord of the Treasury, Minister for the Union and Minister for the Civil Service (paid by HM Treasury) (from 25 October 2022)

The Rt Hon Oliver Dowden CBE MP

Chancellor of the Duchy of Lancaster (from 25 October 2022)

Jeremy Quin MP

Paymaster General and Minister for the Cabinet Office (from 25 October 2022)

The Rt Hon Johnny Mercer MP

Minister of State (Minister for Veterans' Affairs) (from 7 July 2022 until 6 September 2022; from 25 October 2022)

The Rt Hon Nadhim Zahawi MP

Minister without Portfolio (from 25 October 2022) and Chancellor of the Duchy of Lancaster (from 6 September 2022 until 25 October 2022)

The Baroness Neville-Rolfe DBE CMG

Lords Minister (from 20 September 2022)

Alex Burghart MP

Parliamentary Secretary (from 27 October 2022)

The Rt Hon Penny Mordaunt MP

Leader of the House of Commons and Lord President of the Council (from 6 September 2022)

The Lord True CBE

Leader of the House of Lords and Lord Privy Seal (from 6 September 2022)

Cabinet Office Ministers at 1 December 2022

The Rt Hon The Earl Howe

Deputy Leader of the House of Lords (unpaid)

The Rt Hon Simon Hart MP

Parliamentary Secretary to the Treasury and Chief Whip (paid by HM Treasury) (from 25 October 2022)

The Rt Hon The Baroness Williams of Trafford

Chief Whip in the House of Lords and Captain of the Honourable Corps of Gentlemen-at-Arms (paid by HM Treasury) (from 7 September 2022)

The following ministers have joined and left the Cabinet Office since 31 March 2022:

The Rt Hon Kit Malthouse MP – Chancellor of the Duchy of Lancaster (7 July 2022 to 6 September 2022)

Andrew Stephenson MP – Minister without Portfolio (7 July 2022 to 6 September 2022)

Peter Bone MP – Deputy Leader of the House of Commons (8 July 2022 to 27 September 2022)

The Rt Hon Edward Argar MP – Paymaster General and Minister for the Cabinet Office (6 September 2022 to 14 October 2022)

The Rt Hon Elizabeth Truss MP – Prime Minister, First Lord of the Treasury, Minister for the Union and Minister for the Civil Service (paid by HM Treasury) (6 September 2022 to 25 October 2022)

The Rt Hon Jake Berry MP – Minister Without Portfolio (6 September 2022 to 25 October 2022)

The Rt Hon Chris Philp MP – Paymaster General and Minister for the Cabinet Office (14 October 2022 to 25 October 2022)

Katherine Fletcher MP – Parliamentary Secretary (Minister for Women) (20 September 2022 to 27 October 2022)

Brendan Clarke-Smith MP – Parliamentary Secretary (8 September 2022 to 27 October 2022)

The Baroness Stedman-Scott OBE – Parliamentary Secretary (22 September 2022 to 30 October 2022)

Wendy Morton MP – Parliamentary Secretary to the Treasury and Chief Whip (paid by HM Treasury) (6 September 2022 to 25 October 2022)

The Lord Johnson of Lainston CBE – Minister of State (unpaid) (2 October 2022 to 28 October 2022)

The Rt Hon Sir Gavin Williamson CBE MP – Minister of State (Minister Without Portfolio) (25 October 2022 to 8 November 2022)

Cabinet Office Ministers at 31 March 2022

The Rt Hon Boris Johnson MP

Prime Minister, First Lord of the Treasury, Minister for the Union and Minister for the Civil Service (paid by HM Treasury) (until 6 September 2022)

The Rt Hon Steve Barclay MP

Chancellor of the Duchy of Lancaster (from 15 September 2021 until 5 July 2022)

The Rt Hon Alok Sharma MP

President for COP26 (until 25 October 2022)

The Rt Hon Oliver Dowden CBE MP

Minister Without Portfolio (unpaid) (from 15 September 2021 until 24 June 2022)

The Rt Hon Michael Ellis KC MP

Paymaster General (from 16 September 2021 until 6 September 2022) and Minister for the Cabinet Office (from 8 February 2022 until 6 September 2022)

The Rt Hon Jacob Rees-Mogg MP

Minister of State for Brexit Opportunities and Government Efficiency (from 8 February 2022 until 6 September 2022)

The Rt Hon Nigel Adams MP

Minister of State (Minister Without Portfolio) (from 15 September 2021 until 6 September 2022)

The Rt Hon The Lord True CBE

Minister of State at the Cabinet Office (until 6 September 2022)

Heather Wheeler MP

Parliamentary Secretary (unpaid) (from 8 February 2022 until 8 September 2022)

Cabinet Office Ministers at 31 March 2022

Andrew Griffith MP

Parliamentary Secretary – Minister for Policy and Head of the Prime Minister's Policy Unit (unpaid) (from 3 February 2022 until 8 July 2022)

Leo Docherty MP

Parliamentary Under Secretary of State for Defence, People and Veterans (paid by Ministry of Defence) (from 20 April 2021 until 7 July 2022)

The Rt Hon Mark Spencer MP

Leader of the House of Commons and Lord President of the Council
(from 8 February 2022
until 6 September 2022)

The Rt Hon The Baroness Evans of Bowes Park MBE

Leader of the House of Lords and Lord Privy Seal
(until 6 September 2022)

The Rt Hon The Earl Howe

Deputy Leader of the House of Lords (unpaid)

The Rt Hon Chris Heaton-Harris MP

Parliamentary Secretary to the Treasury and Chief Whip
(paid by HM Treasury)
(from 8 February 2022 until
6 September 2022)

The Rt Hon The Lord Ashton of Hyde

Chief Whip in the House of Lords and Captain of the Honourable Corps of Gentlemen-at-Arms
(paid by HM Treasury)
(until 7 September 2022)

The following ministers left the Cabinet Office during 2021-22:

The Rt Hon Michael Gove MP – Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office (until 15 September 2021)

The Rt Hon The Lord Frost CMG – Minister of State for the Cabinet Office (until 18 December 2021)

The Rt Hon Penny Mordaunt MP – Paymaster General (until 16 September 2021)

The Rt Hon Chloe Smith MP – Minister of State for the Constitution and Devolution (until 16 September 2021)

The Lord Agnew of Oulton DL – Minister of State for Efficiency and Transformation (until 24 January 2022)

Julia Lopez MP – Parliamentary Secretary for the Cabinet Office (until 16 September 2021)

The Rt Hon Amanda Milling MP – Minister without Portfolio (until 15 September 2021)

Cabinet Office Board members

Official board members at 31 March 2022

Simon Case CVO

Cabinet Secretary and Head of the Civil Service

Alex Chisholm

Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

Sarah Harrison

Chief Operating Officer

Dame Elizabeth Gardiner DCB KC (Hon)

First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group

Richard Hornby

Chief Finance Officer

Non-executive board members at 31 March 2022

The Lord Nash

Government Lead
Non-Executive Board Member
(until 31 March 2022)

Michael Jary

Government Lead
Non-Executive Board Member
(from 31 March 2022)

Anand Aithal

Cabinet Office Lead
Non-Executive Board Member
(from 1 February 2022)

Mike Ashley

Non-Executive Board Member and Chair of the Cabinet Office Audit and Risk Committee

The Lord Hogan-Howe of Sheffield QPM

Non-Executive Board Member

Henry de Zoete

Non-Executive Board Member

Permanent Secretary's perspective on performance

Alex Chisholm

Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

Reflecting on the achievements of the last year I could not be prouder of the people that make up the Cabinet Office and the wider Civil Service. As we emerged from a pandemic, and responded to the invasion of Ukraine, I have, once again, been humbled by the efforts that each and every civil servant has made to support the government and running of the country.

Responding to COVID-19 has once again been a major focus of the department. The COVID-19 Taskforce supported the government through the systematic reopening of sectors and activities, using a collaborative and data-led ethos that typifies the modern Civil Service. Similarly, the Fraud, Error, Debt and Grants teams used data and technology to support collaboration between departments delivering COVID-19 support schemes to save money for the taxpayer by reducing the opportunity for fraud and error in these schemes. The Government Communication Service's public safety campaigns drove an enormous take-up of vaccinations and reinforced the steps needed to reopen safely with the general public.

Although COVID-19 continued to be a priority, I am pleased to report that progress in other areas has continued unabated, thanks to the efforts of Cabinet Office staff. We established the Borders, Trade and Brexit Opportunities Unit to better support delivery of the government's priority of seizing the opportunities of EU Exit. This unit was formed from existing teams, whose successes during the year include a smooth introduction of border checks in January 2022 with minimal disruption. This was supported by the key enablers of the Government Communication Service's UK Transition campaign which communicated the actions needed by affected individuals and businesses, and the Government Digital Service's support on GOV.UK as the digital home of all EU Exit-related information.

In securing a safe, prosperous and resilient UK, the National Security Secretariat has continued to play a central coordination role including responding to the withdrawal from Afghanistan and the invasion of Ukraine, moving quickly to action in the face of these events. The National Situation Centre's launch in 2021 has been an important milestone in improving capabilities in crisis response and the National Security Secretariat has led the implementation of the strategy set out in the Integrated Review of Security, Defence, Development and Foreign Policy across government.

The Equality Hub has been hard at work this year with the Social Mobility Commission joining the Cabinet Office from 1 April 2021, contributions to the tackling violence against women and girls strategy, the Government Response to the Commission on Race and Ethnic Disparities, publication of reports on the impact of COVID-19 on ethnic minority groups, a consultation on disability workforce reporting, and a whole host of other activities in this area.

To support the ambition for a smaller Civil Service, bolstered by investments in skills and technology, we have made significant progress in modernising the functions and professional services that underpin government. The Central Digital and Data Office was established to lead on the digital and data function across government. The Declaration on Government Reform was published and a renewed vision of A Modern Civil Service was launched in June 2021.

Meanwhile the Places for Growth programme has continued at pace with more than 7,000 roles moved out of Greater London so far against departmental commitments of 15,000 by 2025. The Cabinet Office has played its own part in this, with nearly 300 staff added in our second headquarters in Glasgow since it was unveiled in March 2021, not to mention additions in our other locations around the UK.

Finally, it would be remiss not to mention the supreme effort by Cabinet Office staff during the year to deliver the G7 and COP26 events. COP26 in particular required a mammoth task of organisation as it brought together 120 world leaders and over 38,000 key figures from their respective nations. These events are not just about one or two weeks of face-to-face meetings between leaders, there is an underlying infrastructure of diplomacy, preparatory talks and commitments, and work on ensuring a successful legacy. I am proud to say that the Cabinet Office has been at the heart of these efforts with the G7 Taskforce and the wider COP26 team ensuring that the UK's global reputation has been enhanced by our leadership during the year.

Our non-executive director group has provided robust challenge and advice to enhance our departmental decision making and ensure strong governance processes. I would like to thank Baroness Stuart, who resigned from the board in January to take up the post of Civil Service Commissioner, and John Nash and Karen Blackett, who retired from the board during the year, for their support during their time as non-executive directors. I would also like to welcome Michael Jary, who joined the board on 31 March.

Since the end of the financial year, we were all saddened to hear of the death of Her Late Majesty Queen Elizabeth II. Her dedication and service to our country and the commonwealth was exceptional. Cabinet Office colleagues joined me in offering our condolences to the King and the Royal Family.

Cabinet Office staff have once again risen to the occasion in responding to this event and providing support during the National Mourning

Period, as well as in welcoming new ministers to the department following the formation of the new administration.

We are now a very different department in structure to how we entered 2021-22. In particular, the EU and Northern Ireland units moved to the Foreign, Commonwealth and Development Office from 1 April 2022 to align European strategy with the FCDO's diplomatic expertise, and the Public Sector Fraud Authority was established to transform the way that the government manages fraud. Some responsibilities within the Constitution Group (notably for elections) were transferred to the Department for Levelling Up, Housing and Communities during 2021-22. Meanwhile, in the Cabinet Office, we have strengthened our structures and governance to ensure that the units that support 10 Downing Street are effectively delivering all the Prime Minister's priorities.

A refreshed and leaner department will enable us to build on the successes of the last year and focus our attention on the key priority of delivering the government's priorities effectively and efficiently.

Cabinet Office Lead Non-Executive's report

Anand Aithal
Cabinet Office Lead Non-Executive

2021-22 overview

The last year has been one of two halves, the first primarily focused on responding to the pandemic and the latter, following the successful (and ongoing) vaccine roll-out, about looking forward to a post-pandemic UK. Following our three year spending review settlement last autumn, the Cabinet Office Board has been focused on ensuring the department is fit for purpose and can meet the future challenges we face, which we already know will require continued collaboration, innovation and efficient delivery of services to our citizens.

Board membership

The Cabinet Office Board has had a number of changes this year. After the reshuffle in September we welcomed a new chair, the Rt Hon Stephen Barclay MP, as well as the Rt Hon Michael Ellis KC MP and the Rt Hon Nigel Adams MP, who took over from departing ministers the Rt Hon Michael Gove MP, the Rt Hon Penny Mordaunt MP, Chloe Smith MP and Julia Lopez MP. In early 2022, following the departure of Lord Agnew, the board welcomed the Rt Hon Jacob Rees-Mogg MP and Heather Wheeler MP.

On the non-executive front we said goodbye to Karen Blackett OBE as well as my predecessor as the Cabinet Office Lead Non-Executive, Baroness (Gisela) Stuart in January. In March, the Cross-Government Lead Non-Executive, Lord (John) Nash, departed, and we welcomed his successor Michael Jary. Mike Ashley, Lord (Bernard) Hogan-Howe and Henry de Zoete continued their roles on the board. I would like to take this opportunity to thank all my non-executive colleagues past and present for their time, insight and commitment to the Cabinet Office.

There have been no changes among the senior officials.

Board effectiveness

The board met six times during the year, including a four-hour strategy session held in December. In January, my predecessor, Baroness Stuart, undertook a Board Effectiveness Evaluation which reflected our progress despite the challenges of being a 'Covid Board', and set out the key areas of focus, centred around improving the structure and capability of the department. I am taking these recommendations forward as the new Lead Non-Executive.

We have a very active Audit and Risk Committee who continue their forensic scrutiny under Mike Ashley's leadership (with myself and Lord Hogan-Howe as members). Given the departure of Karen Blackett and Baroness Stuart in January, the Nominations Committee was not quorate and so did not meet. We will meet once new non-executives are appointed in the autumn, following an open campaign.

Non-executives' engagement beyond governance meetings has continued to be extensive. Most recently, all of us have been closely involved with the series of deep dives launched by the Ministers for the Cabinet Office and Government Efficiency in the spring, and have provided regular advice to ministers and senior officials on a range of issues throughout the year. Henry has been active in the digital and communications space as a member of the Digital Advisory Board and an advisor on the ongoing reform of government communications, while Bernard has been heavily involved in advising on the transformation programmes of our vetting services and the government business function, and attends the monthly executive People and Operations Committee as an observer. Mike has continued to work with senior officials to mature our approach to risk, and attends the monthly executive Performance and Risk Committee as an observer, while I have been an active part of the department's Respect and Inclusion Review (alongside Karen Blackett before she left) and attend the monthly Approval Board to review all spend above £1 million.

Going forward 2022-23

Our immediate priority this year is to answer the cabinet's challenge to enhance the effectiveness and value for money of the Civil Service while continuing to deliver services across the country. I anticipate this will be the focus of much of this year, alongside delivering the change programme already underway in the Cabinet Office to make the department smaller and better by increasing the investment in our people, skills, and technology while reducing our overall headcount and driving down costs to ensure we are offering value for money for the taxpayer.

Perfomance Report

Cabinet Office overview

Cabinet Office purpose

The Cabinet Office exists to support the Prime Minister and cabinet government and leads and coordinates the government's response to cross-departmental challenges. It also acts as the corporate headquarters for the government as a whole, providing both a command centre during immediate crises as well as leading civil service modernisation and reform.

Our purpose is achieved through our priority outcomes. Following the machinery of government change to transfer the Constitution Group from Cabinet Office to the newly formed Department for Levelling Up, Housing and Communities in September 2021, the department updated the priority outcomes set out in the Outcome Delivery Plan, which was published in July 2021 to accurately reflect the new organisational structure and priorities. The updated priority outcomes for 2021-22 are as follows:

Priority outcomes[1]

1 **Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security**

2 **Secure a safe, prosperous and resilient United Kingdom by coordinating national security, crisis response and the implementation of the Integrated Review**

3 **Improve levels of equality in the UK**

4 **Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions**

5 Additional **Deliver the priorities of the Prime Minister and government**

1 These are the reworded priority outcomes following the Spending Review in September 2021. The additional outcome covers core responsibilities of the Cabinet Office, which do not relate primarily or uniquely to the four priority outcomes.

Performance overview

This performance overview sets out how the Cabinet Office has worked to deliver its priority outcomes, highlighting the department's core achievements.

In 2021-22, the Cabinet Office has provided leadership in both the response to COVID-19 through the COVID-19 Taskforce, Living with COVID-19 approach and preparations for the COVID-19 Inquiry, as well as being at the forefront of the government's response to the Ukraine conflict, including reprioritisation of resources. The department has also positively contributed to the work related to the union in the first six months prior to its transfer to the Department for Levelling Up, Housing and Communities, and to cross-government preparations for border change and management of supply chain pressures, illegal migration and energy pressures. The Cabinet Office has also made significant progress delivering on priorities included in its updated Outcome Delivery Plan for 2021-22 with 73% of its performance metrics delivered or on track. This has included significant progress in delivering against priority outcomes:

Seizing the opportunities of EU Exit by successfully implementing Port by Port delivery plans and All Border systems infrastructure and resourcing for January 2022 checks, with support provided for decision making to postpone import controls and accelerate plans for a low-cost, efficient border, while also providing advice and planning in relation to the Northern Ireland Protocol.

Securing a safe, prosperous and resilient UK through setting up governance and embedding the Integrated Review across government, publication of the Cyber Security Strategy, and creation of the new UK College for National Security.

Improving levels of equality in the UK through publication of the Disability Strategy and the Government Response to the Commission on Race and Ethnic Disparities, as well as legislation such as the British Sign Language Bill and public consultation on banning conversion therapy.

Increasing the efficiency, effectiveness and accountability of government through significant progress on the reform and modernisation agenda with substantive progress on the 30 areas set out for action on People, Performance and Partnerships in the Declaration on Government Reform, two-thirds of the recommendations from Lorde Maude on functional reform implemented and all of the Digital Economy Report. There has also been significant success on a number of fronts including: Transforming Public Procurement green paper and draft bill, Public Bodies Review Programme, Civil Service Diversity and Inclusion Strategy and Apprenticeships Strategy, best practice publications such as the Digital, Data and Technology and Consultancy playbooks, mobilisation of the new Public Sector Fraud Authority, and co-leadership of the programme for the Efficiency and Value for Money Committee.

Supporting the government and Prime Minister's priorities through successful delivery of the 26th UN Climate Change Conference of the Parties (COP26, the largest COP to date), the G7 Presidency year including the summit in Cornwall, as well as delivery of the government's legislative agenda and high profile support for veterans (Veterans' Strategy Action Plan).

Particular performance challenges in the year include:

- Focus – 12 new ministerial appointments and four machinery of government changes have limited the scope for continuity and stability
- Security vetting – demand/supply mismatch aggravated by operational weaknesses, now stabilised
- Legal challenges to COVID-19 procurement and the National Disability Strategy

Performance risks

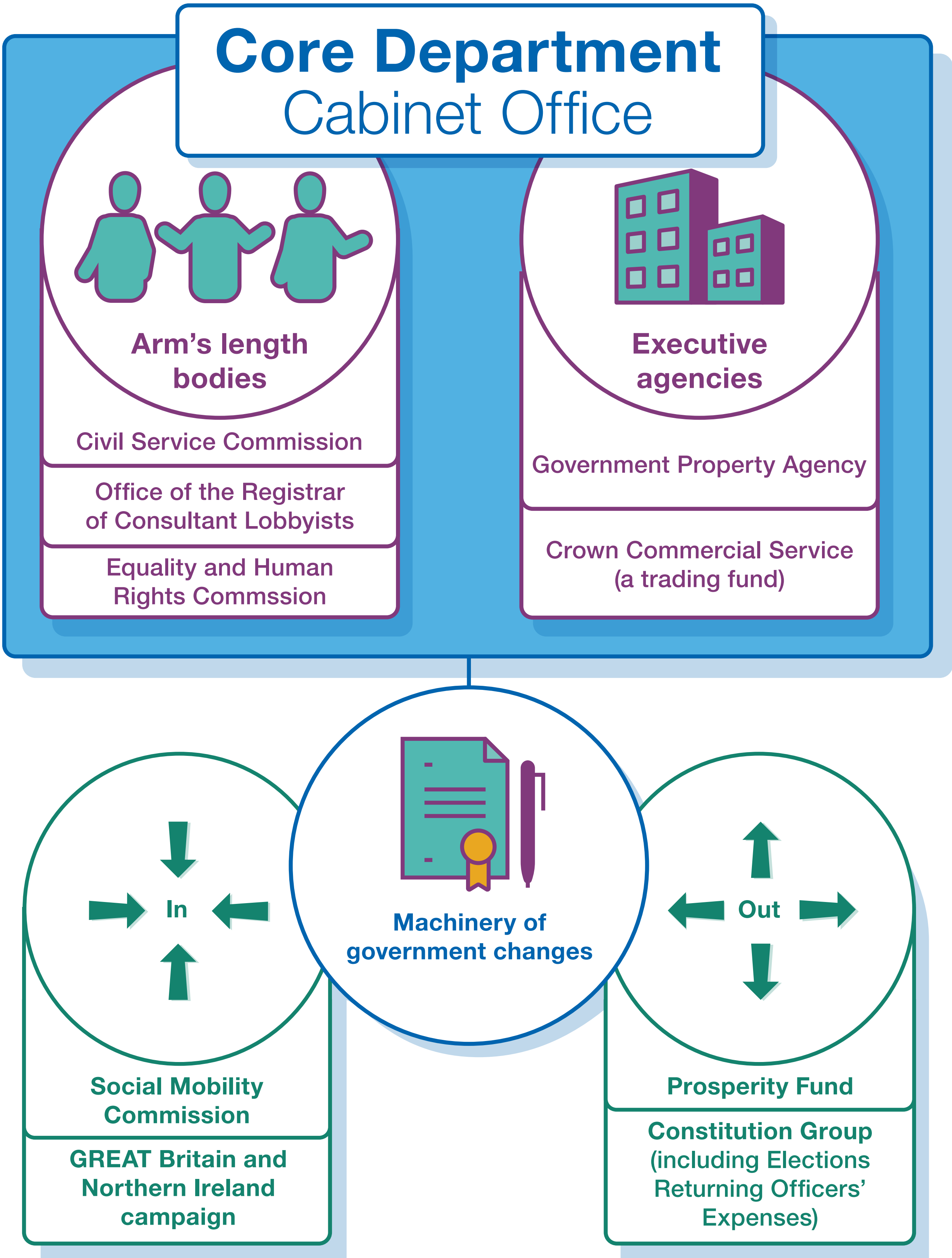
The Cabinet Office faces a range of risks which affect performance and delivery across the department. The issues and risks faced are diverse in nature and severity, and often determined by external forces over which the department may have influence but no control. Risks faced by the department include, but are not limited to, the recruitment and retention of staff, funding pressures, and effective utilisation of digital information to support operational delivery and efficient policy making. These cross-cutting risks have resulted in in-year re-prioritisation of resources and re-evaluation of some of the lower tier performance objectives.

These issues and risks are managed separately with their own mitigation plans and frequent senior deep dives. This helps the department better understand how risks are changing, and at what pace, and enables the senior leadership to oversee delivery.

Over the course of the year, the Executive Committee and the Performance and Risk Committee have actively considered issues and risks as part of the Cabinet Office risk management framework. The governance statement provides further detail.

How the Cabinet Office Group is structured

The Cabinet Office works closely with three arm's length bodies and two executive agencies, who each publish separate annual reports and accounts, in addition to 19 other public bodies. Further detail on the Cabinet Office's structure can be found on GOV.UK.



How our department is organised

Outcome 1

- Borders, Trade and Brexit Opportunities Unit
- Transition Taskforce
- EU Secretariat
- Northern Ireland Unit

Outcome 2

- Government Security Group
- National Security Secretariat
- Joint Intelligence Organisation
- Intelligence Security Committee

Outcome 3

- Equality Hub
- Equality and Human Rights Commission

Outcome 4

- Central Digital and Data Office
- Civil Service Human Resources
- Civil Service Modernisation and Reform
- Commercial Models
- Fraud, Error, Debt and Grants
- Government Business Services
- Government Commercial Function
- Government Communication Service
- Government Digital Service
- Infrastructure and Projects Authority
- Office of Government Property
- Government Property Agency

Outcome 5 (Additional)

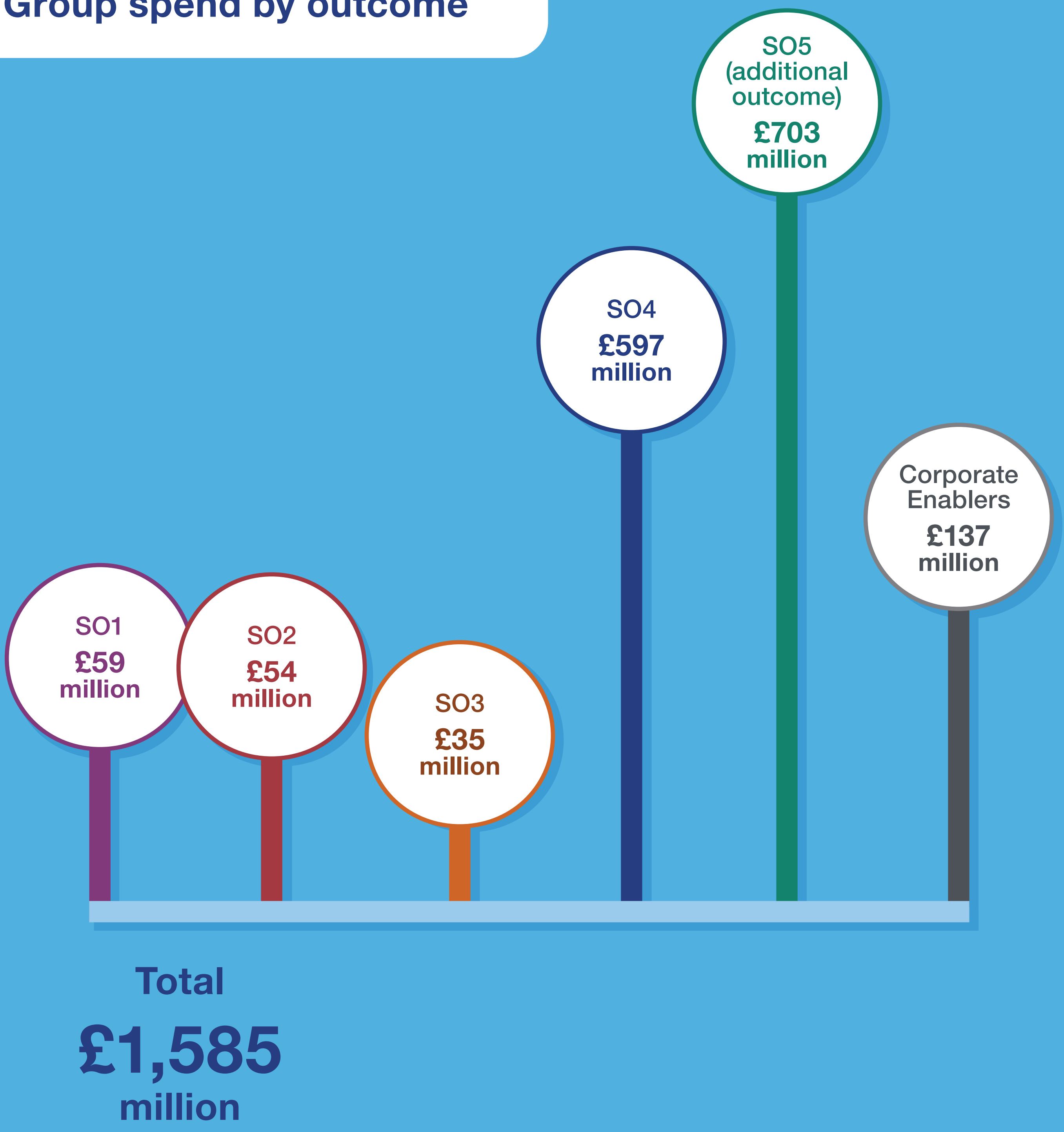
- Cabinet Office Inquiry Sponsor Team
- Economic and Domestic Secretariat (including Central Secretariat)
- Cabinet Secretary’s Group
- COP26
- Geospatial Commission
- Government in Parliament Group
- Trade Secretariat
- Office for Science and Technology Strategy
- Office for Veterans' Affairs
- G7 Taskforce
- Civil Service Commission
- Office of the Registrar of Consultant Lobbyists

The delivery of priority outcomes is supported by our corporate enablers.

Corporate enablers

- Chief Operating Officer
- Strategy, Delivery and Private Office
- Cabinet Office People and Places
- Cabinet Office Assurance, Finance and Controls
- Chief Digital and Information Office
- Cabinet Office Analysis and Insight

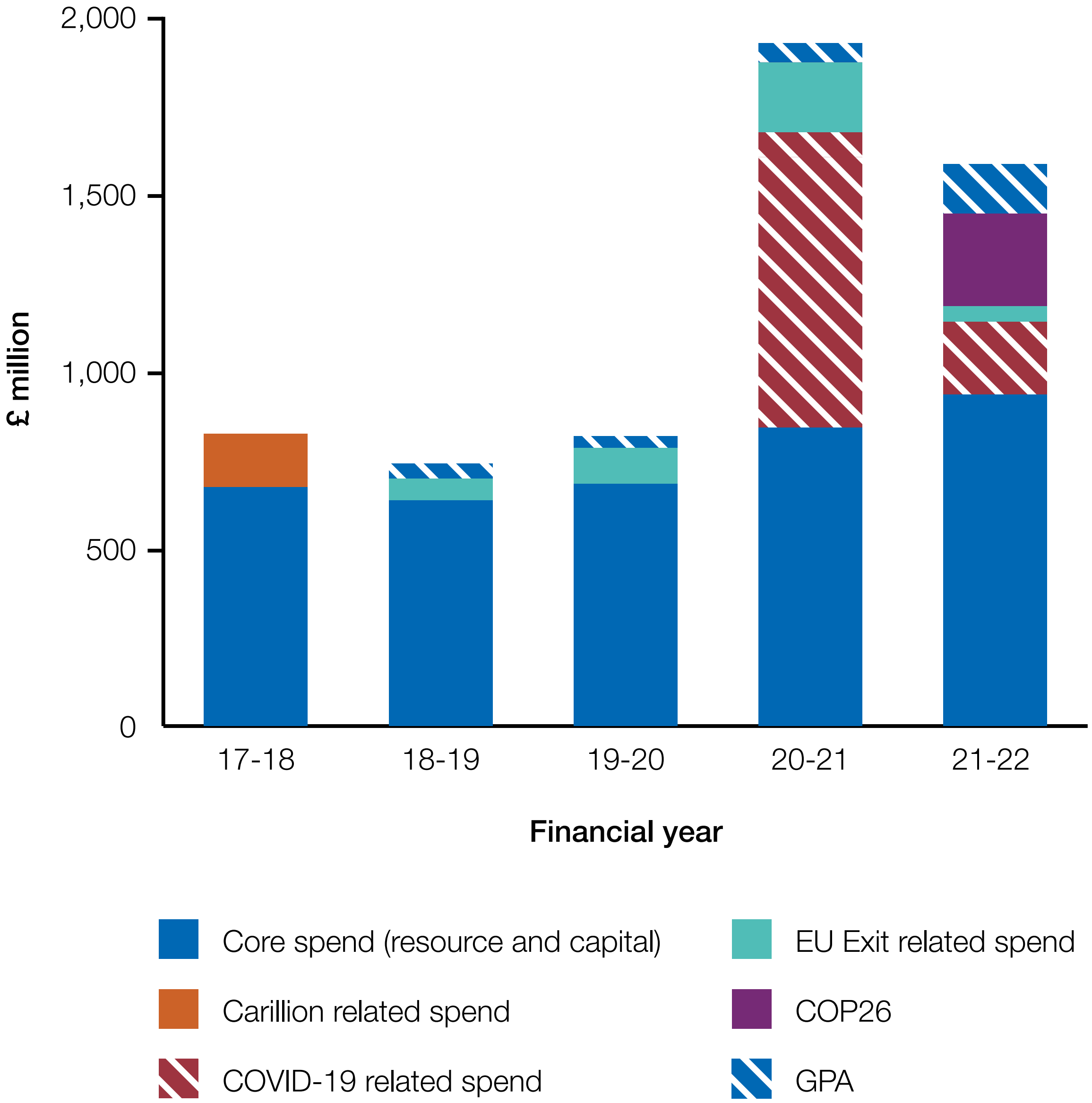
Group spend by outcome



Long term expenditure trends

Expenditure trends: from 2017-18 to 2021-22

Further detail on expenditure between 2017-18 and 2021-22 as well as plans for 2022-23 to 2024-25 can be found in annex A to this report.



Expenditure significantly increased in 2020-21 due to the initial response to the COVID-19 pandemic. It has reduced in comparison in 2021-22 but still remains higher than the pre-pandemic position. This is primarily driven by costs relating to the delivery of COP26 but is also reflective of the additional responsibilities the department has acquired across the longer term, with average headcount across the five year period continuing to grow to 10,535 in 2021-22 compared with 4,505 in 2017-18.

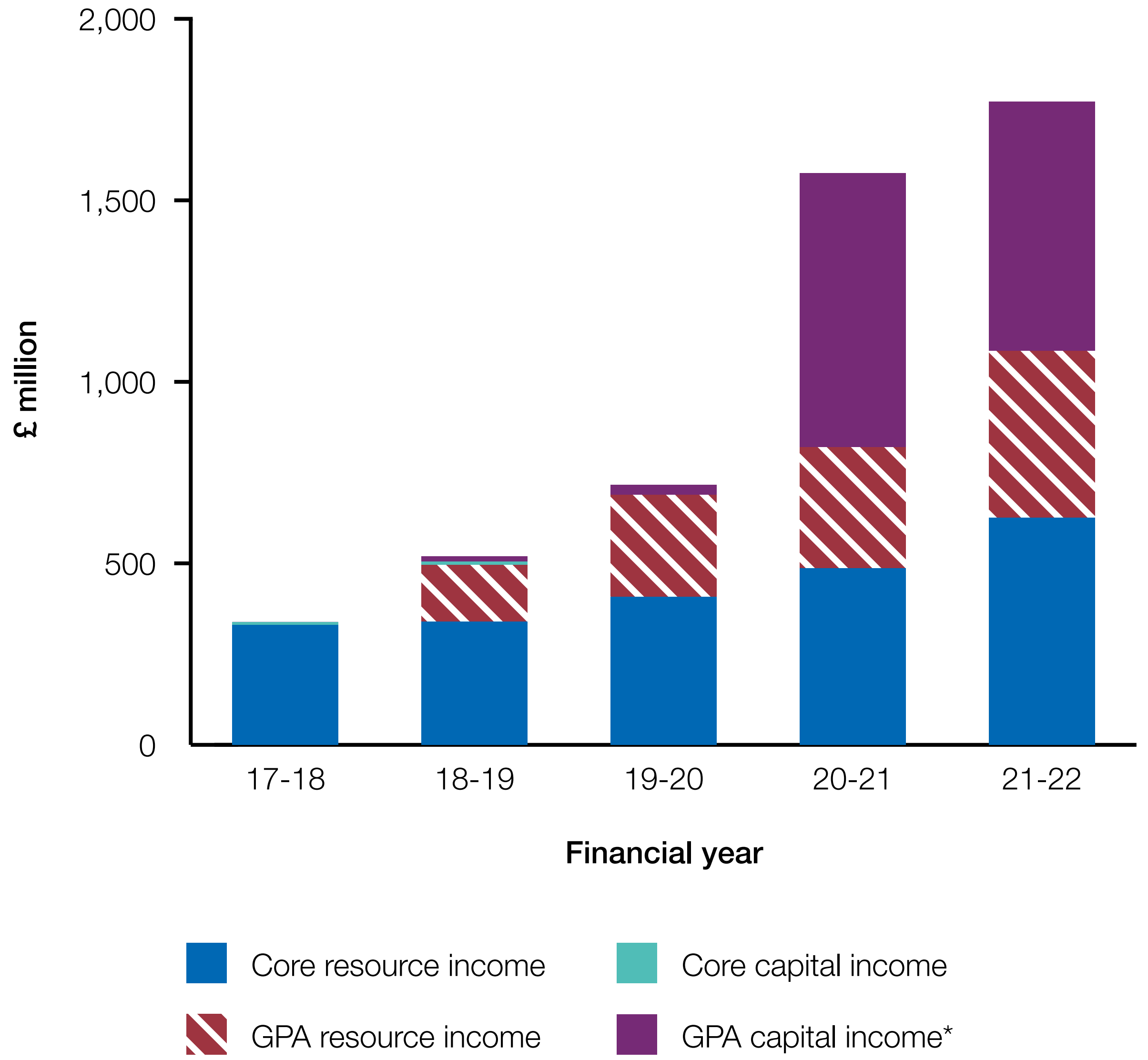
Significant events contributing to the overall growth of the department over the five year period include:

- **Collapse of Carillion:** In 2017-18, the government provided £150 million working capital to ensure the Official Receiver had sufficient liquidity to maintain public service continuity when managing the liquidation and to underwrite the costs of the Official Receiver. This working capital was provided through the Cabinet Office, leading to a significant increase in outturn for that year. We continue to monitor the return of this funding through the sale of assets.
- **Independent inquiries:** An independent public inquiry into the fire at Grenfell Tower was established in August 2017. The Phase 1 report was published in October 2019 and work for Phase 2 continues. Another independent public inquiry was established to examine the circumstance in which men, women and children treated by national health services in the UK were given infected blood and infected blood products, in particular since 1970. Both inquiries are funded through the Cabinet Office and publish their respective costs through their dedicated websites.
- **Government Property Agency (GPA):** In April 2018, Cabinet Office became home to a new executive agency, introducing a portfolio-led approach to managing central government property as a strategic asset. Since 2018-19, the GPA has gradually onboarded properties nationally, delivering an effective, fully integrated property management service across government.
- **UK's exit from the European Union:** Following the 2016 UK European membership referendum, spending relating to the UK's exit from the EU increased annually from 2018-19, in the lead up to the UK formally exiting the EU on 31 January 2020.
- **Response to the COVID-19 pandemic:** The COVID-19 pandemic led to an unprecedented increase in expenditure in 2020-21, largely due to the ventilator challenge programme and the cross-government COVID-19 communications campaign. The UK COVID-19 Inquiry has now been established to examine the UK's preparedness and response to the pandemic and to learn lessons for the future. The inquiry will be funded through the Cabinet Office.
- **Delivery of COP26:** The UK hosted COP26 in Glasgow from 31 October to 13 November 2021. The COP26 summit brought together almost 200 countries to commit to take action on climate change and forge the Glasgow Climate Pact.

In addition, the department now plays a wider role at the centre of government, coordinating delivery and driving change through the functional model. Cabinet Office houses a number of functions: commercial, communications, digital, human resources, project delivery, property and security. In recent years, all government fast streamers and commercial specialists have transferred to Cabinet Office headcount, with costs recovered from other government departments through a recharging model, contributing to a growth in overall income over the five year period.

This functional model ensures strong core functions at the centre of government, professionalising the Civil Service through improved decision making, cross-departmental working, organisational capability, efficiency, resilience and control.

Income trends: from 2017-18 to 2021-22



* A corresponding amount in income is recognised when properties are onboarded by the GPA. See note 1.20 of the financial statements.

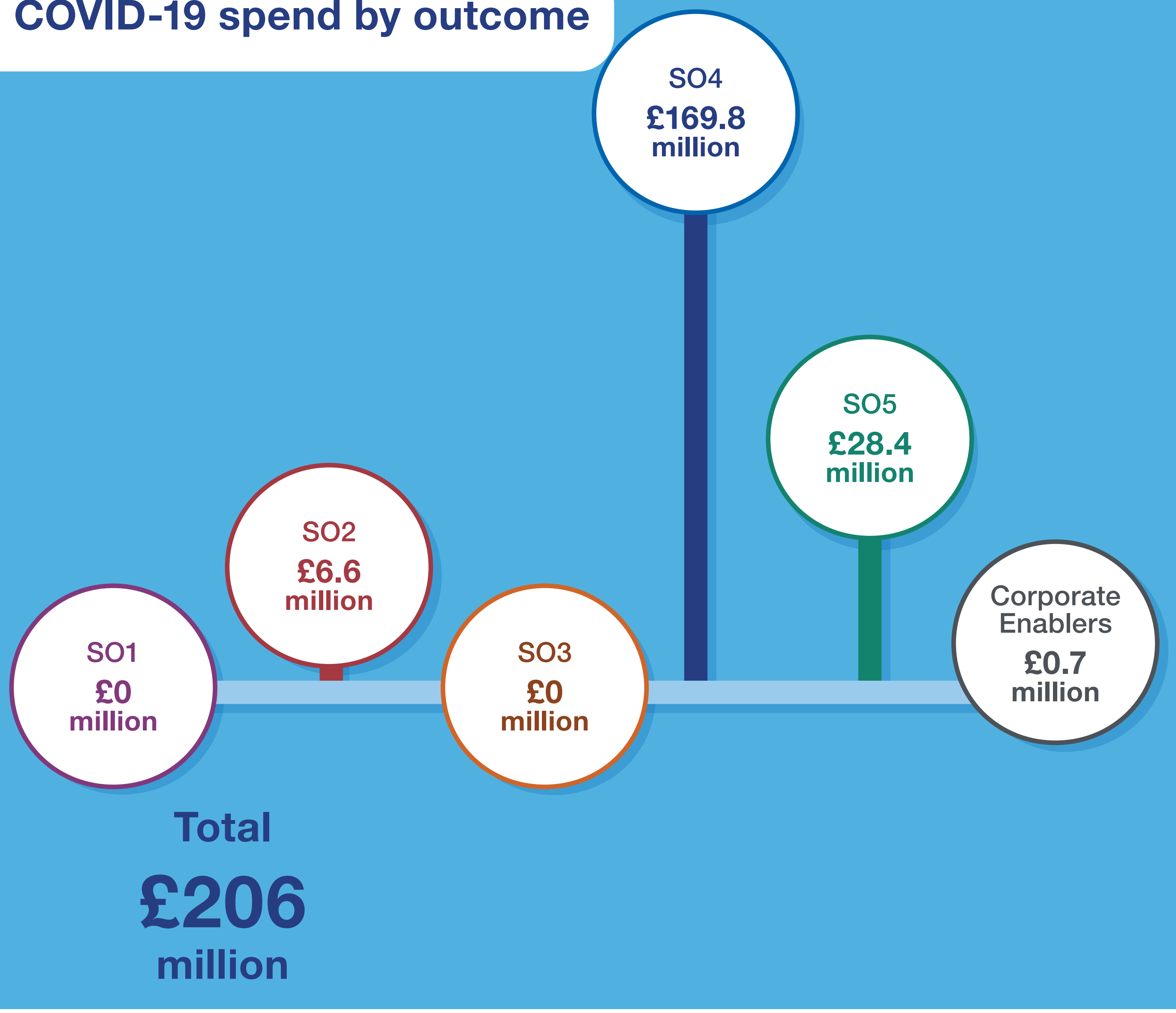
A number of policy areas have also been transferred to the Cabinet Office through machinery of government changes to provide leadership and focus to important areas such as Geospatial Commission in 2018-19, the Government Equalities Office and Office for Disability Issues in 2019-20, and the Border and Protocol Delivery Group in 2020-21. In 2021-22, the Cabinet Office took on responsibility for the GREAT campaign from the Department of International Trade and the Social Mobility Commission from the Department for Education.

Supporting the government response to COVID-19

The Cabinet Office has continued to lead the government response to COVID-19, driving central coordination through the COVID-19 Taskforce and delivering the cross-government COVID-19 communications campaign. While delivering against the department's individual strategic objectives, each part of the Cabinet Office has contributed towards the wider government objective to protect and support citizens across the UK setting out a clear roadmap to manage COVID-19.

Spend of £206 million on COVID-19 activities is significantly below spend in 2020-21 of £835 million. The spend on COVID-19 activities covers all parts of the department, however key projects are set out below:

COVID-19 spend by outcome



COVID-19 Taskforce

The COVID-19 Taskforce supported policy development and decision making through the COVID-19 spring 2021 response roadmap and supported the country through the four steps out of restrictions, the autumn and winter plan 2021 and the subsequent implementation of Plan B in response to the Omicron variant. Most recently, the taskforce published Living with COVID-19 in February 2022, this strategy sets out how the country can respond as the virus moves to an endemic state.

The taskforce has supported the government through the systematic reopening of sectors and activities to affect economic recovery, building on the achievements of the vaccination and booster programme while remaining prepared to respond swiftly to variants. Underpinning the work of the taskforce is its data-led and collaborative ethos, continually ensuring that policy interventions were targeted at supporting other government departments and external parties to prepare for potentially challenging scenarios, such as with the NHS and the adult social care sector ahead of winter pressures.

The taskforce was stood down on 31 March 2022 with ongoing management passing to the Department of Health and Social Care.

Government Communication Service

The cross-government COVID-19 communications campaign has been fundamental to the UK's response to the pandemic, preventing the spread of the virus and protecting lives and livelihoods. The COVID-19 communication hub within the Government Communication Service oversaw the overarching campaign, including Get Boosted Now, a high frequency communication push which helped to drive more than 9.5 million people in the UK to get their COVID-19 booster from September 2021 onwards. Cross-cutting campaigns have tackled COVID-19 mis/disinformation, supported the national expansion of testing and the roll-out of the furlough scheme, helped businesses to reopen their workplaces, kept schools open, and guided the public in learning to live with the virus. Government messages have reached 95% of adults on average 17 times a week, and the NHS COVID-19 app has been downloaded more than 23.8 million times.

The COVID-19 campaign was the biggest national communications campaign ever run from the Cabinet Office. Communications have maintained high levels of public engagement over the last two years, with more than 80% of people aware of key behaviours to keep safe and reduce transmission, and up to 82% saying they trusted information in the government's COVID-19 advertising.

National Security Secretariat

Continuing its support to the emergency response and emerging COVID-19 risks, the Civil Contingencies Secretariat's readiness and response team has mobilised collaboration between government departments and devolved administrations.

The COVID-19 death management programme, set up in the Civil Contingencies Secretariat in February 2020, has continued its work through this period, supporting policy and guidance development and additional legislative powers under the Coronavirus Act 2020. Working closely with other government departments, local authorities, local resilience forums and the devolved administrations, through the death management steering group, the team also led the programme management function reporting into the wider Cabinet Office COVID-19 Taskforce.

This programme concluded at the end of March 2022 and the conventional department-led process of engagement across the death management sector has been reinstated. As part of closure activities, a comprehensive lessons capture was carried out with stakeholders to ensure lessons are identified and learning is shared.

Fraud, Error, Debt and Grants

Providing expert advice and support, the Government Debt Management Function has ensured that debt recovery remains a key focus for any contentious and high-risk COVID-19 schemes. The function has led the development of a high-level civil recovery process to recoup mid-tier fraud debt using Crown Commercial Service frameworks, with recovery starting from April 2022. This activity will support the recovery of erroneous leisure and hospitality industry grants via Indesser.

The COVID-19 fraud response team continued to operate in 2021-22 to help understand, find, detect and prevent fraud within the COVID-19 support schemes. The efforts of the overall response have had an audited impact of £83 million.

Several opportunities to improve the detection and prevention of fraud in high risk areas were identified through expanding the use of data and analytics. The Bounce Back Loans Service Fraud Analytics Programme detected £55 million in fraudulent activity in this high risk area using government data and deploying new capabilities. By using network analytics and operationalising controls, companies were prevented from dissolving with outstanding COVID-19 loans resulting in the overall recovery of £66 million in fraudulent or erroneous loan payments.

The Government Counter Fraud Function also ran a centralised intelligence service, including the COVID-19 Fraud Hotline with Crimestoppers; 1,948 reports were received through Crimestoppers. As a result, action was taken to remove fraudulent websites and phone numbers, and running three publicity campaigns to warn the public of the threat of fraud linked to vaccination and COVID-19 pass schemes.

Providing central oversight of all government COVID-19 grant spend, the Government Grant Management Function supported the identification of cross-cutting risks, issues and duplication, deploying experts in grants and fraud risk to 33 high-risk schemes, and mitigating delivery risks on around £18.4 billion of COVID-19 funding. Using the learning from its COVID-19 response, the function developed guidance for departments on grant making in an emergency situation.

Launched in April 2020, the automated due diligence tool Spotlight has been integral in supporting COVID-19 grants to make data-led decisions at pace. Premium checks were integrated into Spotlight to target irregularities in COVID-19 schemes, these included financial viability and scoring, ownership structures, linking directors and the UK sanctions list, Bounce Back Loan Scheme fraudsters, and bank verification to stop mandate fraud. As a result, Spotlight has led to delivery of £16.3 million in cashable savings for COVID-19 schemes, with over 280 local authorities actively using the tool.

Fraud and error analysis on COVID-19 government support schemes

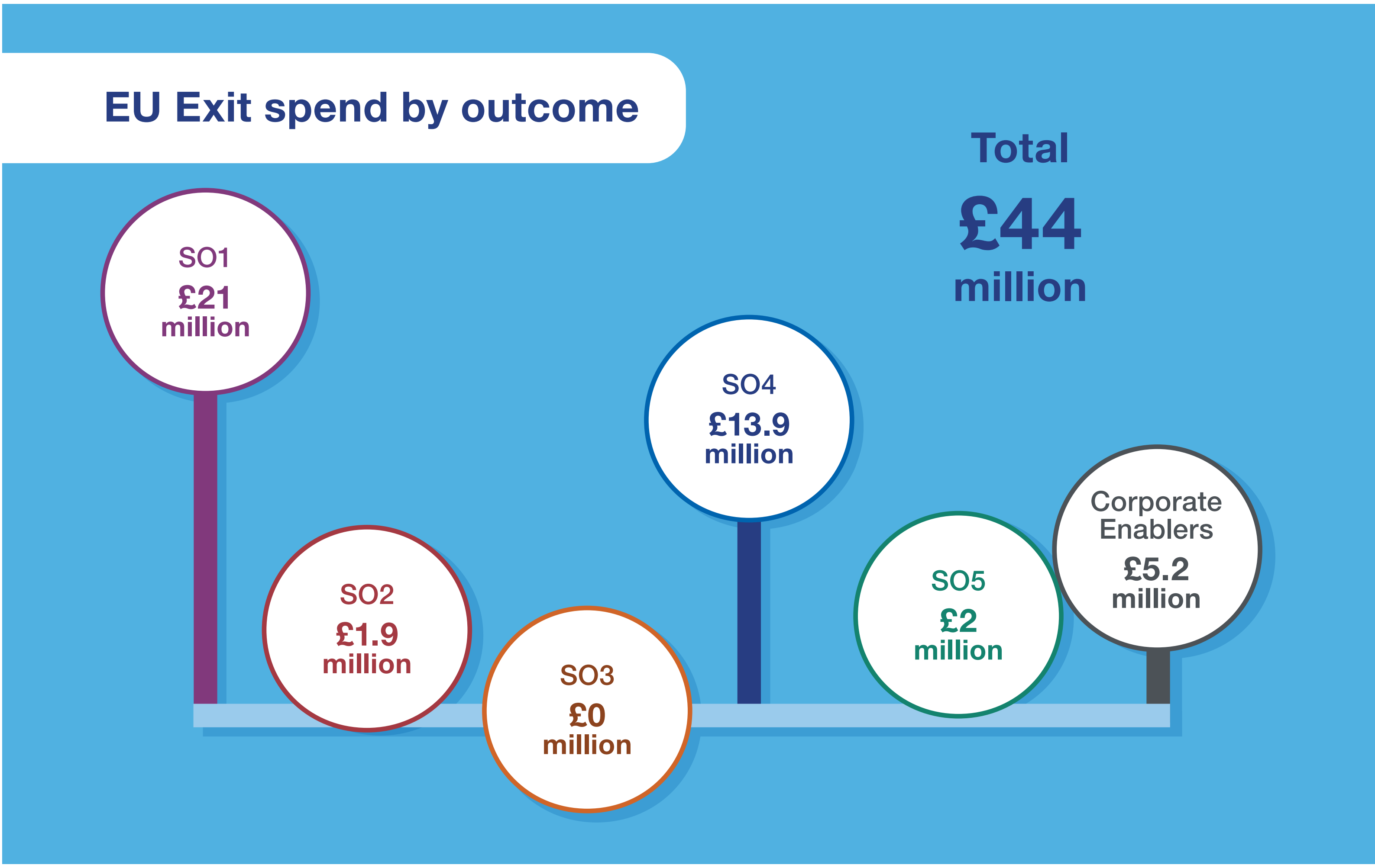
In 2021-22 the Cabinet Office did not administer any COVID-19 support schemes.

The department worked with the Fraud, Error, Debt and Grants team to carry out a post event assurance exercise across all COVID-19 spend areas to ensure that the risks of internal and external fraud were minimised. The activity detected low levels of fraud risk but nevertheless identified actions to strengthen controls which were collated into a post event assurance action plan. By September 2021, the department closed down and delivered all actions.

Government Security Group

Prioritising interventions to help with the COVID-19 response, the government security centres successfully delivered almost 200 physical security site assessments and supported the security of COVID-19 vaccination sites. In addition, the cyber security centre provided assurance for IT systems set up at pace during the pandemic to maintain vital flows of information.

Supporting the rest of government to continue essential operations during the various lockdowns, GSG delivered and oversaw the cross-government SECRET IT service, known as Rosa, with extensive rollout of secure laptops and training to support home working during COVID-19.



Outcome 1: Seize the opportunities of EU Exit

The Cabinet Office spent a total £44 million against a £48 million ring-fenced budget from HM Treasury for EU Exit activities. The underspend against ring-fenced funding largely relates to lower than expected UK Transition campaign costs.

In addition to ring-fenced funding, EU Exit initiatives were funded from the core settlement. Overall the department spent a total £59 million to support outcome 1, to seize the opportunities of EU Exit.

Borders, Trade and Brexit Opportunities Unit

The Borders, Trade and Brexit Opportunities Unit was created through the joining of parts of the Border and Protocol Delivery Group and the Trade and Brexit Opportunities Group in January 2022 to better support delivery of the Prime Minister's priority of seizing opportunities associated with leaving the EU. The key deliverables for 2021-22 are as follows.

The border teams support delivery of our ambition for the world's most effective border, most notably this year through the smooth introduction of border checks in January 2022 with minimal disruption. Engagement was a key factor in this success and the team delivered a series of webinars and industry days for EU and UK traders covering a range of topics relating to new rules and procedures. They also ran 10 'industry days' for EU traders between September and November 2021, jointly organised with UK diplomatic posts. Over 4,400 people registered for updates, with 2,500 participants attending events over the course of the programme and over 1,800 views of the recorded events on YouTube.

The Brexit Opportunities unit identifies and exploits regulatory and other opportunities from EU Exit, working closely with other government departments to drive policy development and delivery. Working with the Department for Business, Energy and Industrial Strategy, the unit has consulted on reforming the better regulation framework, and published 'The benefits of Brexit' paper. The unit has also mapped the status and substance of retained EU law.

Activities supporting the objective to seize the opportunities of EU Exit take place across a number of areas of the Cabinet Office, which are outlined as follows:

Government Communication Service (Outcome 4)

The Government Communication Service coordinated and delivered the cross-government campaign to raise public and business awareness of changes at the end of the transition period, thereby minimising disruption to the UK economy. The UK Transition campaign drove key audiences to take action, including:

- UK nationals living in the EU protecting their residency and healthcare rights under the withdrawal agreement
- businesses preparing for the introduction of import controls and the end of grace periods
- UK travellers renewing their passports before travelling to and from the EU
- Northern Ireland and GB-based businesses adapting to changes in trade across the Irish Sea arising from the Northern Ireland Protocol

A total of £8.3 million was spent on the UK Transition campaign, with key messages reaching 99.7% of UK adults up to 29.9 times per week.

Insights show that more than 49 million visits to all EU Exit content on GOV.UK took place during the UK Transition campaign, with 51% of people who searched for information about EU Exit on GOV.UK doing so because of government advertising. By the end of the transition period, 81% of small and medium-sized enterprises recalled the campaign, with half saying they had taken action as a result. The central transition communication hub was stood down on 31 March 2022.

Government Digital Service (Outcome 4)

GOV.UK continued to be the digital home for EU Exit information and services both during and following the transition period.

The Brexit Checker tool was developed to give users personalised actions to ensure they understood all relevant changes to rules and regulations, it was viewed 5.6 million times since its launch. In response to declining usage, the Government Digital Service (GDS) retired the tool in late 2021, GDS is now working with policy teams across the Cabinet Office to develop a new EU Exit homepage.

Government Commercial Function (Outcome 4)

The UK's exit from the EU provided an opportunity to develop and implement a new procurement regime. This will enable the government to create a simpler and significantly more transparent system that reduces costs for business and the public sector alike as well as supporting the levelling up agenda.

Following extensive public consultation and stakeholder engagement, the commercial policy team has been working to bring forward legislative proposals to establish the new regime, which will deliver value for money through a range of benefits and improvements to public procurement, including:

- creating a simpler and more flexible, public procurement system that better meets our country's needs while remaining compliant with our international obligations
- opening up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts
- embedding transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised

Corporate enablers

Corporate services teams have played a key role in supporting the department's EU Exit activities. The EU Exit expenditure for the corporate enablers in 2021-22 largely relates to the centrally funded legal services used by teams across the department, and the support and advice provided by the Priority Projects team for EU Exit projects across the department.

Outcome 2: Secure a safe, prosperous and resilient United Kingdom

Government Security Group

GSG successfully launched the Government Cyber Security Strategy in January 2022. There are five objectives directing the strategy:

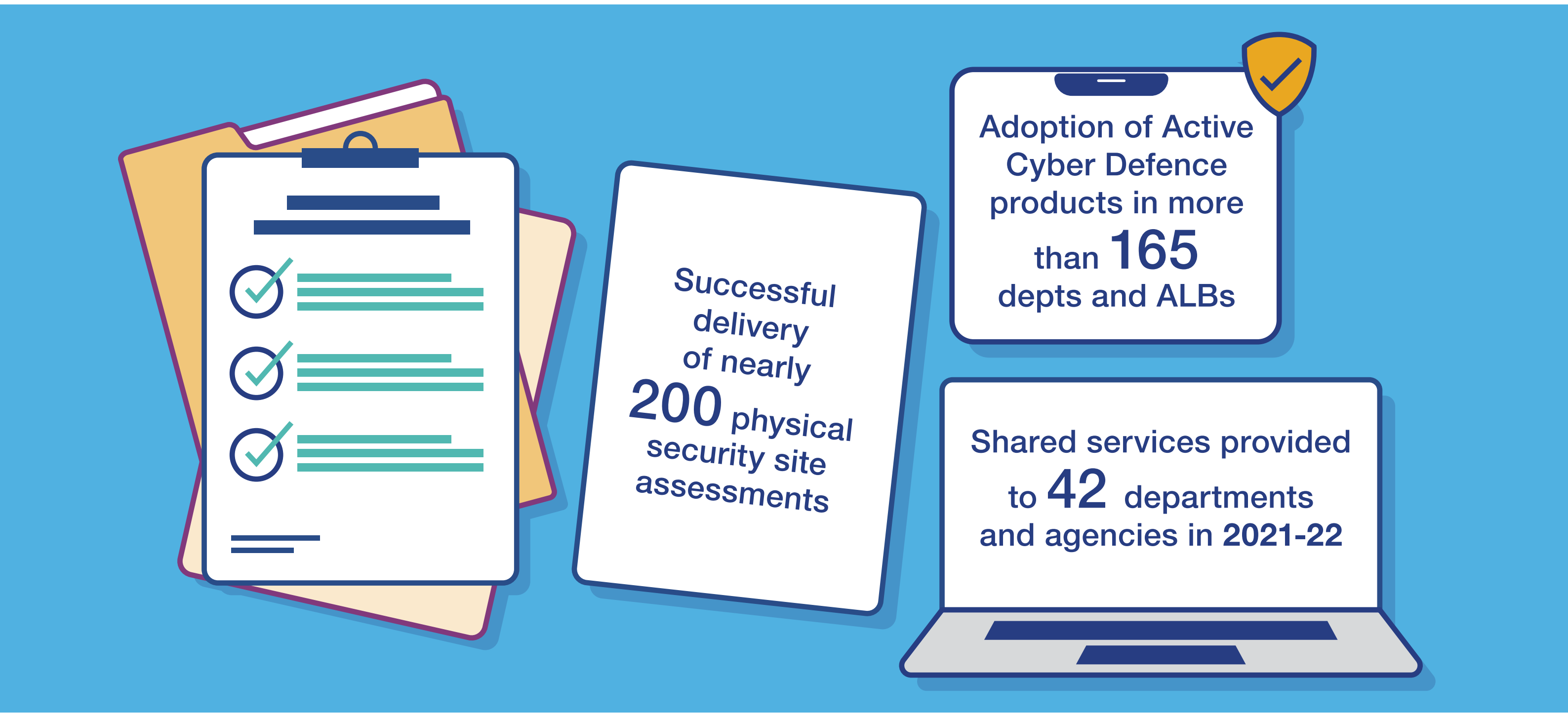
- manage cyber risk
- protect against cyberattack
- detect cyber security events
- minimise the impact of cyber incidents
- develop the right cyber security skills, knowledge and culture

Key initiatives set out in the strategy include all public organisations adopting the National Cyber Security Centre's cyber assessment framework, 'Cyber GovAssure', and establishing the Government Cyber Coordination Centre to harness the value of sharing data, expertise and capabilities.

In 2021-22, GSG established five government security centres which are now delivering shared services to 42 departments and agencies. Significant achievements include successful delivery of nearly 200 physical security site assessments, assisting departments with identifying protective physical and personnel security measures for critical assets, and adoption of Active Cyber Defence products in more than 165 departments and arm's length bodies.

UK Security Vetting introduced and established a new national security vetting level, the accreditation check with 30,000 applications processed since its launch.

GSG has continued to develop the security function this year. A new security health check was successfully launched as part of annual departmental assurance activities, providing assurance against the government security standard 007 for the first time.



The function is committed to building professional capabilities and has delivered a number of cyber apprenticeship places (50 places), enrolled colleagues onto a cyber centralised learning pilot (212 places filled) and launched the cyber fast stream (18 places bid for and filled). Additionally, a new pilot leadership development programme, Secure Leaders, for Grade 6 and Grade 7 security professionals was launched this year.

National Security Secretariat

This year, the National Security Secretariat has focused on three interlinked objectives:

- supporting the National Security Council
- coordinating government responses to global events and crises
- delivering the ambitions of the Integrated Review of Security, Defence, Development and Foreign Policy

It has also provided support to the Prime Minister, other ministers, the Cabinet Secretary and Head of the Civil Service, and the Permanent Secretary and Chief Operating Officer of the Civil Service.

The National Security Secretariat has continued to function as the primary forum for ministerial discussion and collective agreement on issues related to national security. The creation of the new national security ministers forum has also improved the government's capacity to respond to the changing global context.

The past year has seen a number of significant global and domestic events where the National Security Secretariat has played a central co-ordination role for the government. Notable events included the UK hosting the G7 and COP26, the withdrawal from Afghanistan, the Russian invasion of Ukraine, and the historic AUKUS agreement. The launch of the new National Situation Centre in 2021 and the associated improvements to crisis facilities, including enhancements to the Cabinet Office briefing rooms (COBR), was another important milestone in improving National Security Secretariat (and wider Cabinet Office) capabilities.

Since the publication of the Integrated Review in March 2021, the National Security Secretariat has led the establishment of both the structures and practices required across government to ensure that the strategy is implemented. This included setting up a new strategy unit to oversee this work and ensure that the Integrated Review is delivered in line with the Prime Minister's ambition.

Outcome 3: Improve levels of equality across the UK

The Equality Hub

The Equality Hub brings together the Disability Unit, the Government Equalities Office and the Race Disparity Unit. In 2021, the Social Mobility Commission joined the Equality Hub and a new chair, Katherine Birbalsingh, was appointed.

The hub supported women's economic empowerment post-pandemic through a package of measures to help close salary gaps and increase the numbers of women returning to careers in science, technology, engineering and mathematics. The hub supports the FTSE Women Leaders Review to increase diverse leadership in the UK's top companies. The recent report shows that significant progress was made in 2021, with almost 40% of UK FTSE 100 board positions being held by women, putting the UK second in international rankings for board representation. As part of the Tackling Violence Against Women and Girls Strategy, the hub published the government's response to the 2019 consultation on sexual harassment in the workplace, including committing to a new package of measures to help strengthen protections for those affected by harassment at work.

The government's response to the Commission on Race and Ethnic Disparities report, 'Inclusive Britain', was published in March 2022. It sets out a cross-government action plan to tackle ethnic disparities and to build a fairer, more inclusive country for all. The Minister of State for Equalities published a series of reports looking in-depth at the impact of COVID-19 on ethnic minority groups. The final report was published in December 2021 and made a number of recommendations which the Prime Minister accepted in full.

The Disability Unit is overseeing work across government to improve the lives of disabled people. The unit has supported a Private Members' bill on British Sign Language, launched a consultation on disability workforce reporting, launched a programme of disability and access ambassadors, and created a taskforce to improve disability organisations' access to government contracts. It has also monitored the impact of COVID-19 on people with disabilities to ensure their needs are considered in the recovery from COVID-19.

The Equality Hub is involved in a number of activities to support LGBT rights. It ran a public consultation on proposals to ban conversion therapy. The responses will inform the process of developing legislation. The fee for applying for a gender recognition certificate was reduced to £5, and the digital application process is due to launch later in 2022.

Outcome 4: Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions

Civil Service Modernisation and Reform

The Modernisation and Reform Unit aims to renew and rewire government and the Civil Service, so that they are better able to deliver outcomes for the public.

The Declaration on Government Reform was agreed at a joint cabinet meeting of ministers and permanent secretaries and endorsed by the Prime Minister on 15 June 2021. The declaration was accompanied by the launch of a renewed, internal vision for A Modern Civil Service, through which we are communicating the aims and ambitions of the declaration, and engaging staff in change.

Results from the latest People Survey show that across the Civil Service there is 57% awareness and 39% understanding of the Modern Civil Service vision. Although this is a significant number of civil servants, we know we have more work to do to increase this awareness and understanding.

The Modernisation and Reform Unit has brought together a group of reform champions, a network of over 2,000 civil servants who are passionate about changing the way government operates. Reform champions work across traditional boundaries to bring about change by sharing ideas, taking part in 'hacks' to unlock problems and promoting reform best practice.

In April 2021, the Evaluation Taskforce, a joint unit, was launched with HM Treasury to put evidence at the heart of decision making and support government departments to design and deliver robust impact evaluations. Advice has so far been provided on 151 programmes at a total value of £35.1 billion. The Evaluation Taskforce played a crucial role ensuring evidence informed spending decisions by providing advice on evidence and evaluation plans underpinning business cases during the Spending Review and will enforce evaluation settlement conditions. To encourage good practice and transparency, the Evaluation Taskforce has showcased robust government evaluations on GOV.UK and hosted the Policy that Works Conference which had over 2,200 civil servant registrations.

Public Bodies Reform Programme

Necessary public bodies deliver important public services across the UK. The cost and headcount of arm's length bodies is now over £220 billion and 300,000 employees. While the pandemic and our recovery from it has seen some examples of excellence, such as the roll-out of vaccines by the National Health Service, there have also been examples of poor performance. That is why the government launched the HM Treasury and Cabinet Office Public Bodies Reform Programme in 2021 – its vision is for necessary, accountable, efficient and effective public bodies. To date the programme has:

- commenced a new series of public body reviews. Around 120 reviews will take place over the next three years to ensure those bodies are necessary, accountable, efficient and effective
- published a new Sponsorship Code, which sets the principles for good sponsorship of

public bodies. Departments will self report their performance against the code, driving up the capability of sponsors

- set new standards for the appraisal of board members – as performance management and development is important regardless of seniority

Functional Strategy, Controls and Reform

The Functional Strategy, Controls and Reform team oversaw progress on the implementation of reform plans for each of the functions, including implementation of 100 recommendations made by Lord Maude. The majority of these have been successfully completed/implemented as business as usual, and are transferring to existing governance forums in 2022-23.

Reforms led directly by the team included the implementation of new spending controls for consultancy, professional services and contingent labour use across central government, and the development and publication of £3.4 billion of efficiency savings delivered by government.

The published suite of functional standards was mandated for use across central government in September 2021, including functions such as project delivery, commercial and finance. The standards, available on GOV.UK, set consistent expectations for managing functions and the undertaking of functional work in departments and arm's length bodies. They support coherent ways of working, assurance, risk management, capability building and continuous improvement.

Central Digital and Data Office (CDDO)

CDDO was set up in April 2021 to lead the digital, data and technology function across government.

Since its inception, CDDO has established clear and collaborative governance, including its new Digital and Data Board which engages permanent secretaries in the digital agenda. A series of key hires have been made, including the appointment of a chief technology officer and a chief data officer, who in turn have convened councils of their peers from across government. Quarterly business reviews engage departments at a senior level, supporting their top challenges and priorities. CDDO is also developing a consistent view of the costs and risks of legacy systems through the roll-out of a common legacy IT framework.

To support modern and secure technology, CDDO has worked with GSG and others to deliver the Government Cyber Security Strategy, including plans to deliver a 'secure by design' framework to help teams deliver the requisite security and resilience needed for their services and technology.

CDDO leads the transformation of how the government manages, uses and shares data so that it is joined up, reliable, trusted and high quality. In support of this, it has published the fifth National Action Plan for Open Government and the algorithmic transparency standard, as well as standards and frameworks for data sharing across government, supported by the publication of the Data Standards Authority Strategy.

Driving the development of digital skills at scale, CDDO has onboarded and supported the first cohort of No.10 innovation fellows and, together with the Office for National Statistics, delivered the data science capability framework. Communities have also been supported: in September 2021, the first ever cross-government DataConnect21 event had more than 6,000 registrations for over 80 sessions, and Services Week saw 3,000 people from across 37 government organisations hosted by CDDO.

Government Communication Service

The Government Communication Service supports the government's priorities, improves people's lives and enables the effective operation of our public services.

Together for our Planet campaign

Launched in November 2020, the Together for our Planet campaign aimed to build green momentum in the lead-up to COP26 in Glasgow in November 2021. The campaign joined up government communications on climate change and encouraged the UK public and businesses to go 'one step greener'. As a result, public awareness of the UK hosting COP26 rose from 52% to 95%. The campaign included a COP26 schools pack circulated to 30,000 schools to engage students in climate action, a toolkit for MPs, mayors and local authorities to engage their constituents in COP26, a business-facing initiative signed by 2,437 small and medium-sized enterprises encouraging emission-cutting commitments, and the stories of 26 'one step greener' ambassadors from across the UK who are taking green steps in their everyday lives. Over 100 partners supported the campaign, with 390 million impressions of #OneStepGreener on social media.

GREAT campaign

GREAT is the UK government's flagship international marketing and branding programme, designed to promote trade, investment, tourism and education. This cross-government campaign is used by 22 different public sector organisations and has generated more than £4.5 billion worth of economic activity and investment for the UK since its launch in 2011. In June 2021, the GREAT campaign was refreshed with branding refocused on the UK's distinctive edge as a diverse, innovative and collaborative nation, as Global Britain took centre stage at the G7 and COP26 summits. The revitalised campaign reached people in over 145 countries across the globe, showcasing the very best of British in everything from science and technology to sustainability, culture and creativity.

Government Commercial Function

In June 2021, the Government Commercial Function introduced a world leading procurement policy to bring suppliers' net zero commitments into the commercial process for the first time. The procurement policy note, PPN 06/21 came into effect in September and required suppliers bidding for major government contracts to publish their net zero commitments and carbon footprint or face deselection from the procurement process. The measure has been widely supported by industry, and adoption has been strong, with procurements valued at over £85 billion applying the measure since September 2021.

The sourcing team have, alongside the Government Consulting Hub, published the Consultancy Playbook in May 2021, which provides commercial best practice on how to commission and engage with consultants more effectively, achieve better outcomes, value for money, and improve Civil Service capability through the transfer of knowledge and skills.

The team also published the Digital, Data and Technology Playbook in March 2022. This document sets out key policies and guidance for how digital projects and programmes are assessed, procured and delivered.

The team interacts frequently with Government Commercial Organisation colleagues across departments, cascading best practice via a series of awareness-level training sessions (referred to as 'knowledge drops') and offering expert project support (referred to as 'on the shoulder support') to procurement teams and practitioners facing specific outsourcing challenges.

The complex transactions team has worked on 134 engagements providing commercial expertise to departments on significant programmes such as the New Hospitals Programme, the Northern Ireland Troubles victims payment scheme, Building Digital UK and the Emergency Services Network.

Civil Service HR (CSHR)

A key objective of the government's reform agenda is increasing the interchange of skills, people and knowledge between the Civil Service and other sectors, driving innovation and improvements in delivering outcomes for UK citizens. CSHR established a secondments unit to drive this interchange, ensuring an ongoing pipeline of high-impact inward and outward secondments.

Employers across sectors, including the UK's largest organisations, responded very positively to the invitation to collaborate on this, with mutual benefits from cross-fertilisation of ideas, capability building and talent development. The unit also worked with departments on an ambitious recruitment strategy to fill a far greater number of roles with external candidates.

Through the campus and curriculum programme, CSHR is transforming induction and refining the curriculum, which includes the development of professional capability frameworks and targeted training. This year, the fast stream maintained its position, externally recognised as the number one graduate employer (the Times Top 100 Graduate Employer listing) in 2021, 1,079 job offers across 15 schemes were made. Fast streamers benefited from an improved induction and core curriculum, including a digital and data accelerator.

Building and improving capability and skills in the Civil Service is a key element of the government reform agenda and CSHR has been looking into ways of ensuring that the Civil Service has the skills it needs to run efficiently and effectively to deliver better outcomes for citizens. Part of this has involved testing, through a series of pilots, a new capability-based pay progression system for the senior civil service, which will incentivise and reward individuals' development of capability and depth of expertise in post.

CSHR published the Civil Service Diversity and Inclusion Strategy (2022-25) aligned to the Declaration on Government Reform commitments, setting a Civil Service diversity and inclusion vision and strategy better promoting fairness and performance, which is integral to the delivery of a modern Civil Service, reflecting the country we serve, creating opportunities around the UK, finding new ways to solve problems and improve people's lives, achieving excellence in public service delivery, and making it easy to collaborate and provide a seamless experience for the public.

The HR functional standard was strengthened and a final version was published in August 2021. The standard sets expectations for the leadership and management of human resources across government, ensuring people are recruited, developed and deployed to meet the government's needs. CSHR is developing an assessment framework to measure departmental compliance against the standard.

Fraud, Error, Debt and Grants

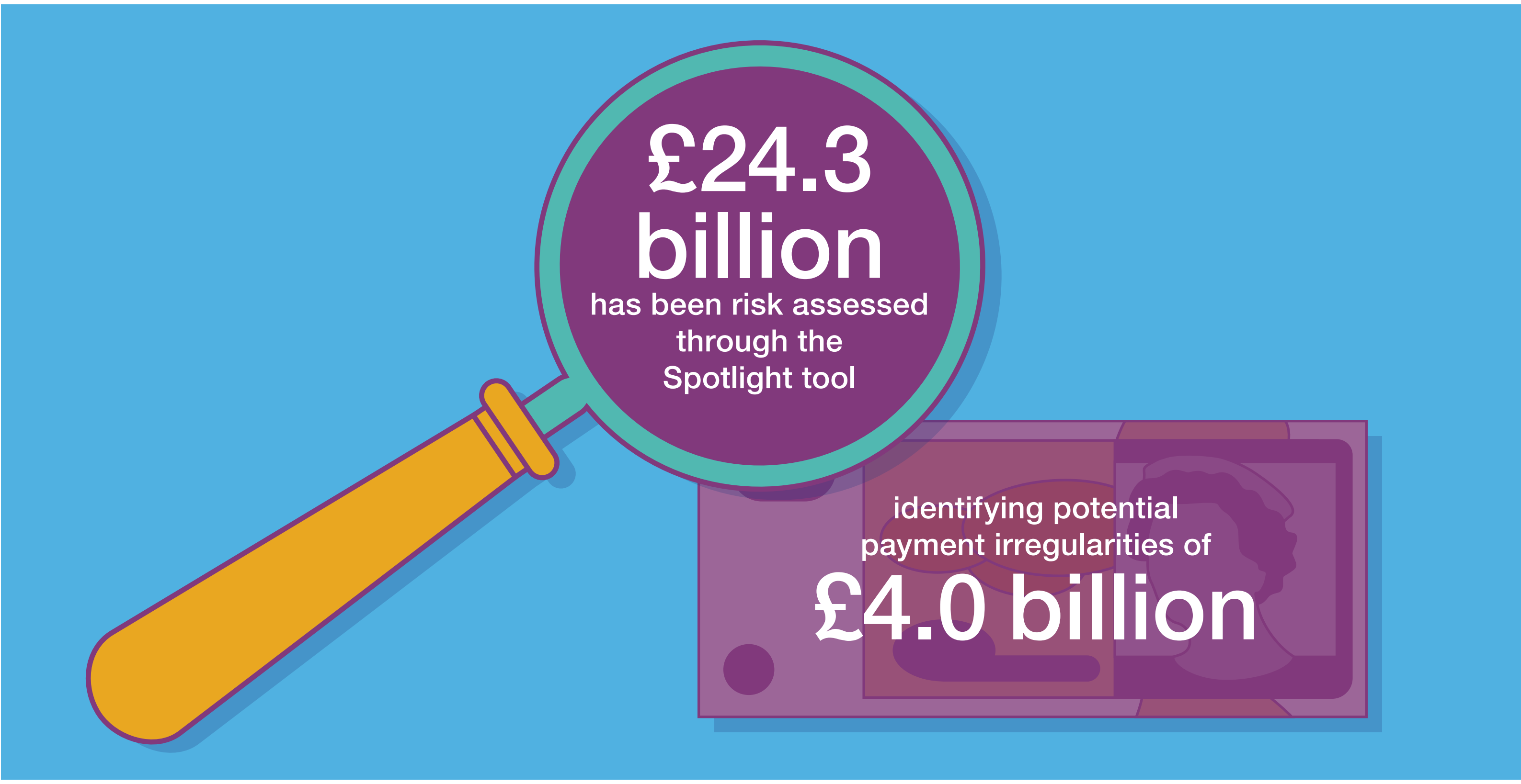
The Government Counter Fraud Function (GCFF) has continued to find and stop fraud. Outside of tax and welfare, the latest reporting in 2021-22 from data services run by the centre highlighted £397 million of prevented and detected fraud and error.

The GCFF has continued to grow, providing a professional structure for those who work to fight fraud, with 7,000 individuals now members across a range of organisations including HM Revenue and Customs, the Department for Work and Pensions, the Serious Fraud Office and local government.

Departmental compliance against the counter fraud functional standards remains constant, with 123 organisations using them and core departments demonstrating 90% compliance. A revised assessment framework is being developed to support departmental assurance activities in line with counter fraud functional standards, to be launched in 2023.

The Government Debt Management Function (GDMF) builds and delivers products, services and policies that focus on getting people out of debt, not debt out of people. This year, the GDMF published the public sector vulnerability toolkit, to enable government organisations to consistently identify and support vulnerable individuals. This toolkit underpins the debt functional standard and the Department for Levelling Up, Housing and Communities guidelines for council tax recovery.

The debt functional standard, which sets expectations for those managing debt owed to government, was updated and published in July 2021 on GOV.UK. The updated standard now includes a section on managing debt during a national crisis. The GDMF assessed



departmental maturity against the standard and will continue to monitor progress.

The Government Grants Management Function (GGMF) has supported government to maximise outcomes and reduce delivery risk in over £34 billion high-risk and complex grants.

In 2021-22, the function delivered between £70.4 million and £140.7 million in improved value for money benefits.

The successful introduction of the grants pipeline control in April 2021 has ensured early visibility of all grants in development across government. This has enabled accelerated provision of the expert advice of the complex grants advice panel to over £25.6 billion of the highest risk schemes. The GGMF has established a new functional blueprint and provides expert services to departments in areas of lowest grant making maturity, which includes expert business partnering, counter fraud and risk assessment, and access to digital tools such as Spotlight, government's online automated due-diligence tool. To date, £24.3 billion has been risk assessed through Spotlight, preventing potential payment irregularities of £4 billion.

The GGMF has also developed a digital 'find a grant' service which is being piloted, initially across not-for-profit organisations and small and medium-sized enterprises, to enable simpler, fairer and faster access to government grants.

Government Business Services

Government Business Services supports the modernisation of the Civil Service, by increasing efficiency in back office systems and services, enabling civil servants to focus on their roles, and improving workforce and finance data across government.

In addition, it leads the operation of central services to departments and functions and delivers benefits through economies of scale, standardisation and interoperability support.

Government Business Services has supported the ministerial reform agenda through leading the implementation of the Shared Services Strategy for Government. A Spending Review settlement of £300 million has been secured over the next three years to deliver the work streams set out in the strategy which include:

- creating five shared services centres, of which three are live and the remainder in progress
- commercial and data convergence
- process transformation
- focus on quality and performance

The Government Recruitment Service, covering around 70% of Civil Service recruitment by volume, handled a 28% year-on-year increase in posts advertised. Over 1.5 million job applications were managed by the Government Recruitment Service.

The pensions directorate manages the contracts for the administration of the Civil Service Pension Scheme (CSPS) and the Royal Mail Statutory Pension Scheme (RMSPS). The CSPS provides pension benefits for circa 1.6 million current and former civil servants, and the RMSPS provides pre-April 2012 pension benefits for circa 600,000 current and former Royal Mail staff. The total pension liabilities for CSPS and RMSPS as at 31 March 2022 is £342 billion and £51 billion respectively.

The directorate is currently managing two large programmes in the Government Major Projects Portfolio (GMPP), namely the 2015 Remedy Programme and the Future Services Programme.

The 2015 Remedy Programme is designed to fix the unintentional discrimination caused by public sector pension reforms in 2015, and affects circa 420,000 members of the CSPS. The pre-2015 schemes closed to future service on 31 March 2022, and circa 45,000 members who were still in these schemes moved to alpha (the scheme open to current civil servants). The next stage of the remedy, which needs to be in place by 1 October 2023, is to offer affected members a choice of their benefits for the 2015-22 period.

The Future Services Programme will reprocure the administration for the CSPS and RMSPS for the period 2025-2035, with a focus on significantly improving member experience and reducing costs compared with the existing contracts. The procurement element of the Future Services Programme was launched in February 2022, and is expected to run for a year. The contracts will be awarded to the successful bidders in 2023.

Government Digital Service (GDS)

Throughout the year, GDS supported departments to meet user needs by providing digital services, tools and platforms and collaborated across government to respond to COVID-19. Over 173 million people visited the 'registering COVID-19 results' service, and over 2 million completed the business support tool. The accessibility and mobile usability of GOV.UK's homepage was improved and more recently, GDS helped establish a digital hub for critical Ukraine information.

The One Login for Government programme – aimed at making it easier for more people to access government services online – has been prioritised and progressed this year. The programme's first deliverable, a single sign-on platform which enables users to login and be authenticated, went live in October 2021. A high-level technical architecture has been designed and the first service, the Disclosure and Barring Service's basic check, was on-boarded to the identity assurance part of the system in June 2022.

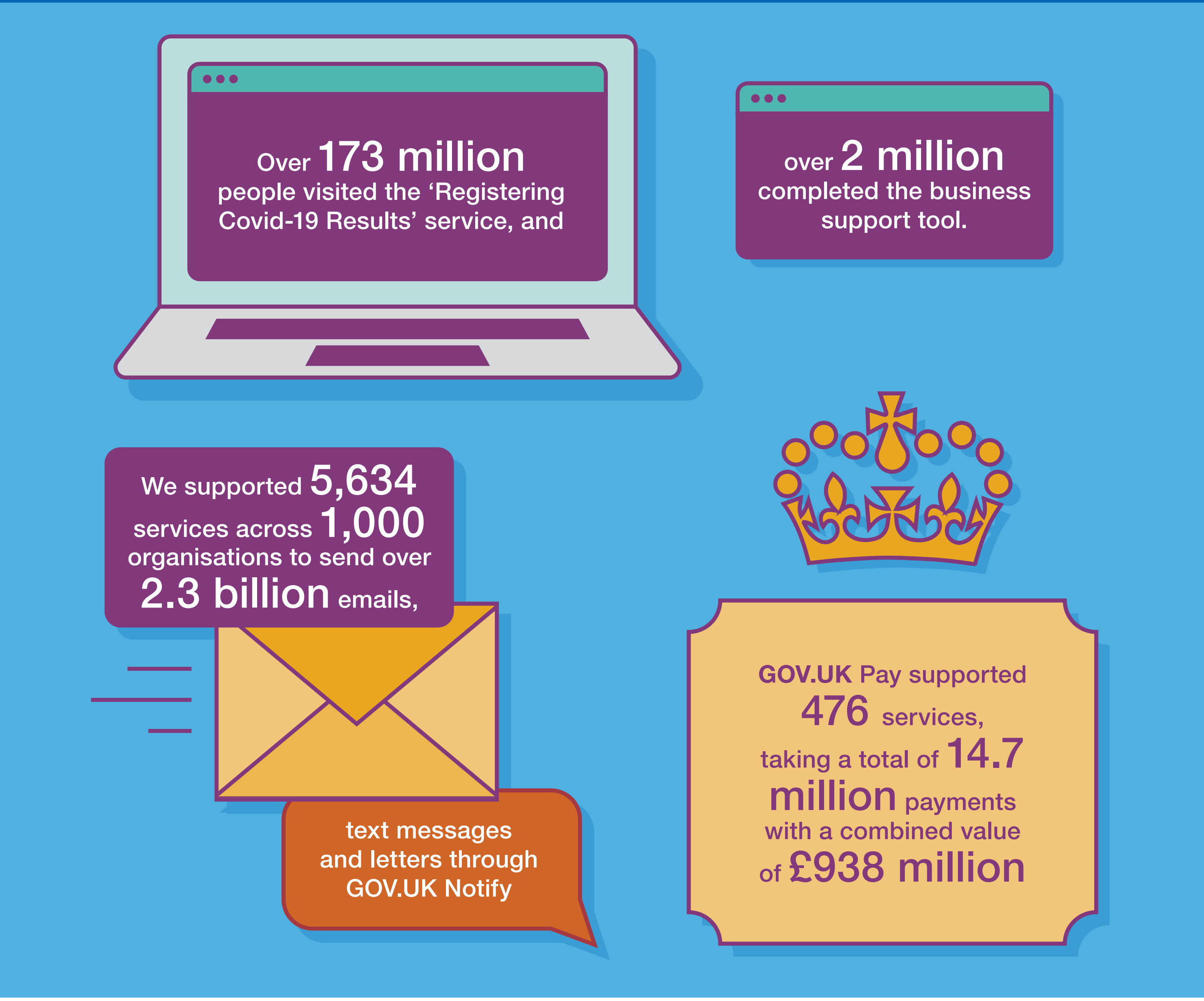
GDS continued to develop and improve existing components in use across government. In 2021-22, 5,634 services across 1,000 organisations were supported to send over 2.3 billion emails, text messages and letters through GOV.UK Notify. GOV.UK Pay supported 476 services, taking a total of 14.7 million payments with a combined value of £938 million.

Building on the success of GOV.UK Notify, GDS partnered with the Department for Digital, Culture, Media and Sport and the Civil Contingencies Secretariat to deliver Emergency Alerts, a system to warn members of the public if there is a threat to life nearby. This was tested in May and June 2021 ahead of a planned national launch in winter 2022-23.

Infrastructure and Projects Authority (IPA)

As the government's centre of expertise for infrastructure and major projects, the IPA's purpose is to drive continuous improvement in the way government delivers infrastructure and major projects. The IPA aspires to nothing less than world-class delivery.

The IPA particularly focuses on the most complex and high risk projects which make up the GMPP. During 2021-22, the IPA, jointly with HM Treasury, reset the GMPP so that it captured all projects which meet the existing criteria. This resulted in a 47% increase of GMPP projects from 125 (Q4 2020-21) to 184 (Q4 2021-22). The IPA has provided expert project delivery advice and support



to a selection of these priority projects and programmes, as well as over 200 assurance reviews, to ensure they are delivered efficiently and effectively, and to improve performance over time.

Alongside this the IPA has progressed plans to establish a central Benchmarking Hub and published the 'Transforming Infrastructure Performance Programme: Roadmap to 2030' which set out the government's vision for the future of the built environment and the transformation of the construction sector required to achieve it.

With a focus on developing project delivery capability in government, the IPA has supported an increase in senior responsible owners spending more than 50% of their time on pre-delivery projects of nearly 20%. Progressing the Government Project Academy, the IPA has continued its journey towards a single, virtual hub for professional standards, accreditation and training for project delivery professionals working across government. This will be accompanied by the Government Project Delivery Framework which sets out the criteria of what GMPP projects need to have in place to move to the next stage of development, including more vigorous assurance at stage gates.

The IPA also made progress this year on enhancing its Centre of Excellence for PFI. This aims to support all contracting authorities to build the capabilities, knowledge and tools they need to manage their private finance initiative contracts effectively and to engage confidently with their private sector partners. This work has included publishing guidance, conducting 52 health check learnings and conducting reviews of expiring contracts.

Office of Government Property

The Office of Government Property supports government and the wider public sector to manage its estate efficiently and effectively. It helps to deliver the finest public services and supports the government's priorities by unlocking surplus land for housing.

A key priority is the Places for Growth programme, a programme that supports the levelling up agenda and government reform by encouraging the creation of public service jobs outside London. Working with departments and HM Treasury, the portfolio agreed departmental commitments to relocate 15,000 roles out of Greater London by 2025. These commitments were subsequently published in the levelling up white paper. By 31 December 2021, the portfolio had seen more than 2,000 roles relocated from Greater London, and delivered 6,000 role relocations by the end of March 2022.

The total benefits delivered by the One Public Estate since it began in 2013 are around £500 million in capital receipts, £111 million in reduced running costs, land release for 27,000 homes, and 34,000 jobs created. An expanded One Public Estate and brownfield land release fund was implemented in 2021-22, investing around £100 million to remediate council-owned land for housing, support self and custom build homes to come forward, regenerate local authority housing estates, and deliver more cross-public sector property projects.

Continuing its drive to mature the property function, the Office of Government Property launched the Government School of Property this year. The school brings together early talent programmes such as the property fast stream and apprenticeship programmes, specialist learning and development, and a new leadership programme to build capability across government. In line with the Lord Maude recommendations, the Office supported the transformation of facilities management throughout the government estate, including a refreshed facilities management spend control, jointly-led with the Government Commercial Function, with revised property-focused assurance criteria. Cases worth over £3 billion have been assured in the first six months. The Office of Government Property also continued to operate and transform the national property control, starting the move to a more efficient pipeline based approach.

2021-22 saw the agreement of a data standard with over 160 public bodies, significantly improving data on government property and providing a central line of sight across all government property assets (including hospitals and schools) for the first time. This enabled the publication of the annual state of the estate report for the whole of the £158 billion government estate. Progress was also made this year towards the development of a new digital property asset register, InSite, which will provide a modern technology platform version of the Domesday Book to unlock cross-government data sharing and collective utilisation of assets.

SO5 - Deliver the priorities of the Prime Minister and government

COP26

In November 2021, the UK successfully hosted COP26. The summit was a priority for the Prime Minister and a government-wide effort to deliver, led by the COP26 unit in the Cabinet Office. The summit brought together 120 world leaders and over 38,000 key figures from governments, civil society, business and youth to tackle the urgent challenge of climate change.

At COP26, following 13 days of intense negotiations led by COP President Alok Sharma, 197 countries agreed the historic Glasgow Climate Pact, keeping 1.5 degrees in sight. It includes:

- the finalisation of the Paris rulebook (the rules governing the Paris Agreement)
- a commitment to phase down fossil fuels
- a commitment for parties to revisit their 2030 climate targets in 2022
- launch of new processes focused on adaptation to climate impacts
- provision of additional climate finance for adaptation

The final COP26 text follows two years of UK diplomacy to raise ambition and secure action. Over 150 countries committed to updating their emissions reduction targets and 90% of the global economy is covered by a net zero target. Parties also agreed to a number of new and unprecedented initiatives across the Prime Minister's priority areas of coal, cars and trees, including to halt and reverse deforestation by 2030, phase out coal, and phase out the internal combustion engine by 2035.

The UK held the COP presidency until COP27 in November 2022, and we continued to demonstrate strong UK leadership over our presidency year to deliver commitments.

G7 Taskforce

The UK handed over the G7 Presidency to Germany on 31 December 2021, after a year of UK leadership to re-establish the G7 as a values-driven group responding to major challenges and working to build back better and secure a cleaner, greener, freer, fairer and safer future.

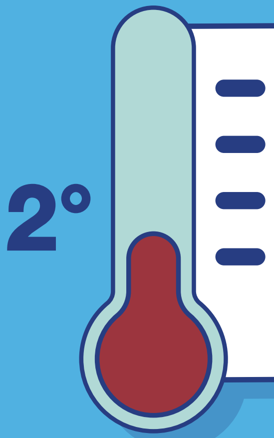
As a powerhouse for green innovation, Cornwall provided an ideal setting for a G7 summit focused on building back better from the COVID-19 pandemic. Held in the coastal town of Carbis Bay and coordinated by the G7 Presidency Taskforce, who worked with local leaders and institutions, the summit created an opportunity for a long term legacy for the region, including investment into Cornwall airport.

The G7 Taskforce supported the delivery of an ambitious policy agenda, delivering across a range of outcomes:

Global health

G7 leaders collectively committed to provide one billion COVID-19 vaccine doses over the next year. This includes sharing at least 870 million direct doses, with at least half by the end of 2021. The G7 donated 770 million doses by the end of 2021. G7 leaders endorsed the UK-led 100 Day Mission, which aims to reduce the time to develop and deploy safe and effective diagnostics, therapeutics and vaccines from 300 to 100 days in future pandemics. The International Pathogen Surveillance Network was established to help track pathogens of public health significance.

COP26 policy achievements:

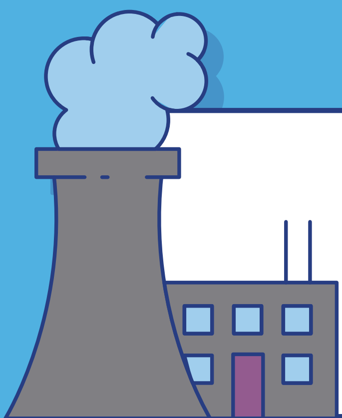


If the pledges made at Glasgow are fully implemented, warming will be kept below **2 degrees**; and with the commitment to further action over the next decade we have kept **1.5 degrees** in reach.

Over **90%** of world GDP is now covered by net zero commitments.

153
countries put forward new 2030 emissions targets (NDCs).

95%
of the largest developed country climate finance providers made new forward-looking finance commitments.



80
countries are now covered by either Adaptation Communications or National Adaptation Plans to increase preparedness to climate risks, with 45 submitted over the last year.

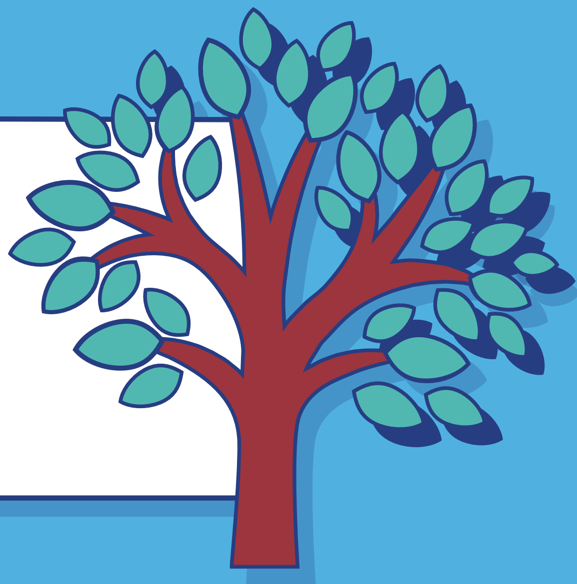
International partners have mobilised over **$20 billion** for a just and inclusive transition from coal to clean energy

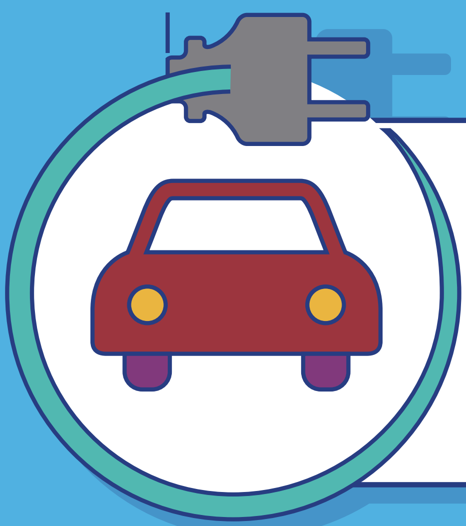
190

countries agreed to phase-down coal

137

countries, representing over **90%** of global forests, committed to committed to halt and reverse forest loss and land degradation by 2030 in the Glasgow Leaders' Declaration on Forests and Land Use





The COP26 Declaration on Accelerating the Transition to **100%** Zero Emission Cars and Vans brought together over **35** countries, **6** major carmakers, **43** cities, states and regions, **28** fleet owners and **15** financial institutions and investors, all committing to work together to achieve this goal

Global economy

The G7 agreed to create a fairer tax system, now agreed by the G20 and backed by 137 OECD members, including a groundbreaking 15% minimum corporation tax rate. The G7 also set an ambition to increase new International Monetary Fund support, aiming for $100 billion worth of support for countries most in need. The UK convened the Future Tech Forum, bringing together 200 digital leaders to discuss the digital rules of tomorrow.

Climate and environment

Building critical momentum towards COP26, the summit delivered the first G7 commitment to net zero, alongside commitments to cut emissions by around half by 2030. The G7 agreed the first international commitment to end new direct government support for international unabated coal power generation by the end of 2021, which was followed up by the deal reached at the G20 and COP26, and committed to conserve or protect at least 30% of global land and at least 30% of the global ocean by 2030.

Partnership for Infrastructure and Investment

The G7 committed to an ambitious agenda to build back better for the world, focusing on delivering a step change in our approach to financing quality and sustainable infrastructure in developing countries, with focus on making rapid progress towards the sustainable development goals and international climate and environment commitments, including those made at COP26.

Gender equality

The UK re-established the Gender Equality Advisory Council. The G7 agreed the intention to convene it as a standing feature of all future presidencies, and committed to action including tackling conflict-related sexual violence. The UK emphasised girls' education as co-host of the Global Education Summit, where G7 partners pledged at least $2.75 billion over the next five years.

Foreign policy

Taking a strong stance on geopolitical issues, the G7 issued 12 statements throughout the year including calling for an end to Russian aggression and human rights abuses in Myanmar.

Geospatial Commission

The UK's Geospatial Strategy was published in June 2020, setting a coordinated approach to unlock economic, social and environmental value from location data. The Geospatial Commission published its annual plan in June 2021, which reviewed progress against the strategy and set out the Geospatial Commission's priorities for the next 12 months.

Significant progress has been made against the outcomes set out in the strategy including the commencement of the platform build for the national underground asset register, which will bring together data on buried assets into one place, realising at least £347 million per year of efficiency savings to the UK economy.

The UK's first public dialogue on location data ethics was developed with the Ada Lovelace Institute, and launched with the Alan Turing Institute to inform how widespread use of location data can best be used in a way that mitigates ethical concerns and retains public confidence.

In collaboration with some of the main national geospatial agencies, the Geospatial Commission published the UK's first 'FAIR' assessment of public sector geospatial data aiming for a UK geospatial code of practice to improve data so that it is more findable, accessible, interoperable and reusable, and supporting the National Data Strategy.

The transport innovation programme was delivered in August 2021, investing £5 million in transport location data innovations through Innovate UK to develop innovative, commercial solutions that address some key public sector transport data challenges. In parallel, the Geospatial Commission published a report illustrating the huge potential for location data to support a greener, faster, better transport sector, from planning electric vehicle charging points to solving complex last-mile routing challenges to identify future transport data priorities.

Funded through HM Treasury's shared outcomes fund, the Geospatial Commission is leading a cross-government project to explore how the UK can maximise the opportunities from its finite land resources. Working with the Department for Business, Energy and Industrial Strategy, the Department for Environment, Food and Rural Affairs, the Department for Transport, the Office for National Statistics, and the Department for Levelling Up, Housing and Communities, the Geospatial Commission is piloting local and national land use data improvements to inform future options for land use data improvement.

Economic and Domestic Secretariat

The government's legislative programme in 2021-22 was supported by the parliamentary business and legislation team in the Economic and Domestic Secretariat. The team worked with every part of government to challenge and enable policy development for the delivery of a full legislative programme, including up to 40 pieces of primary parliamentary legislation per session and approximately 800 pieces of secondary legislation. At the same time, it has responded to new and emerging priorities, including Afghanistan and Ukraine.

The supply chains unit was formed in early September to provide clear, coordinated policy advice for the Prime Minister and Chancellor of the Duchy of Lancaster to address the supply chain issues affecting the UK. Working alongside the Prime Minister's adviser, Sir Dave Lewis, until December 2021, the unit led a cross-government 'sprint' to understand the supply chain situation and develop a work plan. This work plan focuses on building and maintaining supply chain resilience and capacity to enable the government to support any future supply chain vulnerabilities. This is in addition to supporting other key areas of work, including understanding and building resilience into labour markets.

At the request of the Prime Minister, the Illegal Migration Taskforce was set up in November 2021 to drive forward cross-government work to tackle illegal entry to the UK through Channel crossings. Working with the Home Office and other key departments, the taskforce has coordinated the development and agreement of policies and operational measures as part of the government's drive to achieve short and medium-term impacts on the problem.

Trade Secretariat

The Trade Secretariat has supported the Prime Minister and cabinet's decision making, ensuring coherence with wider priorities and supporting the Department for International Trade in delivering the government's trade agenda. It provided the secretariat function for the Global Britain Strategy Committee chaired by the Prime Minister, facilitated collective agreement on policy positions for free trade agreement mandates, and supported cross-government efforts on wider trade priorities, such as export promotion.

Cabinet Secretary's Group

The Central Secretariat has responsibility for the operation of the cabinet government, working in partnership with other cabinet secretariat teams to ensure the smooth-running of the cabinet and other ministerial meetings, and to provide advice on the good running of the cabinet government.

It coordinates one common set of processes and one place of expertise and advice on the operation of cabinet government, all in support of the wider cabinet secretariat. The ultimate objective is to support the cabinet secretariat to provide excellent support to the Prime Minister and cabinet. The Central Secretariat has supported a number of machinery of government changes, including the creation of the Department for Levelling Up, Housing and Communities and transfer of teams to support the Foreign Secretary in her role as lead negotiator on the Northern Ireland Protocol.

The Cabinet Secretary Group includes propriety and ethics, who are responsible for a range of conduct and policy issues relating to the ministerial, Civil Service and special adviser codes. The team provides advice to departments on how to apply the codes in practice.

Business appointment rules

The business appointment rules apply across government to ensure that former public servants cannot gain inappropriately from their public service – for example, by being appointed to a private company as a reward for decisions taken while working within government, or using privileged information to give their new employer an improper advantage.

The Cabinet Office is responsible for the business appointment rules and provides assessments on applications made by former permanent secretaries, former cabinet secretaries and special advisers from the Cabinet Office and 10 Downing Street. These assessments are used by the Cabinet Office Permanent Secretary or the Advisory Committee on Business Appointments to inform their advice on how to mitigate the risks outlined above.

Individual departments have responsibility to process and provide assessments on applications for those under permanent secretary level, and former ministers send their applications directly to the Advisory Committee on Business Appointments. These figures are published separately.

Propriety and ethics-assessed business appointment rules applications (2021-22)

Former permanent secretaries and cabinet secretaries	34
Former special advisers (Cabinet Office and 10 Downing Street)	26
TOTAL	**60**

A programme of work is underway to look at how the business appointment rules and process can be strengthened to improve their scope, clarity, consistency and proportionality, including sanctions in cases of non-compliance. The Cabinet Office continues to work on options and the programme of improvements will continue into the next financial year.

Public appointments

Throughout the year, work continued to develop a new single online application portal for public appointments, alongside an improved website to provide greater functionality and features which assist in data collection and support public appointees to undertake their roles. The related application portal and applicant tracking system will be launched in a phased roll-out over 2022-23.

The public appointments data report for 2020-21 was published in August 2021 (an accessible version followed in October 2021). The data show that, on 31 March 2021, there were 4,637 public appointees in regulated roles who were appointed by UK government ministers (compared to 4,739 in 2020 and

4,955 in 2019). 1,439 public appointments were made between 1 April 2020 and 31 March 2021. The data shows that, compared to the previous year, more women, people from ethnic minority backgrounds, and people from outside London and the South East have been appointed into these vital roles. Efforts to open up these important opportunities to talented people across the UK are being redoubled. This is important as part of the government's levelling up agenda and to secure the benefits that having a diverse range of experiences and skills, including financial skills, brings to boards.

Independent Adviser on Ministers' Interests

The Prime Minister appointed a new Independent Adviser on Ministers' Interests at the beginning of the financial year, having agreed revised terms of reference for the role. The Rt Hon The Lord Geidt was appointed on 28 April 2021 and proceeded to publish his first annual report and the list of ministers' interests in May 2021. An updated list of ministers' interests was published in November 2021 following the reshuffle in September, meeting the Ministerial Code commitment to twice-yearly publication. Lord Geidt subsequently left the role in June 2022.

Office for Veterans' Affairs

The Office of Veterans' Affairs launched the Veterans' Strategy Action Plan in January 2022. This strategy coordinates central government and devolved administration plans for improving veterans support across the UK over the next two years. Substantial progress has been made in the first six months of its existence, completing 21% of commitments. The plan outlines 68 commitments and over £70 million in committed funding.

The LGBT Veterans Review was launched in January 2022. This independent review will examine the historical hurt caused to veterans who were not permitted to serve due to the ban of homosexuality (1967-2000). The review is managed by a joint Cabinet Office and Ministry of Defence secretariat.

The team has led the design and running of multiple research grants, into areas including suicide reporting (Deaths of Despair), the experiences of non-UK veterans, and women veterans.

Additionally an in-year award of £5 million for the Afghanistan Veterans Fund was run, which aims to increase capacity in services and initiatives that offer supportive comradeship, engagement and wellbeing efforts for those in the armed forces community affected by events in Afghanistan, and the wider veterans community. A £2.7 million Health Innovation Fund has been developed for launch in 2022-23. Both grant award schemes have been achieved with creativity and ambition within the team.

As well as making the Civil Service the most inclusive employer in the UK the government is committed to maximising the support and recognition for veterans in society. This includes opportunities such as employment in high quality jobs which helps individuals flourish and successfully make the transition from life in the armed forces to civilian employment. The Great Place to Work initiative was rolled out across all government departments by the end of 2021-22. This scheme aims to guarantee interviews for veterans applying for Civil Service roles, where they meet the relevant criteria.

Corporate enablers

Our corporate enablers make our overall strategy possible. Housed within our Chief Operating Office Group, they make up our corporate services and support the effective and efficient running of the department. Core initiatives and programmes led by the corporate enablers are:

Innovation, technology and data

The department's vision over the Spending Review period is to further strengthen our resilience by refreshing our IT platform and implementing our cyber security strategy. The Chief Digital and Information team are scoping opportunities to expand data analytics and digital capability within the department. Additionally, over the year, the team have been leading the roll-out of technology and video conference facilities across the Cabinet Office UK estate to enable distributed working and support both the return to office working and the Cabinet Office locations programme. Teams across the corporate services group are working together to automate processes wherever possible, and develop a data-driven culture across the department.

Delivery, evaluation and collaboration

Building a strong framework to drive a compliance culture and instil financial, HR and commercial discipline, a set of business rules to support the effective running of the department was launched at the start of 2021-22. This has been complemented through greater oversight of business cases and delivery, including the implementation of a new contract management system. To inform better policy making, the Analysis and Insight team works to embed evaluation in the department's work to assess the impact of projects.

This year we have worked with HM Treasury to agree a multi-year Spending Review settlement to invest in the government's priorities of levelling up, a world-class border, and the digital transformation of how the citizen interacts with government.

The internal allocations exercise has found investment in the core infrastructure of the department through internal efficiencies. The allocations for 2022-23 focused on themes which align closely with the government's modernisation agenda, including investing in data and analytical resources and capability, automating and digitising services, reducing duplication and reliance on external consultancy in favour of civil servant role, strengthening resilience, and upskilling and expanding capability within the department.

In Q4, we established the Cabinet Office transformation programme to support this focus on becoming a smaller and better department. It will do this by clearly outlining the mission of the department; generating a stronger employee value proposition, including by enhancing our skills offer; and improving accountability and leadership. All of this will be anchored on the greater use of technology and a more nimble, innovative culture. The goal is to focus on measurable change over the coming 12 months, accompanied by a significant reduction in headcount to create a more streamlined, accountable department with clarity of purpose and a demonstrable culture of excellence.

Workforce, skills, and location

Our ambition is to be recognised as an employer of choice, with the best employee value proposition across government with learning at its heart, allowing us to attract and retain the best talent. The People and Places team is leading activities to progress the department's ambitions which includes, a bold new learning and development offer to staff, improved line management and building on existing initiatives to draw the best talent from across the UK and all walks of life. Further details on our progress against our workforce priorities and actions to address our people survey results are set out in the next people and places section.

People and places

The People and Places team has three strategic overall priorities including:

- attracting and retaining a diverse workforce that meets the future skills and capability needs of the Cabinet Office and the government
- growing a cadre of world class leaders, nurturing our diverse range of talent and developing our people at all levels
- creating a culture of inclusion where everyone recognises, champions, and lives the Cabinet Office values: Respect, Trust, and Collaborate.

Underpinning all of this is delivering the fundamentals of people practices and great workplaces.

Particular successes this year include:

- successfully launching the Cabinet Office's locations programme exceeding targets for recruiting talent across our UK sites consistent with the government's Places for Growth and levelling up agenda. This included establishing the Cabinet Office's new second headquarters in Glasgow with over 250 staff and 15 senior civil servants based there by the end of the year
- improving 40 places in the Social Mobility Index and being re-accredited as a Disability Confident Leader
- continued focus on process improvements, for example the time to hire average (advert to security clearance) has reduced from 85 to 66 days (compared to the same period the previous year, July to March) following the move to the Government Recruitment Service in April 2021
- inducting over 1,790 new starters
- exceeding our legislative apprenticeship target for the second year in a row with over 200 new starters

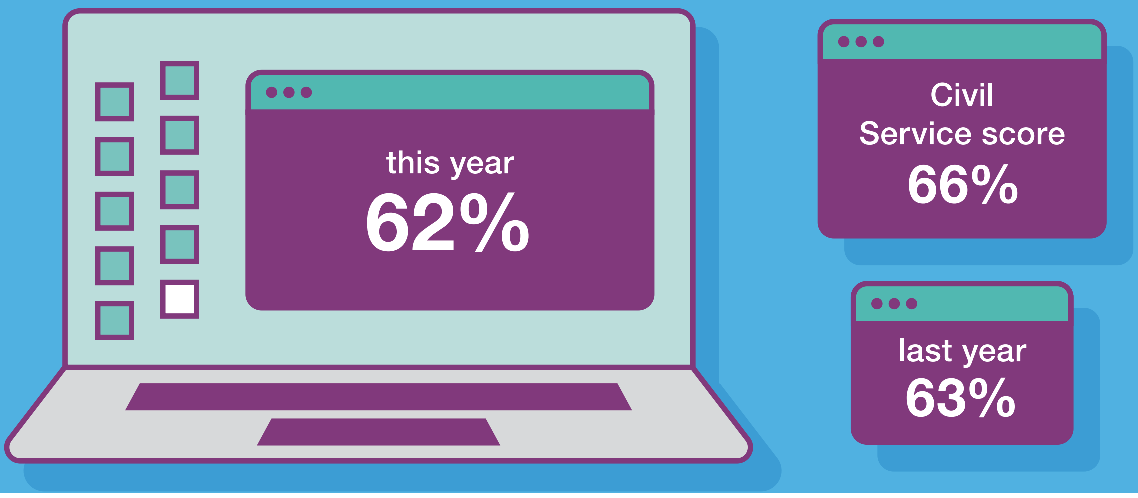
People Survey Results

Key Measures	2021-22 (this year)	2020-21 (last year)	Civil Service score (this year)
Response rate	76%	84%	62%
People engagement score	62%	63%	66%
People feeling they are treated fairly at work	84%	84%	85%
Experienced bullying and/or harassment	11%	10%	7%
Reported experience of bullying and/or harassment	37%	40%	38%
Experienced discrimination	11%	10%	7%
Objectives and purpose	71%	71%	85%
Learning and development	52%	51%	56%
Smarter working, workspace, technology and systems (resource and workload)	72%	72%	75%
Leadership, management and change	49%	49%	58%
Wellbeing - life satisfaction	66%	60%	64%
Innovation - trying new ideas	79%	76%	75%
Collaboration - support across teams	89%	89%	88%

People Survey summary

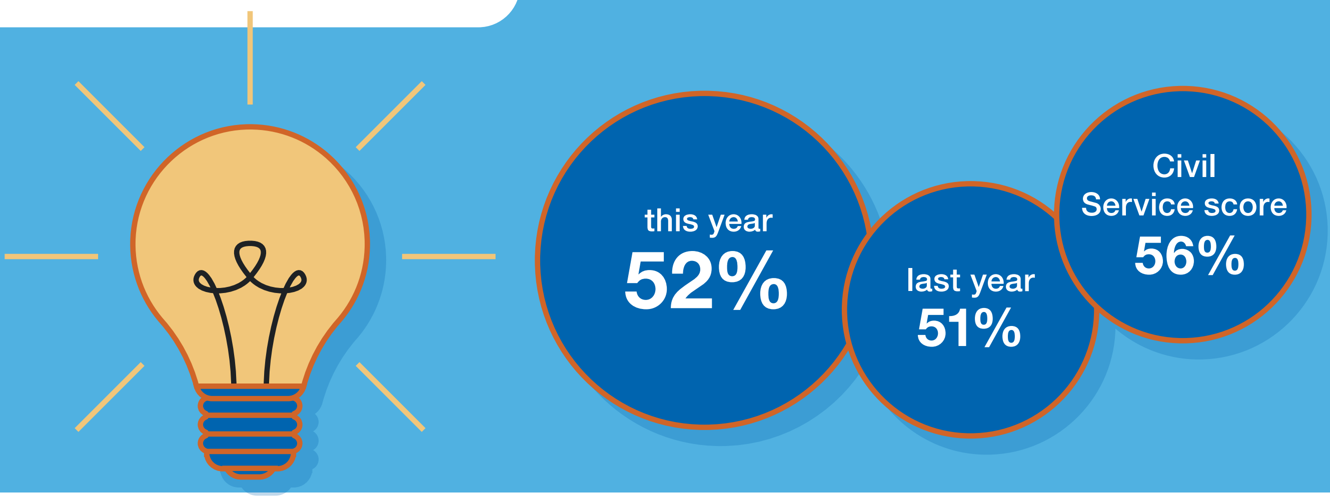
76% of Cabinet Office employees completed the 2021 People Survey - 5,541 colleagues. While overall engagement declined slightly to 62% from 63% in 2020, of the nine underlying themes, one score increased and five stayed the same.

Cabinet Office people engagement score



The strongest positive indicator for the department was the increase in 'Learning and Development', which is up to 52% compared to 51% last year. This is encouraging with the dedicated focus on line manager development and learning and development opportunities that were a key feature of the 2020 action plan and activities. Wellbeing has also seen an overall increase with life satisfaction and happiness levels increasing from 60% to 66% and from 76% to 79% respectively, both higher than the Civil Service averages, indicating that our dedicated support and resource in this area has had a positive impact. 85% of respondents also reported feeling supported to adapt the way they work due to the pandemic.

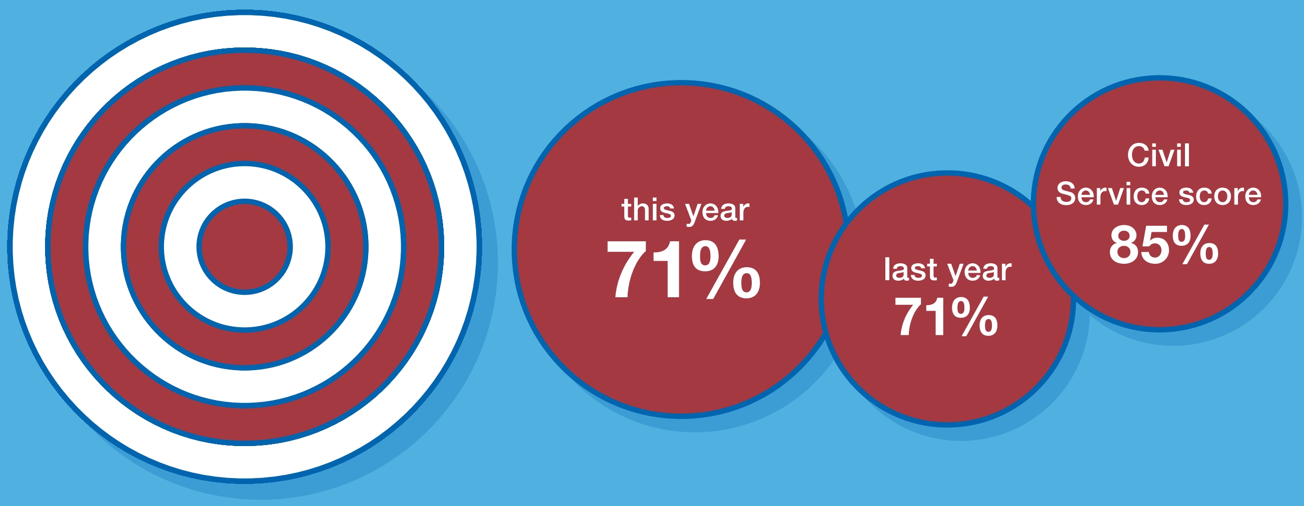
Learning and development



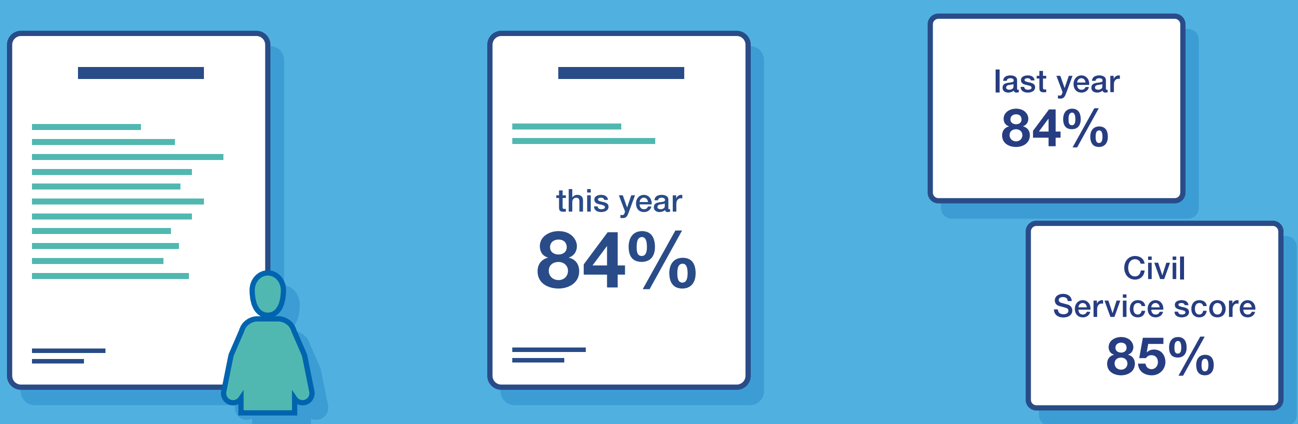
‘My Team’ was 89% compared to the Civil Service benchmark of 88%. ‘My Manager’ and ‘Manager Support’ tracked high, another key area of our 2020 action plan was the launch of our updated New and Advanced Line Manager training programmes, leadership objective and line manager checklist.

Areas that require improvement and focus include: ‘Organisation Objectives’ and ‘Purpose’ scores (14 percentage points behind the Civil Service Benchmark). ‘Leadership and Managing Change’ which despite remaining stable at 49% is still behind the Civil Service benchmark of 58%. Despite ‘Inclusion and Fair Treatment’ have remaining stable at 80%, ‘Bullying, Harassment and Discrimation’ scores have gone up slightly 1 percentage point - 11% for Bullying and/or Harassment + 11% for Discrimination (although this is a rounded up figure and in real terms is the same as 2020).

Objectives and purpose



People feeling they are treated fairly at work



Smarter working, workspace, Technology and systems (resource and workload)

Our People Survey Action Plan launched in March 2022 includes commitments to clarifying our vision and strategy, communicating and leading through change, making a great success of hybrid and distributed working, significant investment in skills, learning and career progression with a continued focus on our culture, inclusion and tackling Bullying, Harassment and Discrimination. We will track and report on key metrics via quarterly pulse surveys.

Investment in skills and learning

The New Line Manager Programme was reviewed and subsequently relaunched in June 2021 with additional learning including the bespoke 'Conducting High Quality Conversations' and the inclusion of a new line manager induction. Following the introduction of the revised programme, 240 line managers went on to complete it over the remainder of the financial year. We will continue to work closely with the Government Skills and Curriculum Unit, including contributing to and reviewing their learning, as well as piloting their three new line manager programmes as part of their Strand 3 work. We are currently running an in-person pilot in Glasgow of the Government Skills and Curriculum Unit's new Foundation Line Manager Programme.

We introduced a new talent model with focus on career conversations at all levels, with over 2,000 managers being trained in how to have an effective career conversation. We also launched "GROW" a new talent programme for staff at the AO and EO grades to build career management tools, expanding our apprenticeship offer.

On 16 May 2022, we launched the new Cabinet Office Capability Strategy and Framework, with a new and enhanced learning and development offer, which follows the Cabinet Office Board's commitment to invest in departmental skills and learning. This includes a goal of 10 days learning per person (an uplift from 5) based on the 70-20-10 model for learning and development, and a new core learning curriculum including:

- professional, Cabinet Office-specific required learning, and leadership and line management learning
- improved line manager capability, including the introduction of a new line manager charter
- new systems and processes to give assurance and insight on learning and development being undertaken.

Progress on inclusion

The department has made some positive progress, recognised externally by being the first central government department to achieve a bronze Inclusive Employers Standard and the Gold TIDE (Talent Inclusion and Diversity Evaluation) Standard, being re-accredited Disability Confident Leader and being ranked 23rd in the Social Mobility Employer Index, all in 2021.

We refreshed our performance management training to include personal experiences with over 1,000 line managers participating and introduced targeted development through a senior sponsorship offer for disabled colleagues and those from an ethnic minority or low income background.

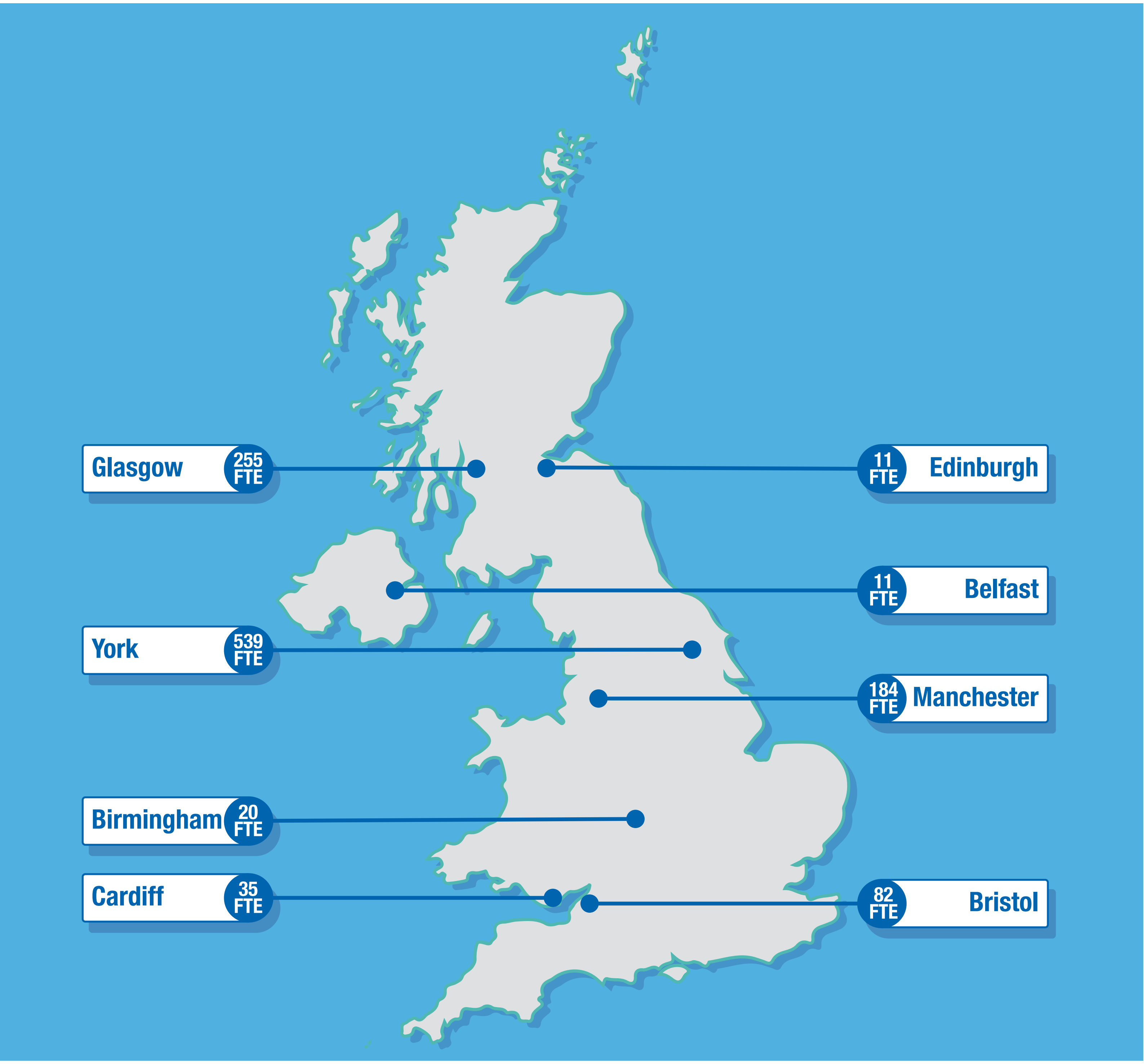
Throughout the pandemic we placed increased emphasis on supporting staff, promoting around 20 campaigns and awareness days throughout the year, supported by the digital tool Unmind, as well as ensuring there are trained mental health first aiders in all business units who provide a listening and signposting service as well as running Time to Talk sessions. The Cabinet Office also provides targeted interventions for business units and groups including a bespoke ethnic minority counselling offer and LGBT wellbeing workshops.

We have sought to increase confidence in staff to raise issues via twice yearly speak up campaigns and through our network of fair treatment confidants. We have developed a more resolution-focused approach to fair treatment with an underpinning set of principles for all levels of the department. We have also invested in our internal casework management processes with a focus on driving down the duration of cases, implementing lessons learned and increasing transparency.

Nevertheless, despite progress, the department does not always compare favourably with others in particular in relation to Bullying, Harassment and Discrimination. The results also show a variable picture across a range of characteristics, which is reflected in other areas such as performance management outcomes and casework data.

The leadership of the department is eager for further progress in building the trust and confidence of staff, creating an inclusive culture and is committed to continuous improvement. Given all these factors, in October 2021, we commissioned an independent review into respect and inclusion within the Cabinet Office to consider policies, practices and workplace culture in regard to fairness and inclusion. The review has been overseen by Anand Aithal (lead non-executive director) and the majority of the fieldwork and all the policy analysis has been undertaken by external expert partners. We will be taking action based on the recommendations throughout 2022 and will be incorporating these in our wider diversity and inclusion strategy.

People and locations programme



The Cabinet Office People and Locations Programme is our response to the Places for Growth agenda, addressing ministerial aims as set out in the Government Estates Strategy to relocate Civil Service roles from London and the South East locations across the UK.

To ensure these ambitions come to life, we have been exploring how we can make the Cabinet Office a more geographically diverse and multi-site department. One that will really champion our passion for collaborative working, and build on our successes over the last year supporting colleagues working in different locations. This will create a more inclusive approach to working and access to new talent. It will also allow civil servants more opportunities to develop their careers in multiple, vibrant locations and it will help us to build our insights and connections with diverse communities across the UK.

This aim is for civil servants to be better able to serve local communities by being based in them, enabling government policy and delivery to be more closely attuned to the needs of citizens across the country. This will also unlock greater career opportunities at all levels, including the senior civil service, spread across the country, and will bring greater economic benefit to the UK as a whole.

The programme contributes to key government objectives of levelling up and strengthening the union. This will also underpin the government's 'Build Back Better' plans (as part of the Prime Minister's COVID-19 roadmap) to support economic growth. This will all help create a more diverse and representative Civil Service where our people – located across the UK – are empowered to deliver great public services and better represent the communities they serve.

The Cabinet Office ambition is to have 50% of roles in London and 50% outside London, including arm's length bodies by 2025. Last year in March 2021, the Cabinet Office Group was 80% in London with the remaining 20% outside London. A year later in March 2022, the Cabinet Office Group is 66% in London and 34% outside London. And to date, we have relocated more than 600 roles out of London into the growth locations, including 21 senior civil servants.

Clearly we have made great strides especially in our two major growth locations – Glasgow and York – where we have ministerial targets to grow to 500 to 550 FTE in Glasgow and from 400 to 600 in York by 2024.

Other achievements include:

- The launch of the regional senior sponsors and community leaders in our growth locations to develop strong and vibrant Cabinet Office communities and partnerships
- We exceeded growth projections earlier than planned in our second headquarters in Glasgow and we delivered a hybrid event with Glasgow and Edinburgh colleagues to mark and celebrate this achievement
- Relocating more than 600 roles out of London into the growth locations against a forecast of 418 roles
- Supporting business units develop and deliver their recruitment strategy in the growth locations including support from Project Closer to Home
- Permanent office space has been acquired to support growth in Birmingham, Bristol and Glasgow
- Interim space has been acquired to support the growth of the digital cluster in Manchester, with more to follow
- Initial interim office space, with more to follow, has been acquired to support growth in York. There are plans to acquire permanent office space in the planned new government hub in York
- To support regional growth and the move to fewer, better quality buildings the Cabinet Office has exited from accommodation in Birmingham, two sites in Leeds and from a floor at the Whitechapel building in London

Access to diverse talent and skills

The Locations Programme has conducted an equality impact assessment which is regularly reviewed every two months. The programme will create a more inclusive approach including access to new talent and skills across the regions of the UK. To support the programme with this initiative, we collaborated with Project Closer to Home, a cross-government working group, to target and attract talent from diverse rich regions. For example, targeting Bradford and Leeds which has higher representation of people from ethnic minority backgrounds to apply for roles in York.

The February 2022 Cabinet Office Diversity Dashboard shows that we have higher representation of disabled and LGBT colleagues in Glasgow and higher representation of disabled colleagues in Manchester and York compared with London.

Sustainability report

Overview

The Cabinet Office is dedicated to protecting the environment and creating a sustainable workplace. We exercise an environmental management system throughout our core estate, which is ISO14001 accredited. The Cabinet Office measures its annual performance against the Greening Government Commitments (GGC) targets for its core estate. The GGCs demonstrate how the UK government is working to improve the environmental performance of its estate and operations. We are actively engaged in embedding sustainability metrics into our ways of working, operations, policy design, and procurement of our goods and services.

Performance reported relates to the Cabinet Office core London estate which comprises four buildings, three of which are Grade 1 listed and one that resides in a UNESCO World Heritage Site. Despite the historic nature of the estate, the department successfully improved its overall energy performance operational ratings this year, taking one building from a rating of G to D over the past 3 years.

Further information is available at the Greening Government Commitments page on GOV.UK.

Scope and data

Performance is presented against each of the GGC reporting areas and in line with the department's annual GGC returns submitted to the Department for Environment, Food and Rural Affairs. We have included data for the reporting year 2021-22 and three prior years for comparison against the baseline year.

The 2017-18 GGC reporting data did not include scope 3 international travel emissions. For completeness and accurate comparison, we have included all business related travel emissions in this report.

Emissions and costs relating to the department's official business trips using the dedicated transport aircraft service for the Prime Minister and ministerial air travel requirements have been included in the 2021-22 dataset.

We currently do not have a complete assured dataset for financial indicators. This will be reviewed with suppliers for inclusion in future reporting.

The following GGC reporting areas are not applicable to the department:

- Nature recovery and biodiversity action planning – the Cabinet Office does not have significant landholdings or natural capital. To compensate for the lack of opportunity to develop a nature recovery and biodiversity action plan, the department has linked up with the Royal Parks to provide volunteering opportunities for staff during their lunch breaks, weekends and as part of the staff volunteering day initiative.
- Sustainable construction – no construction or major building refurbishment projects took place during the reporting period.
- Travel car fleet – The Cabinet Office contracts seven official car services for its ministers and senior officials from the Government Car Service (part of the Department for Transport). These cars are part of the Department for Transport's car fleet and included within its GGC reporting. To avoid double counting, any data relating to these vehicles is not included in this report. The Cabinet Office does not own, lease or hire any other car fleets.

Performance against Greening Government Commitments 2021 to 2025

The core London estate has received another excellent report from our external auditors, SGS UK Limited, on our ISO14001-accredited environment management system. The department has actively engaged in the environmental protection of the estate, developing a new Sustainability and Climate Adaptation Strategy to better measure scope 1, 2 and 3 emissions, while supporting staff to make sustainable living choices in the home and workplace.

This year the estate has faced several carbon challenges. We have needed to utilise space in one of the core buildings for office accommodation, this has resulted in increased utilities consumption. This is reflected in our scope 2 emissions figures. We are undertaking a review of London accommodation and looking to remove office use from this particular building in 2022-23.

We have had to submit proxy data for our water usage for 2021-22 due to a faulty water meter. This year, the Government Property Agency has completed £194,656 of net zero intervention works on the core estate and with the department has introduced methods to measure the carbon reduction impact of life cycle replacement works. The estate remains narrowly on course to meet its agreed reduction targets for 2025. Future targets do remain at risk from resource constraints, the historical nature of the core estate and building utilisation.

Greening Government Commitments data

Metric	Measure	2021-22	2020-21	2019-20	2018-19	Baseline 2017-18[2]	%↓
Mitigating climate change: working towards net zero by 2050							
Tonnes of carbon dioxide equivalent (CO2e)	Scope 1 (direct) emissions	148	167	121	533	456	68%
	Scope 2 (energy indirect) emissions	3,274	1,342	1,640	2,554	4,025	
	Scope 3 (official business travel - domestic) emissions	434	144	199	1,039	1,276	
	Scope 3 (official business travel - international) emissions	2,586	377	2,230	2,106	1,533	
	Total greenhouse gas emissions	**6,442**	**2,030**	**4,190**	**6,232**	**7,290**	**12%**
Kilowatt hours (kWh)	Energy electricity green tariff (scope 2 and 3)	4,300,447	-	-	-	-	
	Mains standard grid electricity consumption (scope 2 and 3)	-	4,106,816	4,767,212	8,008,956	8,578,983	
	Natural gas	871,153	787,479	657,935	2,875,657	2,360,194	
	District heating systems	1,563,200	1,447,800	1,587,920	1,443,730	880,464	
	Heat from other sources	-	-	-	4,000	-	
	Total related energy use	**6,734,800**	**6,342,095**	**7,013,067**	**12,332,343**	**11,819,641**	**43%**

2 The GGC baseline year has been changed from 2009-10 to 2017-18, to more accurately reflect the current government estate and ensure government builds on the progress it has already achieved.

Metric	Measure	2021-22	2020-21	2019-20	2018-19	Baseline 2017-18[2]	%↓
£000	Expenditure on energy	885	400	609	647	1,875	
	Expenditure on official business travel	10,895	2,994	13,417	13,768	10,759	
	Total related expenditure	**11,780**	**3,394**	**14,026**	**14,415**	**12,634**	**7%**
Waste minimisation and management							
Tonnes	Total waste reused or recycled externally (excluding ICT waste)	31	47	85	205	937	
	Total waste to landfill	-	-	-	-	-	
	Total ICT waste: recycled (externally)	1	1	2	-	-	
	Total ICT waste: reused (externally)	1	-	-	-	-	
	Total waste incinerated with energy recovery	84	111	149	252	289	
	Total waste incinerated without energy recovery	-	-	-	-	-	
	Total waste composted or sent to anaerobic digestion	2	4	10	60	-	
	Total waste recycled	**34**	**52**	**97**	**265**	**937**	
	Total waste	**119**	**163**	**246**	**517**	**1,226**	**90%**
£000	Total waste disposal cost	149	N/A	N/A	N/A	N/A	
Finite resource consumption							
Metres cubed (m^3)	Water consumption[3]	16,623	10,656	16,602	34,163	31,156	47%
£000	Total water cost	16	N/A	N/A	N/A	N/A	
Paper usage							
Reams	Paper procured (A4 equivalent)	3,004	5,456	32,874	17,154	15,800	81%

3 Proxy data reported in 2021-22 due to faulty water meter.

Mitigating climate change

GGC target: reduce overall emissions by 52% and reduce direct emissions by 20% from the 2017-18 baseline by 2024-25, with a view to net zero by 2050.

The Cabinet Office has reduced direct emissions by 68% and overall emissions by 11% in 2021-22 from the 2017-18 baseline. This has been achieved through net zero intervention works carried out on lighting and on heating, ventilation and air conditioning systems. The Cabinet Office has commenced a programme of decarbonisation of the district heating system which should see a further reduction in scope 1 and 2 emissions by 2025. However the nature of the core estate is historical and there are limits to what else can be achieved on scope 1 emissions. The department recognises that carbon offsetting may become a feature of future net zero planning but for now it will continue to focus on reductions before offsetting.

Domestic and international flights

GGC sub-target: reduce emissions from domestic business flights by at least 30% from the 2017-18 baseline by 2024-25.

The GGC target for all departments is to reduce domestic flight emissions by 30%. The Cabinet Office has set an internal target to reduce domestic flight emissions by 50% by 2050. Emissions over 2020-21 were far lower than normal due to COVID-19. Emissions from domestic flights have increased by 18%, from 233 tonnes of CO_2e in 2017-18 to 275 tonnes of CO_2e in 2021-22. This is driven by increased travel to support the successful delivery of the G7 summit and COP26. In 2021-22 the department introduced the locations strategy which required increased travel to establish and launch the department's second headquarters in Glasgow and other regional offices.

We encourage staff to choose a lower carbon travel option where possible, with our central booking system making the climate impact of travel clear to the user. We have invested in the technologies that are needed to enable hybrid working between teams from multiple locations. Domestic air travel can avoid the need for the cost of overnight accommodation, and allows for ministers and officials to visit more parts of the UK than would otherwise be the case given time constraints.

GGC sub-target: report the distance travelled by international business flights, with a view to better understanding and reducing related emissions where possible.

In 2017-18, the distance travelled by international flights was 8,714,808 kilometres; during this period the department was supporting the government's EU Exit agenda. The distance travelled decreased to 6,470,329 kilometres in 2021-22. The majority of international travel supported the delivery of the G7 summit and COP26 agenda.

Minimising waste

GGC target: reduce the overall amount of waste generated by 15% from the 2017 to 2018 baseline.

Overall waste (excluding reused waste) has decreased by 90% in 2021-22 from the baseline. Although the core estate remained open throughout COVID-19, there were restrictions on occupancy levels. In turn we saw a decrease across all of our waste management streams. The Cabinet Office is committed to increasing its reuse status, rather than recycle, looking in particular at furniture and digital poverty schemes.

Reducing water usage

GGC target: reduce water usage by 8% against the 2017-18 baseline.

In 2021-22, the Cabinet Office has reduced water consumption for the core estate by 47% against the baseline. This is primarily driven by reduced occupancy at the start of the year due to COVID-19.

Procuring sustainable products and services

The Cabinet Office continues to work with all suppliers in accordance with the Government Buying Standards and in alignment with the GGC. The department is committed to sustainability in the way goods and services are procured and works with existing and prospective suppliers to improve performance. This is done through:

- effectively capturing any environmental impacts at the business case stage
- ensuring that customers incorporate sustainability factors in the development of commercial requirements
- evaluation criteria include social and economic factors in addition to environmental factors
- using Crown Commercial Service frameworks which offer sustainable solutions that comply with all relevant and appropriate standards and include sustainability factors as a key criterion for award
- working with the Crown Commercial Service to ensure our procurement policies and operations are fully aligned with the GGC targets
- using compostable food packaging in our canteen, waste is sent for composting in line with ISO14001. The Cabinet Office signed up to the cross-government campaign for the removal of consumer single-use plastics in 2017. Since 2019, the department has been free from consumer single-use plastics

Reducing environmental impacts from ICT and digital

The Cabinet Office leads the way in the management of government ICT waste. This waste is now recycled through a third party in line with the Department for Environment, Food and Rural Affairs ICT and digital services strategy 2020-2025. Good progress has been made to date through a number of initiatives.

- **Integrated supply chain / recycling of ICT hardware:** the Cabinet Office has put in place take back agreements with ISO14001-certified suppliers to return all obsolete ICT hardware to be directly recycled by them. The department’s ICT equipment is made from recycled plastics and items are routinely recycled amongst employees until they become operationally obsolete or no longer compatible for the department's needs.
- **Better ways of working:** the department continues to invest in video conferencing equipment for our meeting rooms to facilitate meetings between teams based in various Cabinet Office locations across the UK. This reduces travel by staff and suppliers.
- **Power saving initiatives on deployed equipment:** optimised power saving profiles are implemented and enforced on laptops and mobiles to reduce power consumption without affecting device functionality or productivity.

Sustainability and Climate Change Adaptation Strategy

For 2022-23, the Cabinet Office is launching an internal Cabinet Office Sustainability and Climate Change Adaptation Strategy. The strategy will enable staff to make positive green choices in the workplace instinctively and will promote our goal to work toward a circular economy. The strategy, supported by the standards of ISO14001, covers the environmental management of the core estate and focuses on the scope 3 emission activities of staff, for example: carbon literacy, business travel and procurement. We are supporting the sustainability approach with an internal online sustainability hub where staff can engage with our Green Network, volunteering programmes and obtain advice on how to start their own journey to a net zero future.

The strategy is supported by a formal committee and the senior management team. The department also has a Head of Sustainability who leads on the internal agenda.

Contribution to the United Nations Sustainable Development Goals

The Cabinet Office has identified where its commitments, policies and programmes contribute to the delivery of the United Nations Sustainable Development Goals (SDGs) linked to the department's strategic outcomes. As the corporate headquarters for the government, our work directly and indirectly influences and supports the UK's approach across a broad range of SDGs.

The examples below are set out in line with our commitments for 2021-22 but are not exhaustive; they illustrate the depth and breadth of the Cabinet Office's contribution.

Priority outcome	Contributing to United Nations SDGs
Outcome 1: Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security	• 8: Decent work and economic growth • 9: Industry, innovation and infrastructure • 16: Peace, justice and strong institutions Improved end-to-end user experience for moving legitimate goods into and out of the UK will help achieve higher levels of economic productivity (target 8.2). Improved ability to detect threats before they reach the border will support target 16.4, which aims to significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime. Through improving resilience of international supply chains and minimising the risk of disruption at UK ports, the Future Borders Programme will contribute to the development of quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development (target 9.1).

Priority outcome	Contributing to United Nations SDGs
Outcome 2: Secure a safe, prosperous and resilient United Kingdom by coordinating national security, crisis response and the implementation of the Integrated Review	• 11: Sustainable cities and communities • 16: Peace, justice and strong institutions An improved cross-government approach to security will support building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime (target 16.a). Outcomes of the integrated review will contribute to improved national security and support target 16.1, reduction in violence and related death.
Outcome 3: Improve levels of equality in the UK	• 3: Good health and wellbeing • 5: Gender equality • 10: Reduced inequalities • 16: Peace, justice and strong institutions All aspects of the equality outcome primarily contribute to SDGs 5 and 10. Impact on equalities is measured via metrics such as 'Increased ethnic minority, disability, socio-economic and diversity of background and location representation within the fast stream, senior civil service fast stream and early talent diversity programme'. All contributing activity lines especially support target 10.2, to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic, or other status. Improving the quality of evidence and data within government about the types of barriers different groups face will lay the foundation for target 10.3, ensuring equal opportunity and reducing inequalities of outcome, and eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. The Commission on Race and Ethnic Disparities, the National Strategy for Disabled People, and the Gender Recognition Certificate digitisation will support improved health and wellbeing of people from ethnic minority backgrounds, people with disabilities and transgender people respectively (target 3.8).

Priority outcome	Contributing to United Nations SDGs
Outcome 4: Increase the efficiency, effectiveness and accountability of government through modernisation and reform, including through the work of the government functions.	• 8: Decent work and economic growth • 10: Reduced inequalities • 11: Sustainable cities and communities • 16: Peace, justice and strong institutions All aspects of the modernisation and reform programme directly contribute to target 16.6, developing effective, accountable and transparent institutions at all levels. Procurement reform in particular will support increased transparency over the government's commercial activity. Additionally, the Places for Growth agenda will support positive economic, social and environmental links between urban areas (target 11.a). GDS reforms, including improvements to GOV.UK and development of the Single Sign-on will help ensure public access to information, contributing to target 16.10.
(Additional Outcome 5) Deliver the priorities of the Prime Minister and government	This outcome represents the work of teams which support the operation of cabinet government, and ensure the delivery and monitoring of the Prime Minister's key priorities. Through this work it contributes to a wide range of SDGs, across all government work, but most specifically and directly: • 13: Climate action • 15: Life on land • 16: Peace, justice and strong institutions Successful delivery of COP26 and associated activities directly supported targets 13.a (implementing the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change), 13.2 (integrating climate change measures into national policies, strategies and planning), and 13.3 (improving education, awareness-raising and human and institutional capacity on climate change). Delivery of the government's five year UK Geospatial Strategy contributes to target 15.9, improved access and use of geospatial data will support integrating ecosystem and biodiversity values into national and local planning and development processes.

Priority outcome	Contributing to United Nations SDGs
Enabler 4: Sustainability	• 7: Affordable and clean energy • 11: Sustainable cities and communities • 12: Responsible consumption and production • 13: Climate action In working towards the GGCs across the estate, the Cabinet Office will contribute to multiple SDG targets, including: Target 7.1, improved access to affordable, reliable and modern energy services. Target 11.6, reducing the adverse per capita environmental impact of cities. Target 12.5, substantially reduce waste generation through prevention, reduction, recycling and reuse. Through empowering staff to challenge and improve sustainability, the Cabinet Office contributes to improving education, awareness-raising and human and institutional capacity on climate change (target 13.3).

Alex Chisholm

Chief Operating Officer of the Civil Service,
Permanent Secretary and Principal Accounting Officer

1 December 2022

Governance Report

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed Cabinet Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental and other arm's length public bodies designated by order made under the GRAA by Statutory Instrument 2021 no. 1441 (together known as the 'departmental group', consisting of the department and sponsored bodies listed at note 24 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the income and expenditure, statement of financial position and cash flows of the departmental group for the financial year.

In preparing the accounts, the accounting officer of the department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental (and other arm's length) public bodies
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis, and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the permanent head of the department as accounting officer of the Cabinet Office. In addition, HM Treasury has appointed additional accounting officers to be accountable for those parts of the department's accounts relating to specified estimate sections and the associated assets, liabilities and cash flows. These appointments do not detract from the head of department's overall responsibility as accounting officer for the department's accounts.

The allocation of accounting officer responsibilities in the department is as follows:

Estimate section E: Steven Boyd, Chief Executive of the Government Property Agency, an executive agency

Estimate section F: Harry Rich, The Registrar of Consultant Lobbyists, a corporation sole

Estimate section F: Peter J. Lawrence OBE, Chief Executive of the Civil Service Commission, an executive non-departmental public body

Estimate section F: Marcial Boo, Chief Executive of the Equality and Human Rights Commission, a non-departmental public body

Estimate section B: Thalia Baldwin, Director of the Geospatial Commission

The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as accounting officers of those bodies. The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the accounting officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental or other arm's length public body for which the accounting officer is responsible, are set out in Managing Public Money published by HM Treasury.

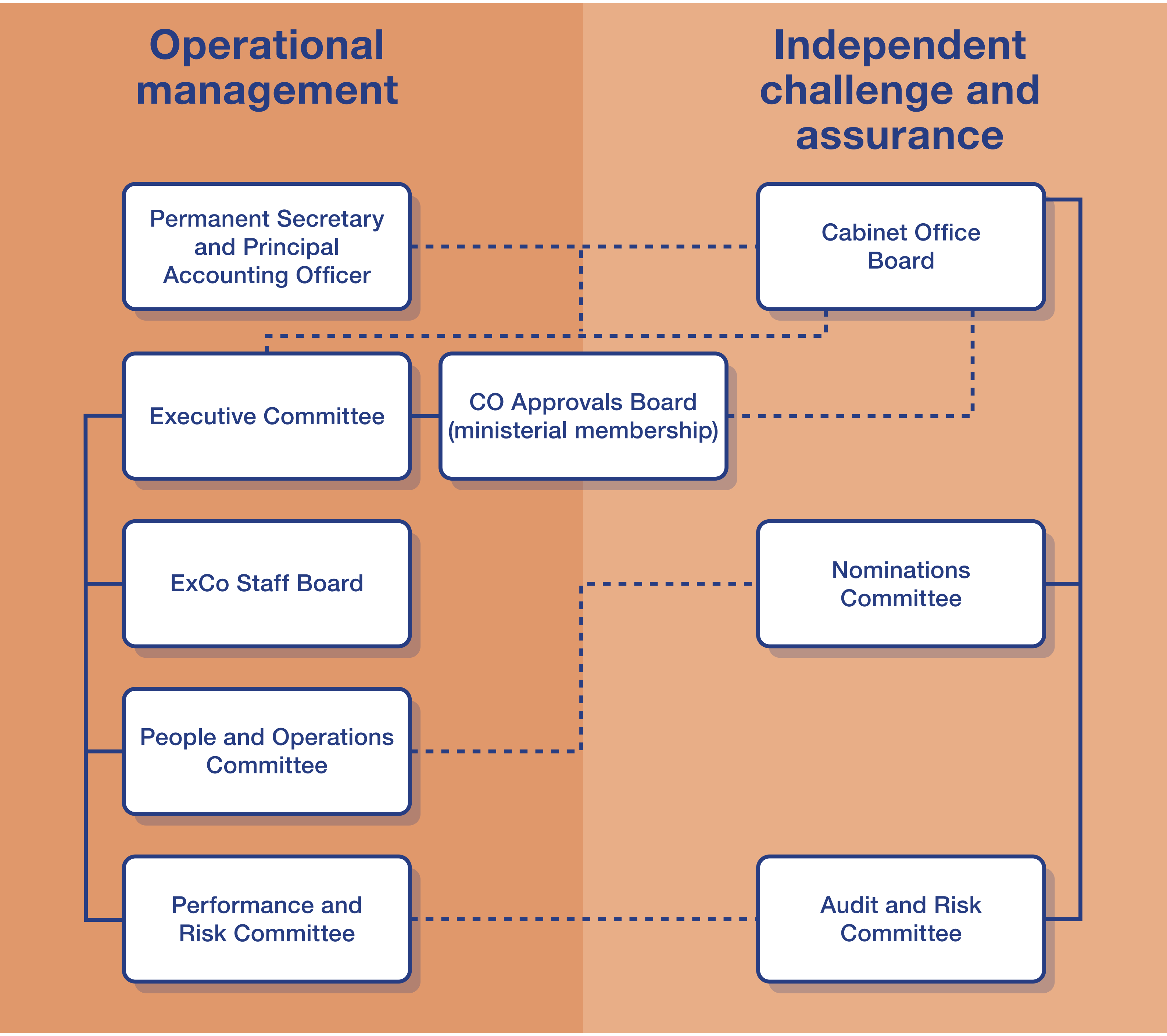
As the Accounting Officer of the Cabinet Office, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Cabinet Office's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

The Cabinet Office governance statement records the stewardship of the organisation, drawing together evidence on governance and risk management to give a sense of how successfully the department has coped with the challenges and changes faced during the year. As Principal Accounting Officer, the governance statement represents my assurance to Parliament that I am satisfied that the department's system of internal control is effective and supports good decision making.

The system described in this section has been in place for the entirety of the year under review.

Governance structure



Cabinet Office Board

The Cabinet Office Board provides the collective strategic and operational leadership of the department, bringing together Cabinet Office ministers, senior members of the department's executive leadership team with non-executives from outside government. Its purpose is to provide advice on the Cabinet Office's strategy, monitor performance and advise on significant risks. The board is provided with relevant, high-quality information prior to each meeting to enable it to fulfil its role effectively. The board also ensures there is oversight in place to scrutinise the performance and risk management of the department's sponsored bodies (arm's length bodies, commissions and inquiries).

The board met six times during 2021-22, including a four-hour strategy session in December 2021. Its focus was on the union (up to September 2021), departmental transformation, and business planning and budget. An internal board effectiveness evaluation was undertaken by Baroness Stuart during 2021, which was submitted to the board in January 2022. Its recommendations included that the board limit its focus to the corporate and structural issues within the department and increase its oversight of arm's length bodies, that the department provide more management information and data to the board, and that non-executives with expertise in people and organisational transformation be appointed to the board. All of the recommendations are being taken forward by the new Lead Non-Executive, Anand Aithal, during 2022-23.

During the year, five ministers joined the board and four departed. In September 2021, the Rt Hon Steve Barclay MP, Rt Hon Michael Ellis KC MP and Rt Hon Nigel Adams MP joined the board following the reshuffle, while the Rt Hon Michael Gove MP, Rt Hon Penny Mordaunt MP and Chloe Smith MP departed. In January 2022, Lord Agnew departed and in February 2022, the Rt Hon Jacob Rees-Mogg MP and Heather Wheeler MP joined the board. The Rt Hon Steve Barclay MP chaired the board from September 2021.

In January 2022, Baroness Stuart and Karen Blackett OBE rotated off the board, and Lord Nash departed in March 2022. Anand Aithal was appointed Lead Non-Executive in February 2022. Michael Jary joined the board as Government Lead Non-Executive on 31 March 2022.

Board membership and attendance

Membership type	Name	Date of in-year appointment/departure	Number of meetings attended
Ministerial	The Rt Hon Steve Barclay MP (Chair from September 2021)	Appointed 15 September 2021	5/5
	The Rt Hon Michael Gove MP (Chair April - September 2021)	Departed 15 September 2021	1/1
	The Rt Hon Jacob Rees-Mogg MP	Appointed 8 February 2022	1/1
	The Rt Hon Michael Ellis KC MP	Appointed 15 September 2021	1/5
	The Rt Hon Penny Mordaunt MP	Departed 15 September 2021	0/1
	The Rt Hon Nigel Adams MP	Appointed 15 September 2021	1/5
	Chloe Smith MP	Departed 15 September 2021	0/1
	The Lord Agnew of Oulton DL	Departed 24 January 2022	5/5
	The Lord True CBE		6/6
	Heather Wheeler MP	Appointed 8 February 2022	1/1
	Julia Lopez MP	Departed 15 September 2021	1/1
Non-executive	The Rt Hon The Baroness Stuart of Edgbaston	Departed 31 January 2022	5/5
	The Lord Nash	Departed 30 March 2022	3/5
	Michael Jary	Appointed 31 March 2022	0/0
	Anand Aithal		6/6
	Mike Ashley		4/6
	Karen Blackett OBE	Departed 31 January 2022	4/5
	Henry de Zoete		6/6
	The Lord Hogan-Howe of Sheffield QPM		6/6
Senior official	Alex Chisholm		6/6
	Dame Elizabeth Gardiner DCB KC (Hon)		5/6
	Sarah Harrison		6/6
	Richard Hornby		6/6

Cabinet Office Audit and Risk Committee

The board is supported by the Cabinet Office Audit and Risk Committee (COARC), which is chaired by Mike Ashley. Lord Hogan-Howe and Anand Aithal are also members.

COARC's role is to support the board and Principal Accounting Officer by providing an independent view of the department's financial, risk and control arrangements and to review and make recommendations on the approval of the accounts for the Cabinet Office, Office of the Registrar of Consultant Lobbyists, Civil Superannuation, and Royal Mail Statutory Pension Scheme. During 2021-22 the committee met seven times. Its focus included deep dives on risk management progress, cyber security, data and information management, and progress with arm's length bodies' assurance activity. The committee has also been updated on how the department's business planning has taken account of the risk and control environment, the implementation of recommendations of the first Boardman review (on Cabinet Office procurement practices) and improvements to the department's assurance activity.

Nominations Committee

The Nominations Committee did not meet during 2021-22. It was due to meet during Q4 but the departure of its Chair (Baroness Stuart) and one of its members (Karen Blackett OBE) in January 2022 meant it was not quorate. It will meet during 2022-23 once new non-executive directors are appointed to the board. Anand Aithal is currently the only member.

Executive Committee

The Executive Committee (ExCo) is the senior executive leadership of the Cabinet Office, chaired by the Permanent Secretary. It meets fortnightly, with the exception of August (no meetings) and December (one meeting). Operating within the overall strategic context set by ministers, and taking account of the steers of the Cabinet Office Board, ExCo sets the leadership expectations, culture and tone for the department, makes collective decisions on corporate issues and actively monitors departmental delivery and performance. ExCo has also provided leadership on diversity and inclusion, and the health and wellbeing of the department.

ExCo held one 'away day' style meeting in July 2021, focusing on leadership and culture. Due to the ongoing risks around COVID-19 it did not formally meet with any private sector, third sector or public sector stakeholders as a group during the year.

At each ExCo meeting, the committee received regular updates from its subcommittees which are as follows.

Performance and Risk Committee

The Performance and Risk Committee is co-chaired by First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group, Dame Elizabeth Gardiner, and the Government Chief Commercial Officer, Gareth Rhys Williams. The committee meets monthly, with the exception of August and December. The Performance and Risk Committee reviews, monitors and challenges performance of the department against strategic objectives, business as usual, and emerging priorities. The committee also challenges risk management to ensure that robust mitigations are put in place to address departmental risks. It discharges its responsibilities by examining and challenging business unit returns on performance and risk mitigation, corporate services reporting, strategic delivery reporting, and the top tier risk register. Mike Ashley, chair of COARC, attends meetings in an advisory capacity.

People and Operations Committee

The People and Operations Committee is chaired by Sarah Harrison, Chief Operating Officer. During the year Peter Lee, interim Director General for the UK Governance Group, and Emma Churchill, Director General for the Borders and Protocol Delivery Group, both served as co-chairs before leaving the department in machinery of government changes. During 2021-22 the committee has focused on implementing the corporate services improvement plan and digital transformation, tackling bullying, harassment and discrimination within the department, staff wellbeing and implementing inclusive hybrid working practices.

Cabinet Office Approvals Board

The Cabinet Office Approvals Board (COAB) is a ministerial-led board which reviews and approves investment proposals if the whole-life costs exceed £1 million, the proposal is novel or contentious or the review has been requested by the relevant director general. Where whole-life spend exceeds £15 million, further approval is required from HM Treasury. The board also approves all consultancy requests above £10,000 or consultancy requests with a minimum duration of 3 months and professional services requests over £50,000 or professional services requests with a minimum duration of three months.

COAB is supported by the Pre-COAB Scrutiny Committee which is chaired by the Chief Finance Officer, with members including strategic, economic, financial, commercial, project management, digital and legal experts who review investment proposals, challenge business units on their contents, and provides advice and recommendations to COAB in advance of meetings. In 2021-22, COAB reviewed 108 business cases and approved 79 of those cases.

COAB was chaired by Lord Agnew until January 2022, and co-chaired by the Rt Hon Jacob Rees-Mogg MP and Rt Hon Michael Ellis KC MP from February 2022. Its senior official membership is made up of the Permanent Secretary, the Chief Operating Officer, the Chief Finance Officer, the HR Director and the Chief Digital and Information Officer. Anand Aithal, Lead Non-Executive, attends meetings in an advisory capacity.

Oversight of departmental arm's length bodies

The Cabinet Office sponsors 11 arm's length bodies, most of which are small, specialist organisations that deliver services across Government. During 2021-22, a risk assurance assessment was undertaken to identify key risks and themes across the arm's length body landscape, which found that overall our arm's length bodies are working well and enjoy a good level of sponsorship from the department. The findings and recommendations were endorsed by the Performance and Risk Committee and COARC and will be taken forward during 2022-23 to ensure the Cabinet Office is compliant with the requirements set out by the Public Bodies Reform Programme.

Compliance with the Corporate Governance Code

The department's approach to governance is in line with the Cabinet Office's Corporate Governance in Central Government Departments: Code of Good Practice, with the exception of the Nominations Committee which is scheduled to meet in Q2 2022-23 as it was not quorate when due to meet in Q4 2021-22.

Conflicts of interest

Board members are required to declare any personal or business interests which may influence their judgement, or be perceived to, when performing their duties on an ongoing basis and ahead of meetings if appropriate. The Cabinet Office has an established procedure for considering, approving, and recording conflicts of interest.

The Cabinet Office's register of board members' interests is published on GOV.UK every year in July.

Quality of data used by the board

Cabinet Office Board meetings covered a variety of topics to support the running of the department and meet our objectives, such as quarterly performance and risk reporting, and reporting from our people and places team on Cabinet Office culture and behaviours, including the annual People Survey. The governance team provided a comprehensive secretariat service to the board and its subcommittees to ensure the effective and efficient administration of the board and its activities. The board was provided with high-quality board papers prior to each meeting to aid informed decision making.

Cabinet Office risk management and control

Cabinet Office risk management and control environment management are essential tools used to minimise levels of uncertainty and to maximise the department's chances of successfully delivering its objectives, helping to inform both operational decision making and strategic planning.

The department's risk management policy operates a two-tier approach, allowing for a more granular business unit perspective and an overarching strategic perspective. To clearly define responsibilities and accountabilities, the three lines of defence model is used, ensuring that risks are appropriately identified, assessed, managed and reported.

Risk is managed and recorded through centralised risk registers that are reported monthly to the Performance and Risk Committee and quarterly to ExCo, along with treatment plans that contain specific actions with assigned owners and timescales for resolution. The Performance and Risk Committee conducts monthly deep dive sessions with the senior leadership of eight business units to scrutinise the business units' risk registers and performance objectives. Further, a quarterly reporting cycle is established to review, report and escalate risks across the entire department, allowing ExCo, COARC and the Cabinet Office Board to remain informed on the key principal and emerging risks.

The department's three lines of defence assurance framework continues to mature in conjunction with the risk management approach. The assurance approach examines the department's controls at both a business unit level (first line) and through cross-cutting corporate control themes (second line). The themes and their compliance requirements have been captured in a set of business rules that detail the accountabilities of budget holders. This forms part of the delegation process from the Principal Accounting Officer. A pledge from budget holders was submitted in response to the delegations and to confirm receipt of the business rules to state that the controls are understood.

To monitor the control themes, each budget holder was required to complete a self-assessment, the corporate management statement, in March 2022. The corporate management statement is a component of the department's compliance monitoring approach, where budget holders must provide assurances against corporate controls to determine if they have 'full', 'partial' or 'low' assurance within their units. The response options have specific criteria this year that a unit must meet and be able to evidence.

The corporate management statement results provide the department with a baseline of assurance for the whole financial year, and also identify departmental control risks and where improvements need to be made at both the first and second lines over the new financial year. The findings are provided to the Government Internal Audit Agency, a key part of the department's third line, to inform their audit plan for the new financial year.

The corporate management statement for 2021-22 showed a good level of compliance across the control themes, with an assurance score of 88%. The calculation has been updated in line with this year's improved assurance scoring system, where 'partial' responses are given a weighting of 50%. The comparative assurance score for 2020-21 is 90%. This slight reduction compared to the previous year is a result of more accurate self-assessments against the defined criteria.

The results of the self-assessments were assessed against other data sources held by corporate services to assure the accuracy of the returns. Summary reports were returned to budget holders requesting improvement action to address areas that did not have full assurance. Simultaneously, cross cutting improvements to the control environment have been identified and are being taken forward at a corporate level.

Internal audit

The Government Internal Audit Agency provides assurance on the departmental control environment, prioritised by an assessment of control risks. The departmental assurance team supports the delivery of the Government Internal Audit Agency's audit plan by aiding their knowledge of the governance, risk and control framework operating throughout the department, as well as informing their activity.

The Government Internal Audit Agency's activity during the year included audits on risk management, IR35 compliance, commercial contract management, departmental progress against the Boardman recommendations, spend controls, the Government Communication Service and Cabinet Office portfolio management. An audit on budgets and forecast management achieved a 'Substantial' outcome demonstrating the maturity of processes and controls for this theme.

A small number of reports from 2020-21 remained open this year, most notably those on cyber security, business continuity and payroll corrections. However, these audits have now been positively addressed. Cyber security remains a risk but is being actively mitigated by a dedicated cyber security team, a refreshed cyber strategy, plan and target operating model.

Assessments on the department's OFFICIAL IT platform highlighted a series of limitations in the resilience and cyber security of the system. A programme of works has been established to address this and work is ongoing to fully comply with the minimum cyber security standards. The key issues were quickly resolved following a health check and further improvements have now been funded to further enhance the cyber security capabilities of the department. The dedicated cyber and data privacy teams within the department have been increased in size and have taken significant steps to address the limitations and communicate these to relevant stakeholders.

Cyber and data governance along with business continuity will form part of the audit plan for 2022-23.

The Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the department's governance, risk and control arrangements. The internal audit reviews conducted during the year contribute to that opinion: the internal audit review opinion for 2021-22 is 'moderate'. Even though this remained the same as last year, the department has continued to make improvements to our governance, risk management and control environment throughout the past year to support the delivery of our objectives.

Improved monitoring of open audit recommendations has been implemented this year, with frequent reporting to COARC to maintain momentum and hold action owners to account for delivery when delays occur.

The department received 100 actions from 17 of the 24 audit reports from the 2021-22 audit plan. Across the financial year, 21 reports were closed from a total of 38 audits that were open or received during the year. The remaining audits are due for completion in 2022-23. A total of 112 actions from 157 open actions were closed, with an average of 60% closed on time or in advance of their initial target date. The timely closure of actions has positively increased by around 10%, with the average delay reducing from around three months to two. This remains outside of the department's optimum position, and further action will be taken to improve these figures in the coming financial year.

An advisory audit on the department's control environment was conducted this year. This audit enabled the department to focus on a revised set of business rules for 2022-23. These have been broadened to better articulate budget holders' responsibilities and to provide further clarity within the existing requirements. In support of this, a mechanism to monitor compliance has been developed and piloted in 2021-22, in advance of roll-out from Q1 2022-23. This mechanism will present budget holders each quarter with a view of where their units are meeting and, critically, not meeting minimum standards to drive improvement at the first line of defence. Corporate services will have a view of common issues across the department to direct interventions and address cross-cutting risk. Sanctions have been defined for breaches to critical controls and compliance is part of leadership objectives for the new financial year.

Although significant progress has been made to improve the control environment, the audit activity has identified a number of areas that require a particular assurance focus. The following areas are being prioritised to address the limitations identified:

- commercial contract management
- risk management
- property and estates management
- cyber security and data governance
- fraud detection

External audit

The department's external audit function is provided on behalf of Parliament by the Comptroller and Auditor General, supported by staff from the National Audit Office (NAO). As part of the process, representatives from the NAO see all COARC papers and attend its meetings.

In its audit completion report for 2020-21, the NAO reported that the Cabinet Office has demonstrated ongoing improvements to financial processes and controls, which is reflected in the low level of errors identified and reported in the 2020-21 audit. The NAO also recognised the Cabinet Office's commitment to delivering financial statements pre-recess, despite the challenging circumstances around COVID-19 and with the onboarding of around 60 properties within the Government Property Agency.

As part of the audit, the NAO identified control issues in the following areas:

- finance business partners (medium risk)
- fixed asset register Oracle module (low risk)
- invoices on hold (low risk)
- accounts preparation (low risk)

These issues have been addressed through a programme of improvements led by the Cabinet Office financial controls and operations team to enhance central processes and controls. Activities include the development of a new central grant management process underpinned by detailed guidance, training for grant managers and finance business partners, and increased regular risk based sample testing across all spend areas.

During 2021-22, the NAO published one investigation, two lessons learned reports and five value for money reports relating to Cabinet Office wholly or in part. A number of these relate to a programme of work to be undertaken by the NAO to support Parliament in its scrutiny of the government's response to COVID-19 and setting out lessons learned for departments to reflect on and incorporate into future practices.

In August 2022, the NAO published a departmental recommendations tracker setting out whether departments have accepted or rejected recommendations from all reports published since 1 April 2019. The publication seeks to increase transparency on the wider improvements made and to help departments to track progress. The published tracker will be updated bi-annually. The latest publication reported that the Cabinet Office received 60 actions across 12 reports, of which 59 actions were accepted and 1 action rejected. Of the 59 open actions, 12 were implemented, 43 were work in progress and 1 under consideration. Many of those in progress are anticipated for completion at the end of the Spending Review period in 2025.

The investigations are factual reports and have supported us in responding to emerging issues. This year, one investigation report was published: Investigation into the British Steel pension scheme.

This year, two lessons learned reports relating to the Cabinet Office were published.

Initial learning from the government's response to the COVID-19 pandemic – This report sets out the NAO's initial thoughts on learnings on the government's COVID-19 response across six themes: risk management, transparency and public trust, data and evidence, coordination and delivery models, supporting and protecting people, and financial and workforce pressures.

Recommendations in relation to urgent procurements were specifically assigned to the Cabinet Office and the Government Commercial Function. These are being tracked as part of the heads of functions steering group meetings and in line with Boardman recommendations. The Government Internal Audit Agency has provided further assurance on the implementation of the Boardman recommendations through a series of advisory audits on progress made to date.

Government's preparedness for the COVID-19 pandemic: lessons for government on risk management – The report assessed central government's risk analysis, planning, and mitigation strategies led by the Civil Contingencies Secretariat prior to the start of the COVID-19 pandemic. It concludes that there was a lack of a cross-system view, limited oversight and assurance of plans in place, and variation in capacity, capability and maturity of risk management across departments.

The Civil Contingencies Secretariat is addressing issues raised in the report through its oversight of the National Resilience Strategy and is also leading on implementing the report's key recommendations to strengthen government's end-to-end risk management process and national resilience.

Value for money studies examine major areas of government expenditure in order to form a judgement on whether value for money has been achieved. The five value for money studies published this year covered:

- Central oversight of arm's length bodies
- Challenges in implementing digital change
- Evaluating government spending
- The UK border: Post UK-EU transition period
- Financial modelling in government

Central oversight of arm's length bodies – This report examines how government decides on the best type of organisation to deliver its objectives and the role of the centre (the Cabinet Office and HM Treasury) in supporting government departments and arm's length bodies. The report acknowledges the important role public bodies play in delivering public services. It finds there has been some improvement in the ways the centre of government and departments work with and support arm's length bodies. However, there are continuing inconsistencies in the set up and oversight of arm's length bodies.

HM Treasury and the Cabinet Office established the Public Bodies Reform Programme in 2021. Its work will address the issues raised by the NAO.

Challenges in implementing digital change – This report sets out the lessons to learn from the experience of implementing digital change, particularly given government's vast legacy IT estate and associated risks. The report found that programmes are not being sufficiently thought through before key decisions on technology solutions are made.

The Central Digital and Data Office, along with the Government Digital Service and the Cabinet Office, have been asked to lead the response with a focus on:

- revising existing training programmes to better equip and train all decision makers with responsibility for digital transformation programmes
- working with HM Treasury to review existing business case funding and approval processes for digital programmes
- disseminating and applying lessons learned from the successes and failures of past programmes

The Chief Data and Digital Office was set up in April 2021 to lead the digital, data and technology function across government. Since its inception, the Chief Data and Digital Office has established clear and collaborative governance across departments, including its new Digital and Data Board which engages permanent secretaries in the digital agenda. It is also developing a consistent view of the costs and risks of legacy systems through the roll-out of a common legacy IT framework.

Evaluating government spending – This report examines the government's progress in developing the provision and use of evaluation evidence across government following on from the NAO report published in 2013. It focuses on the role of HM Treasury, the Cabinet Office and the analysis function in setting out requirements, incentives and oversight arrangements to support accounting officers in fulfilling their evaluation responsibilities.

The Evaluation Taskforce is a joint HM Treasury and Cabinet Office unit. While the analysis function is overseen by HM Treasury, the Cabinet Office has led on recommendations and supported engagement through the Evaluation Taskforce, and defined the roles and responsibilities of government bodies with respect to evaluation. It is also supporting the development of a plan for improvements to the evaluation system.

The UK border: Post UK-EU transition period – This report brings together information on the impact of the new arrangements and on future risks to be managed. The NAO has previously reported on the management of the UK border, focusing primarily on the government's preparations for the end of the transition period.

The NAO acknowledged the collective significant achievement of government, departments and third parties in delivering the initial operating capability needed at the GB–EU border. However, the report notes more work is needed to implement a stable operating model.

In December 2021, the Border and Delivery Protocol Group updated the border operating model to lay out new customs and border requirements and procedures for goods imported from or exported to the EU. As part of the revised timetable, full customs declarations and controls were introduced on 1 January 2022.

Financial modelling in government – This report examines the government's progress in improving financial modelling across government following on from the Macpherson Review in 2013. It focuses on the role of HM Treasury, the Office for Budgetary Responsibility, and the analysis and finance functions in setting out processes and best practice for departmental management of financial models, quality assurance, and assessing and communicating uncertainty in financial models.

The Cabinet Office is supporting the implementation of the recommendations of this report by enhancing our own processes in relation to the quality assurance of complex models and supporting the work of the analysis function with arm's length bodies.

Strategic and emerging risks

At the centre of government, the Cabinet Office leads the national response to large events or challenges. Due to its position, the risk profile for the Cabinet Office is far broader than would traditionally be the case. A quarterly process is used to report overarching strategic risks that could have a significant impact on the department's ability to operate or meet its strategic vision. Strategic risks throughout 2021-22 included the following issues.

- Workforce risks: Retaining talent and capability, and maintaining a productive and engaged workforce through ongoing internal and external environmental changes remains a challenge. The Cabinet Office workforce continues to evolve to attract and grow the skills necessary to develop the department for the future as it reduces in size as major programmes, including EU Exit and COVID-19, have concluded. To directly respond, we are establishing a Cabinet Office transformation programme, with central emphasis on increased learning and development offers, building our employee value proposition, as well as on improved ways of working through innovation and reduced bureaucracy.
- Budgetary risks: Continuous external changes and uncertainties have placed significant pressure on our ability to forecast with any degree of certainty. Due to increasing and unfunded demands, limited budgets, and optimism around delivery, there is a risk that the Cabinet Office takes on more responsibilities than it is able to deliver within its budget. This could result in regular overspends, associated funding pressures and an inability to deliver the department's objectives. Throughout the year, finance teams worked closely with business areas to understand the various pressures and changes to delivery requirements. We have continued to focus on improved reporting of forecast and performance information, providing the basis for improved debate and increased accountability among budget holders.
- Change risk: We have an ambitious portfolio of transformation programmes with a range of risks that require active and ongoing management to ensure delivery. Despite uncertainties such as resourcing and skills gaps and affordability, overall portfolio delivery confidence remained broadly unchanged over the course of 2021-22, with ongoing focus on the execution of several complex, high-profile programmes.
- Data and information management: The department handles a vast amount of sensitive personal and government data, which is growing in terms of volume, complexity and variety. There are risks associated with our ability to manage, protect and effectively use information, which are above our appetite level. A long-term data strategy is being implemented alongside a control and management programme. This is reliant on sustained investment in the technology infrastructure required to rationalise and modernise ageing systems. Further, we have been enhancing capacity and capabilities to understand the overall data landscape, streamline data and enhance data sharing.

- Cyber security: An intensifying risk of cyber security incidents within the Cabinet Office due to the heightened risk environment and vulnerability of legacy IT systems is being managed through a multi-layered approach, with a detailed departmental roadmap to improve maturity. We have been implementing detective and protective cyber attack technical monitoring and reporting mechanisms, as well as improving business continuity arrangements. To reduce the likelihood and impact of a cyber security incident we have funded projects such as the decommissioning of legacy servers and invested in replatforming to improve the overall resilience of the systems and infrastructure.
- Third-party suppliers: The department remains alert to operational risks that would arise from insolvency of a strategic government supplier, such as loss or disruption of services to government departments. While the impact of the COVID-19 pandemic is better managed and understood, there has been an increased risk of sustained inflationary pressures and supply chain issues, widely recognised by companies from various sectors. The department's markets and supplier team proactively manage this risk through ongoing horizon scanning, supplier monitoring, contract management and contingency planning with departments.

Whistleblowing

In line with other government departments, the Cabinet Office has continued to promote raising a concern, including via the Civil Service HR-led Speak Up campaign in September 2021 and, more recently, a specific Cabinet Office Speak Up campaign in February 2022. As part of these campaigns, the Cabinet Office has published a series of communications and products, including messages from senior leaders encouraging people to 'speak up'. In addition, we ran a 'raising issues' workshop, which signposted attendees to our Speak Up flow diagram, highlighting the most appropriate routes through which to raise a concern. The people and places policy team and Civil Service HR colleagues also ran a 'teach-in' session for COARC members in September 2021.

In addition, the Cabinet Office has recently completed the Civil Service HR 'whistleblowing health check', and work is currently underway to:

- implement the recently updated Civil Service HR whistleblowing procedure
- identify a new whistleblowing champion
- increase the number of nominated officers across the department, ensuring that they are sufficiently geographically dispersed, with additional volunteers sought as part of the recent Speak Up campaign

During 2021-22, the Cabinet Office has had a total of three concerns raised, none of which have resulted in legal action.

Complaints to the Parliamentary Ombudsman

In 2021-22, the Parliamentary and Health Service Ombudsman received 16 complaints for the Cabinet Office, of which four complaints were closed by the ombudsman following primary investigation, and no other complaints were accepted for detailed investigation.

Fraud

The Cabinet Office is committed to reducing risks of fraud or misuse of funds and assets. This means we invest in prevention, report and act upon all suspicions, and learn from our experience. The department has a risk-based approach to inaction or mishandling of funds. All staff are required to act with honesty and integrity and to safeguard the public resources they are responsible for.

The department continues to work on its commitments regarding counter fraud, bribery and corruption in line with the functional standard, to develop awareness and detection across the core group and arm's length bodies.

Data losses

The Cabinet Office continues to actively manage risks to reduce the likelihood of data breaches and data losses.

Following the appointment of the chief data officer and the introduction of a data privacy team to support the data protection officer, a number of technical controls have been implemented. Measures include a reduction in paper files and the use of secure file transfer technology to make electronic delivery more secure.

During 2021-22, the Cabinet Office reported four incidents to the Information Commissioner's Office. None of the incidents resulted in further action.

Data modelling and quality assurance

Quality assurance of business critical models in the Cabinet Office follows a consistent process and complies with the Aqua Book guidance on producing quality analysis in government. Our analysis and insight team provides independent assurance for business critical models within the department, a list of which is publicly available and is currently being updated. This list identifies business critical models in use across the Cabinet Office. Cabinet Office business critical models are signed off as fit for use by a panel including the senior responsible owner and a Senior Civil Service analyst.

Corporate leadership changes

Following allegations of social gatherings in government premises that contravened COVID-19 restrictions, the Prime Minister asked the Cabinet Office on 8 December 2021 to undertake an investigation into the matter. This was subsequently headed by the Second Permanent Secretary, Sue Gray. The terms of reference of the investigation were published on 9 December 2021, with the full report published on 25 May 2022 following completion of the Metropolitan Police investigations.

The report covered gatherings spread over a 20-month period and recognised the unique period in which they took place in terms of complexity and demands on public servants. Like Sue, I am proud to be a part of the Civil Service that rose to the challenge of a worldwide pandemic, but I also recognise the seriousness of the report and the conclusion that some of these events should not have been allowed to take place or develop as they did.

In response to the findings, we reviewed the corporate leadership of the Cabinet Office and 10 Downing Street. On 9 February 2022, the Cabinet Secretary, with the approval of the Prime Minister, announced the immediate appointment of Samantha Jones to oversee reforms in structures and operations.

Conclusion

This year has been another year where we have addressed a multitude of complex issues and I would like to thank Cabinet Office staff for their resilience, professionalism and skills in supporting departmental delivery and maintenance of an effective control environment over the last year. We are bringing together our corporate services to work as one in order to strengthen our second line of defence and this, together with more effective use of data, is supporting our first line leaders to operate effectively and transparently.

The approaches and actions we have embedded in 2021-22 to further improve the governance arrangements and controls within the department and the continued focus on these across the department have allowed me to assure myself of departmental governance, risk management and internal controls processes. I am satisfied that the mechanisms in place to manage risks are adequate.

Alex Chisholm

Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

1 December 2022

Accountability Report

Remuneration and staff report

Overview

This report sets out remuneration policy and provides details on remuneration and staff that Parliament considers key to accountability.

1 Remuneration report

1.1 Remuneration policy

The pay of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries, which also sometimes advises the Prime Minister on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

The Review Body on Senior Salaries takes a variety of factors into consideration when formulating its recommendations. These include:

- the need to recruit, retain and motivate suitably able and qualified people
- regional or local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target
- the evidence it receives about wider economic considerations and the affordability of its recommendations

The Review Body on Senior Salaries website contains further information about its work.

The performance management system for senior civil servants is common across all government departments. Pay awards are made in two parts: non-consolidated variable payments, which are used to reward members of staff who demonstrate exceptional performance, and base pay progression to reward growth in competence.

Non-consolidated payments are paid a year in arrears, so those paid to Cabinet Office staff in 2021-22 relate to their performance during 2020-21.

1.2 Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission website specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk.

1.3 Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (that is, board members) of the department. The following were Cabinet Office ministers or members of the department's board receiving remuneration during the 2021-22 financial year. Details of ministers who were unpaid or paid by other departments can be found in the directors' report.

Cabinet Office ministers

The Rt Hon Steve Barclay MP
Chancellor of the Duchy of Lancaster
From 15 September 2021

Minister for the Cabinet Office
From 15 September 2021 until 8 February 2022

The Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
and Minister for the Cabinet Office
Until 15 September 2021

The Rt Hon Alok Sharma MP
President for COP26

The Rt Hon Michael Ellis KC MP
Minister for the Cabinet Office
From 8 February 2022

Paymaster General
From 16 September 2021

The Rt Hon Penny Mordaunt MP
Paymaster General
Until 16 September 2021

The Rt Hon Nigel Adams MP
Minister of State without Portfolio
From 15 September 2021

The Rt Hon The Lord True CBE
Minister of State at the Cabinet Office

The Rt Hon Jacob Rees-Mogg MP
Minister of State for Brexit Opportunities
and Government Efficiency
From 8 February 2022

Leader of the House of Commons
and Lord President of the Council
Until 8 February 2022

The Rt Hon Mark Spencer MP
Leader of the House of Commons
and Lord President of the Council
From 8 February 2022

The Rt Hon The Lord Frost CMG
Minister of State at the Cabinet Office
Until 18 December 2021

The Rt Hon Chloe Smith MP
Minister of State for the Constitution
and Devolution
Until 16 September 2021

The Lord Agnew of Oulton DL
Minister of State for Efficiency
and Transformation
Until 24 January 2022

The Rt Hon The Baroness Evans of Bowes Park MBE
Leader of the House of Lords and
Lord Keeper of the Privy Seal

Julia Lopez MP
Parliamentary Secretary for the Cabinet Office
Until 16 September 2021

Cabinet Office Board members

Cabinet Office officials

Simon Case CVO
Cabinet Secretary and Head of the Civil Service

Alex Chisholm
Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

Sarah Harrison
Chief Operating Officer

Dame Elizabeth Gardiner DCB KC (Hon)
First Parliamentary Counsel and Permanent Secretary of the Government in Parliament Group

Richard Hornby
Chief Financial Officer

Non-executive directors

The Lord Nash
Government Lead Non-Executive
Until 31 March 2022

The Rt Hon The Baroness Stuart of Edgbaston
Cabinet Office Lead Non-Executive
Until 31 January 2022

Anand Aithal
Cabinet Office Lead Non-Executive
From 1 February 2022

Non-Executive Board Member
Until 31 January 2022

Mike Ashley
Non-Executive Board Member and Chair of the Audit and Risk Committee

Karen Blackett OBE
Non-Executive Board Member
Until 31 January 2022

Henry de Zoete
Non-Executive Board Member

The Lord Hogan-Howe of Sheffield QPM
Non-Executive Board Member

1.4 Remuneration (salary, benefits in kind and pensions) of ministers (audited)

Single total figure of remuneration

Ministers	Salary (to nearest £)		Benefits in kind (to nearest £100)		Pension benefits[1] (to nearest £1,000)		Total (to nearest £1,000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
The Rt Hon Steve Barclay MP	35,345[2]	-	-	-	10,000	-	46,000	-
The Rt Hon Michael Gove MP	33,753[3]	67,505	-	-	6,000	17,000	40,000	84,000
The Rt Hon Alok Sharma MP	67,505	11,251[4]	-	-	17,000	4,000	85,000	16,000
The Rt Hon The Lord Frost CMG[5]	103,595[6]	9,033[7]	-	-	20,000	2,000	124,000	11,000
The Rt Hon Michael Ellis KC MP	14,672[8]	-	-	-	5,000	-	20,000	-
The Rt Hon Penny Mordaunt MP	15,840[9]	31,680	-	-	4,000	8,000	20,000	39,000
The Rt Hon Chloe Smith MP	15,840[10]	31,680	-	-	4,000	8,000	20,000	39,000
The Lord Agnew of Oulton DL[11]	29,621[12]	36,366	-	-	-	-	30,000	36,000
The Rt Hon The Lord True CBE	81,485	81,485	-	-	36,000	29,000	117,000	110,000
The Rt Hon Mark Spencer MP	2,640[13]	-	-	-	1,000	-	4,000	-

1 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
2 The figure quoted is for the period 15 September 2021 to 31 March 2022. The full-year equivalent is £67,505.
3 The figure quoted is for the period 1 April 2021 to 15 September 2021. The full-year equivalent is £67,505.
4 The figure quoted is for the period 8 January 2021 to 31 March 2021. The full-year equivalent is £67,505.
5 The figures quoted include the Lords office holders' allowance of £4,030 per annum, which is the reduced rate for Lords ministers whose main home is within Greater London.
6 The figure quoted is for the period 1 April 2021 to 18 December 2021. The full-year equivalent is £104,360. The figure includes severance of £26,090.
7 The figure quoted is for the period 1 March 2021 to 31 March 2021. The full-year equivalent is £104,360.
8 The figure quoted is for the period 15 September 2021 to 31 March 2022. The full-year equivalent is £31,680.
9 The figure quoted is for the period 1 April 2021 to 16 September 2021. The full-year equivalent is £31,680.
10 The figure quoted is for the period 1 April 2021 to 16 September 2021. The full-year equivalent is £31,680.
11 The figures quoted include the Lords office holders' allowance of £3,030 per month, which is the reduced rate for Lords ministers whose main home is outside Greater London.
12 The figure quoted is for the period 1 April 2021 to 24 January 2022. The full-year equivalent is £36,366.
13 The figure quoted is for the period 8 February 2022 to 31 March 2022. The full-year equivalent is £31,680.

Ministers	Salary		Benefits in kind		Pension benefits[1]		Total	
	(to nearest £)		(to nearest £100)		(to nearest £1,000)		(to nearest £1,000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
The Rt Hon Jacob Rees-Mogg MP								
Leader of the House of Commons and Lord President of the Council	27,060[14]	31,680	-	-	-	-	27,000	32,000
Minister of State for Brexit Opportunities and Government Efficiency	9,844[15]	-	-	-	-	-	10,000	-
The Rt Hon The Baroness Evans of Bowes Park MBE[16]	108,180	108,180	-	-	27,000	26,000	135,000	134,000
Julia Lopez MP	11,187[17]	22,375	-	-	3,000	5,000	14,000	28,000
The Rt Hon Nigel Adams MP	15,840[18]	-	-	-	4,000	-	20,000	-

When a minister moves from one department to another, it is customary for the exporting department to pay their salary at the current rate of pay until the end of the month of departure, and the importing department pays in the month following at the appropriate salary along with any arrears.

14 The figure quoted is for the period 1 April 2021 to 8 February 2022. The full-year equivalent is £31,680.
15 The figure quoted is for the period 8 February 2022 to 31 March 2022. The full-year equivalent is £67,505.
16 The figures quoted include the Lords office holders' allowance of £3,820 per annum, which is the reduced rate for Lords ministers whose main home is within Greater London.
17 The figure quoted is for the period 1 April 2021 to 16 September 2021. The full-year equivalent is £22,375.
18 The figure quoted is for the period 15 September 2021 to 31 March 2022. The full-year equivalent is £31,680.

1.5 Remuneration (salary, benefits in kind and pensions) of official board members (audited)

The figures presented below relate only to the amounts received during the period that the individuals were board members.

Single total figure of remuneration

Board members	Salary £000		Non-consolidated payments £000		Benefits in kind[19] (to nearest £100)		Pension benefits[20] (to nearest £1,000)		Total £000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Simon Case CVO[21]	200 – 205	110 – 115[22]	-	-	31,400	18,100	76,000	67,000	305 – 310	195 – 200
Alex Chisholm	200 – 205	195 – 200[23]	-	15 – 20	-	-	78,000	76,000	280 – 285	290 – 295
Sarah Harrison	140 – 145	100 – 105[24]	5 – 10	-	-	-	31,000	37,000	180 – 185	135 – 140
Dame Elizabeth Gardiner DCB KC (Hon)	180 – 185	180 – 185	-	15 – 20	-	-	49,000	96,000	230 – 235	295 – 300
Richard Hornby	145 – 150	145-150	5 – 10	0 – 5	-	-	57,000	57,000	210 – 215	205 – 210

19 See 1.7 Benefits in kind below.
20 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.
21 As per agreement with the chair, the Cabinet Secretary attends the board by exception. Simon Case was not required to attend during 2021-22.
22 The figure quoted is for the period 9 September 2020 to 31 March 2021. The full year equivalent is £200,000 to £205,000.
23 The figure quoted is for the period 14 April 2020 to 31 March 2021. The full year equivalent is £200,000 to £205,000.
24 The figure quoted is for the period 13 July 2020 to 31 March 2021. The full year equivalent is £140,000 to £145,000.

1.6 Salary

'Salary' includes: gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the department and thus recorded in these accounts.

In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£81,932 from 1 April 2021) and the various allowances to which they are entitled are borne centrally.

However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

1.7 Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the department and treated by HM Revenue and Customs as a taxable emolument. The disclosed benefits in kind include income tax and national insurance liabilities that are met by the Cabinet Office.

Simon Case had the use of an allocated car in the circumstances permitted by the Civil Service management code. He used the car predominantly for home-to-office journeys.

Cabinet Office ministers and other senior officials also had use of the car for official journeys. The value of the benefit in kind received by Simon Case was calculated in accordance with the relevant instructions published by HM Revenue and Customs and HM Treasury.

1.8 Non-consolidated payments

Non-consolidated payments are based on performance levels attained and are made as part of the appraisal process. They are not accrued or provided for at 31 March, because the appraisal process is not completed until the summer.

As a result, the payments reported in 2021-22 relate to performance in 2020-21, and the comparative payments reported for 2020-21 relate to performance in 2019-20. This is consistent with the approach adopted in previous years.

1.9 Fair pay disclosure (audited)

	2021-22	2020-21
Band of highest paid board member's total remuneration (£000)	230 – 235	250 – 255
Median remuneration (£)	40,983	39,520
Of which: salary component (£)	40,600	-
Ratio	5.7	6.4
25th percentile pay (£)	31,680	-
Of which: salary component (£)	31,680	-
Ratio	7.3	-
75th percentile pay (£)	59,402	-
Of which: salary component (£)	58,659	-
Ratio	3.9	-

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid board member in their organisation and the remuneration of the organisation's workforce at the median and at the 25th and 75th percentiles.

The banded remuneration of the highest paid board member in the Cabinet Office in the financial year 2021-22 was £230,000 to £235,000 (2020-21: £250,000 to £255,000). This was 5.7 times (2020-21: 6.4 times) the median remuneration of the workforce, which was £40,983 (2020-21: £39,520), 7.3 times the 25th percentile remuneration of the workforce, which was £31,680, and 3.9 times the 75th percentile remuneration of the workforce, which was £59,402.

The reduction in the median pay ratio from 6.4 to 5.7 is primarily due to lower remuneration for the highest paid director, although median remuneration has also increased due to an increase to base salary bands. The reduction is not due to a change in employment models. The pay ratio is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

The remuneration of agency and other temporary staff employed by the Cabinet Office was excluded when calculating the median and percentile remuneration so as not to give rise to distorted results.

In 2021-22, four (2020-21: two) employees received remuneration in excess of the highest paid board member. The remuneration of Cabinet Office employees ranged from £18,200 to £297,000 (2020-21: £19,118 to £303,750).

Total remuneration at 31 March 2022 includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Change in total remuneration compared to 2020-21

£000	Salary and allowances	Performance pay	Total remuneration
Highest paid board member[25]	(4.7)%	(100)%	(7.9)%
Average of all Cabinet Office employees	1.2%	0.7%	1.2%

1.10 Fees paid to non-executive board members (audited)

Non-executive board members are offered a fee of £15,000 per annum in line with the non-executive directors of the Bank of England. The Government Lead Non-Executive, the Department Lead Non-Executive and the Chair of the Audit and Risk Committee are offered a further £5,000 per annum. Individual board members may waive all or part of their fee entitlement. Claimed fees are included within the staff costs.

£

Non-executive board members	Annual fee entitlement	Fees paid 2021-22	Fees paid 2020-21
The Lord Nash[26] Government Lead Non-Executive Board Member	20,000	Waived	Waived
The Rt Hon The Baroness Stuart of Edgbaston[27] Cabinet Office Lead Non-Executive Board Member	20,000	16,667	17,742
Anand Aithal Cabinet Office Lead Non-Executive Board Member[28] Non-Executive Board Member	5,000 15,000	833 15,000	N/A 15,000
Mike Ashley Non-Executive Board Member Chair of the Audit and Risk Committee	15,000 5,000	15,000 5,000	15,000 5,000
Karen Blackett OBE[29] Non-Executive Board Member	15,000	12,500	15,000
Henry de Zoete Non-Executive Board Member	15,000	15,000	13,306
The Lord Hogan-Howe of Sheffield QPM[30] Non-Executive Board Member	15,000	15,000	13,307

25 The highest paid board member was a different individual in 2020-21. The highest paid board member in 2021-22 did not take a bonus.
26 Appointed Government Lead Non-Executive Board Member on 31 July 2020.
27 Cabinet Office Lead Non-Executive Board Member from 12 May 2020 until 31 January 2022.
28 Appointed Cabinet Office Lead Non-Executive Board Member on 1 February 2022.
29 Left on 31 January 2022.
30 Appointed Non-Executive Board Member on 12 May 2020. Lord Hogan-Howe also claimed expenses of £695.50 in 2020-21 which are not included in the total.

1.11 Pension benefits of ministers (audited)

Ministers	Accrued pension at age 65 as at 31 March 2022	Real increase in pension at age 65	CETV at 31 March 2022[31]	CETV at 31 March 2021	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon Steve Barclay MP	0 – 5	0 – 2.5	59	49	5
The Rt Hon Michael Gove MP	15 – 20	0 – 2.5	241	226	3
The Rt Hon Alok Sharma MP	5 – 10	0 – 2.5	71	51	10
The Rt Hon The Lord Frost CMG	0 – 5	0 – 2.5	23	2	12
The Rt Hon Michael Ellis KC MP	0 – 5	0 – 2.5	58	52	3
The Rt Hon Penny Mordaunt MP	5 – 10	0 – 2.5	66	62	2
The Rt Hon Chloe Smith MP	0 – 5	0 – 2.5	49	45	1
The Lord Agnew of Oulton DL	-	-	-	-	-
The Rt Hon The Lord True CBE	0 – 5	0 – 2.5	74	37	28
The Rt Hon Mark Spencer MP	0 – 5	0 – 2.5	35	34	1
The Rt Hon Jacob Rees-Mogg MP	-	-	-	-	-
The Rt Hon The Baroness Evans of Bowes Park MBE	25 – 30	0 – 2.5	336	297	11
Julia Lopez MP	0 – 5	0 – 2.5	6	4	1
The Rt Hon Nigel Adams MP	0 – 5	0 – 2.5	24	19	2

1.12 Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund. The scheme is made under statute and the rules of the Parliamentary Contributory Pension Fund (the Ministers' etc. Pension Scheme 2015). Further information can be found on the UK Parliament website.[32]

Those ministers who are members of Parliament may also accrue an MPs' pension under the Parliamentary Contributory Pension Fund (details of which are not included in this report). A new MPs' pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MPs' final salary pension scheme.

Benefits for ministers are payable from state pension age under the 2015 scheme. Pensions are revalued annually in line with pensions increase legislation, both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 ministerial pension schemes.

31 CETV: cash equivalent transfer value.
32 Full web address: https://www.parliament.uk/about/mps-and-lords/members/pay-mps/pension-fund/

1.13 Ministers' cash equivalent transfer value (CETV)

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

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax, which may be due when pension benefits are taken.

1.14 Real increase in the value of ministers' CETV

This is the element of the increase in an accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister. It is worked out using common market valuation factors for the start and end of the period.

1.15 Pension benefits of official board members (audited)

Board members	Accrued pension at pension age as at 31 March 2022 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Simon Case CVO	40 – 45	2.5 – 5	516	450	29	-
Alex Chisholm	40 – 45	2.5 – 5	551	478	45	-
Sarah Harrison	60 – 65	0 – 2.5	1,171	1,093	12	-
Dame Elizabeth Gardiner DCB KC (Hon)	85 – 90 plus a lump sum of 165 – 170	2.5 – 5 plus a lump sum of £nil	1,668	1,556	22	-
Richard Hornby	15 – 20	2.5 – 5	245	197	32	-

1.16 Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme, or alpha – which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date, all newly-appointed civil servants, and the majority of those already in service, joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium and classic plus) with a normal pension age of 60, and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by funds voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015.

Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch to alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETVs shown in this report – see below).

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on pensionable earnings during their period of scheme membership.

At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal and General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension that the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

1.17 Officials' cash equivalent transfer value (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, an arrangement to secure pension benefits in another pension scheme, or an arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax, which may be due when pension benefits are taken.

1.18 Real increase in officials' CETV

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

1.19 Compensation for loss of office (audited)

The following severance payments were made under section 4 of chapter 5 of the Ministerial and Other Pensions and Salaries Act 1991 during the period 1 April 2021 to 31 March 2022. Further details about compensation for loss of office payments can be found within this act at legislation.gov.uk.

Ministers	Severance payment (to nearest £)
The Rt Hon The Lord Frost CMG	26,090

No compensation payments for loss of office were made to our board members during the reporting year.

For the financial year 2020-21 the following severance payments were made.

Officials	Severance payment (to nearest £)
The Lord Sedwill KCMG[33]	248,089

1.20 Registers of public interest and business appointments

Board members

The Cabinet Office maintains a register of Cabinet Office board members' interests, which contains details of company directorships and other significant interests held by board members. A copy is deposited in the House of Commons library annually, and it is published on GOV.UK shortly afterwards.

House of Commons

The Register of Members' Financial Interests can be found on the UK Parliament website.

House of Lords

The Register of Lords' Interests can be found on the UK Parliament website.

Special advisers

The Cabinet Office maintains a register of government special advisers' interests, which contains details of company directorships and other significant interests held by special advisers. A copy is deposited in the House of Commons library annually, and it is published on GOV.UK shortly afterwards.

Business Appointments

Approval is required if any employee (which includes civil servants and special advisors) wishes to leave the department to accept a job offer made by a person, company or firm with whom the employee formed a relationship during the course of their official duties. This applies for up to two years after an employee has left our employment. The purpose of the rules is to avoid any suspicion that an appointment might be a reward for past favours, the risk that an employer might gain an improper advantage by appointing a former official, and the risk of a former official improperly exploiting privileged access to contacts in government.

Applications under these rules are considered by HR who will review and make recommendations to the permanent secretary. In compliance with business appointment rules, the department is transparent in the advice given to individual applications from senior staff, including special advisers. Advice given to senior civil servants at SCS1 and SCS2 regarding specific business appointments is published on GOV.UK.

The Advisory Committee on Business Appointments considers applications from the most senior levels:

- ministers
- permanent secretaries (and their equivalents)
- directors general (and their equivalents)
- special advisers of equivalent standing.

Advice given by the committee regarding specific business appointments is published on GOV.UK.

33 Awarded redundancy and compensation in lieu of notice of £53,171, left under redundancy terms on 9 September 2020.

2 Staff report

The following sections report on the departmental group and are subject to audit.

2.1 Staff costs (audited)

£000	Permanently employed staff	Others	Special advisers	Ministers	2021-22	2020-21[34]
Wages, salaries and fees	503,513	-	8,925	550	512,988	454,675
Social security costs	56,818	269	1,111	64	58,262	51,941
Apprenticeship levy	2,579	-	-	-	2,579	2,324
Other pension costs	117,406	102	2,512	-	120,020	108,641
Untaken annual leave	(674)	-	-	-	(674)	9,366
Agency/temporary	-	49,316	-	-	49,316	62,202
Chairs' and commissioners' emoluments	411	-	-	-	411	339
Termination benefits	147	-	99	26	272	863
Sub total	**680,200**	**49,687**	**12,647**	**640**	**743,174**	**690,351**
Inward secondments	-	13,500	-	-	13,500	13,662
Total	**680,200**	**63,187**	**12,647**	**640**	**756,674**	**704,013**
Less: recoveries in respect of outward secondments	-	(3,316)	-	-	(3,316)	(3,300)
Total staff costs	**680,200**	**59,871**	**12,647**	**640**	**753,358**	**700,713**
Staff engaged on capital projects	(13,272)	(4,291)	-	-	(17,563)	(8,492)
Total net staff costs	**666,928**	**55,580**	**12,647**	**640**	**735,795**	**692,221**

Special advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all special advisers across government was moved to the Cabinet Office in July 2019, with corresponding budget cover transfers. Therefore, these figures include costs relating to special advisers working in all government departments. Special advisers remain employed by the respective departments of their appointing minister.

During the year, costs of £120,019,834 were incurred in respect of pensions (2020-21 restated: £108,640,863). Of this amount, £114,222,994 (2020-21 restated: £103,422,983) was borne by the core department, £3,411,138 (2020-21: £2,540,086) was borne by the Government Property Agency (GPA), £2,133,579 (2020-21: £2,432,185) was borne by the Equality and Human Rights Commission (EHRC), £223,980 (2020-21: £224,988) was borne by the Civil Service Commission, and £28,143 (2020-21: £20,621) was borne by the Registrar of Consultant Lobbyists.

34 Restated due to machinery of government changes. See note 2 of the financial statements.

The PCSPS and the Civil Servants and Others Pension Scheme (known as 'alpha') are unfunded multi-employer defined benefit schemes. The Cabinet Office is unable to identify its share of the two schemes' underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. More information about this and the assets and liabilities of both schemes can be found in the Civil Superannuation accounts, which are prepared by the Cabinet Office and published on the Civil Service Pension website.[35]

For the period 1 April 2021 to 31 March 2022, employers' contributions of £113,957,953 were payable to the PCSPS (2020-21 restated: £102,572,336) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The scheme actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires, and not the benefits paid to existing pensioners during this period.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution.

During the period 1 April 2021 to 31 March 2022, employers' contributions of £1,125,543 (2020-21 restated: £1,012,286) were paid to one or more of the panel of three appointed stakeholder pension providers.

Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £39,065 (2020-21 restated: £36,193) – 0.5% of pensionable pay – were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2022 were £117,572 (31 March 2021: £84,820). Contributions prepaid as at the same date were £nil (31 March 2021: £nil). Special advisers' pension costs incurred during the period 1 April 2021 to 31 March 2022 were £2,511,571 (2020-21: £2,342,254).

Three individuals (2020-21: two individuals) retired early on ill-health grounds during the period 1 April 2021 to 31 March 2022. The resulting additional accrued pension liabilities amounted to £424 (2020-21: £7,758).

35 Full web address: www.civilservicepensionscheme.org.uk/knowledge-centre/resources/resource-accounts/.

2.2 Reporting of Civil Service and other compensation schemes – exit packages (audited)

Permanently employed staff, special advisers and ministers

The total cost of exit packages for permanently employed staff, special advisers and ministers is included in the staff costs table in note 2.1.

Departmental group	2021-22			2020-21		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	2	2	-	1	1
£10,000 – £25,000	-	5	5	-	2	2
£25,001 – £50,000	-	2	2	-	3	3
£50,001 – £100,000	-	-	-	-	2	2
£100,001 – £150,000	-	1	1	-	2	2
£150,001 – £200,000	-	-	-	-	-	-
£200,001 – £250,000	-	-	-	-	1	1
£250,001 – £300,000	-	-	-	-	-	-
Total number of exit packages	**-**	**10**	**10**	**-**	**11**	**11**
Total cost (£)	**-**	**272,006**	**272,006**	**-**	**862,767**	**862,767**

All exit packages in the table above relate to the core department and executive agency.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2021-22 (2020-21 comparative figures are also given).

Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. In cases where the employee has accepted the offer made by the department, the cost of termination benefit is accrued within wages, salaries and fees.

During 2021-22, there were no members of staff who left the department due to early retirement.

Under the terms of section 4 of the Ministerial and Other Pensions and Salaries Act 1991, ministers who cease to hold office are entitled to receive a statutory payment equivalent to one quarter of their annual salary.

In line with the Constitutional Reform and Governance Act 2010 and the Model Contract for Special Advisers, a special adviser's appointment automatically ends when their appointing minister leaves office. Special advisers are not entitled to a notice period but receive contractual termination benefits to compensate for this. Termination benefits are based on length of service and capped at six months' salary. If a special adviser returns to work for the government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return.

2.3 Average number of persons employed (audited)

The average number of full-time equivalent persons employed during the year is shown in the table below. These figures include both those working in the core department and those working in other entities within the departmental boundary.

	Permanently employed staff	Commissioners	Others	2021-22 total	2020-21 total restated
Core department	9,415	-	454	9,869	9,117
GPA	220	-	28	248	207
Arm's length bodies	216	12	4	232	235
Staff engaged on capital projects	165	-	21	186	75
Total	**10,016**	**12**	**507**	**10,535**	**9,634**
Of which:					
Core department and agency	9,800	-	503	10,303	9,399
Other designated bodies	216	12	4	232	235
Total	**10,016**	**12**	**507**	**10,535**	**9,634**

Headcount in the table above has been prepared on a basis which is compliant with the requirements of the Office for National Statistics. This excludes fee-paid staff and non-departmental employees. The increase from 9,634 in 2020-21 (restated) to 10,535 in 2021-22 is largely attributable to an increase in commercial specialists and fast streamers employed by the Cabinet Office but recharged to other departments.

Staff turnover in 2021-22 was 23.7% (2020-21: 20.2%) (unaudited).

2.4 Ministers and special advisers

The table below shows the number of ministers and special advisers within the Cabinet Office as at 31 March 2022.

Grade	2021-22	2020-21
Ministers[36]	15	13
Special advisers[37]	53	61

36 Includes all ministers working on behalf of the Cabinet Office even if unpaid or remunerated by another department. Four ministers are unpaid and three are paid by another department.

37 This figure includes special advisers who work within the Cabinet Office departmental boundary (i.e. the Cabinet Office, 10 Downing Street and the offices of the Leaders of the Houses). It does not include special advisers within other government departments.

2.5 Senior civil servants

The table below shows the number of Senior Civil Service (SCS) staff employed by the Cabinet Office as at 31 March 2022.

The total includes 51 staff (2020-21: 47) in SCS equivalent grades within the Office of the Parliamentary Counsel. The equivalent grades are: Parliamentary Counsel (SCS3), Deputy Parliamentary Counsel (SCS2) and Senior Assistant Parliamentary Counsel (SCS1).

Grade	2021-22	2020-21[38]
Permanent Secretary	5	5
SCS 3	34	29
SCS 2	127	115
SCS 1	391	377
Total	**557**	**526**

An increase of 31 SCS staff since 2020-21 is principally a consequence of a general increase in the size of the department. This was primarily due to increases in the Cabinet Secretariat and the Government Commercial Function. SCS staff are 5% of the total workforce.

2.6 Staff composition

The below tables provide a breakdown, by gender, of all the staff who have worked for the Cabinet Office during the period 1 April 2021 to 31 March 2022.

	Men		Women		Total	
Number	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**
Official board members	3	6	2	2	5	8
Senior civil servants	348	305	296	274	644	579
All staff	**6,001**	**5,346**	**6,853**	**6,111**	**12,854**	**11,457**

	Men		Women	
%	**2021-22**	**2020-21**	**2021-22**	**2020-21**
Official Board members	60	75	40	25
Senior civil servants	54	52.7	46	47.3
All staff	**46.7**	**46.7**	**53.3**	**53.3**

38 Restated for machinery of government transfers, see note 2 of the financial statements.

2.7. Reporting of high-paid, off-payroll appointments

2.7.1

Temporary off-payroll appointments of at least six months' duration as at 31 March 2022, earning at least £245 per day.

2021-22 Number	Core department	Executive agency	Arm's length bodies	Departmental group
Existing payroll engagements as at 31 March 2022	557	47	-	604
Of which, engagements that have existed at time of reporting for:				
Less than one year	196	38	-	234
Between one and two years	87	8	-	95
Between two and three years	139	1	-	140
Between three and four years	88	-	-	88
Four or more years	47	-	-	47

2.7.2[39]

Temporary off-payroll appointments engaged at any point during the year ended 31 March 2022 and earning at least £245 per day.

2021-22 Number	Core department	Executive agency	Arm's length bodies	Departmental group
Temporary off-payroll workers engaged during the year ended 31 March 2022	199	33	6	238
Of which:				
Not subject to off-payroll legislation	-	1	-	1
Subject to off-payroll legislation and assessed as in-scope of IR35	74	31	6	111
Subject to off-payroll legislation and assessed as out-of-scope of IR35	125	1	-	126
Engagements reassessed for compliance or assurance purposes during the year[40]	-	-	-	-
Of which: engagements that saw a change to IR35 status following review	-	-	-	-

39 IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used.
40 Includes engagements where the status was disputed under provisions in the off-payroll legislation.

2.7.3

Temporary off-payroll engagements of board members or senior officials with significant financial responsibility between 1 April 2021 and 31 March 2022.

2021-22 Number	Core department	Executive agency	Arm's length bodies	Departmental group
Off-payroll engagements of board members or senior officials with significant financial responsibility during the financial year	-	-	-	-
Total individuals on payroll and off payroll who have been deemed 'board members orr senior officials with significant financial responsibility' during the financial year	47	-	20	67

2.8 Staff loans

The table below shows the number of staff loans at 31 March 2022.

	Staff loaned in by grade		Staff loaned out by grade	
Number	Headcount	Full-time equivalent	Headcount	Full-time equivalent
SCS 3	2	2	-	-
SCS 2	8	8	-	-
SCS 1	32	32	-	-
Grade 6	63	63	-	-
Grade 7	90	90	2	2
SEO	29	29	1	1
HEO	25	25	-	-
EO	9	9	1	1
AO	3	3	-	-
Total	**261**	**261**	**4**	**4**

2.9 Sickness and absence

The sickness absence figure for the rolling 12 months to 31 March 2022 stands at 3.30 (1.95 for the rolling 12 months to 31 March 2021) average working days lost per member of staff.

2.10 Monitoring spending on consultancy and temporary staff

Professional services external resources can generally be split into two categories. Temporary staff includes temporary workers, interim managers and specialist contractors who are used to cover business-as-usual or service delivery activities within an organisation. Consultancy includes staff who provide objective advice relating to strategy, structure, management or operations of an organisation, and may include the identification of options with recommendations. Consultancy services and temporary staff are procured as required, and costs can therefore fluctuate depending on the needs of the department.

Expenditure on consultancy reduced from £79.991 million in 2020-21 (restated) to £29.409 million in 2021-22. This is mostly attributable to use of expert advice and consultancy in the response to the COVID-19 pandemic in 2020-21, which was not required in 2021-22. Of the total, £0.790 million related to the GPA (2020-21: £1.101 million) and £nil to arm's length bodies (2020-21: £nil).

Expenditure on temporary staff decreased from £62.202 million in 2020-21 (restated) to £49.316 million in 2021-22 due to a drive in civil servant recruitment to reduce reliance on temporary staff. Of the total, £5.359 million related to the GPA (2020-21: £4.609 million) and £0.253 million to arm's length bodies (2020-21: £0.799 million).

2.11 Diversity and inclusion

The Cabinet Office has the highest proportion of SCS staff with disabilities across Whitehall (10.5%), which is well above the Civil Service average of 6.1%.

The proportion of Cabinet Office SCS staff who identify as being from an ethnic minority background is 10.5%, which is above the Civil Service average of 8.2%.

Women make up 46% of the SCS. This is below the Civil Service average of 47.3%.

Across all grades, disabled staff make up 13.6% of the workforce. Staff from ethnic minority backgrounds make up 19.6% of the total workforce and women now make up 53.3% of the total workforce.

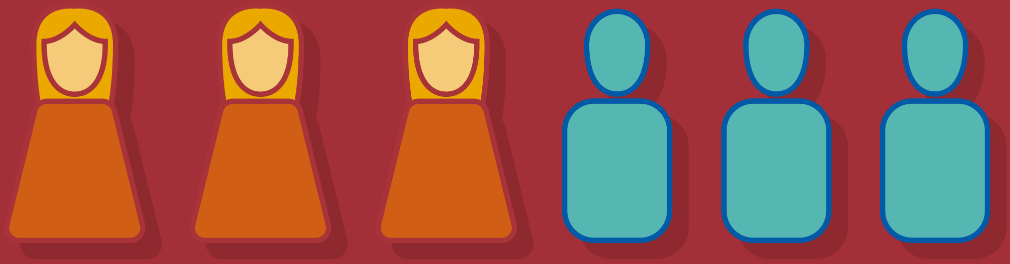
Civil Service Statistics presents detailed information on the Civil Service workforce as at 31 March 2021 – gov.uk/government/publications/civil-service-diversity-inclusion-dashboard.

2.12 Employment, training and advancement of disabled persons

The Cabinet Office applies the recruitment principles of the Civil Service Commission, appointing candidates based on merit through fair and open competition. Recruitment and selection training is offered to all panel members. The Cabinet Office was reaccredited as a Level 3 Disability Confident Leader in January 2021. The Disability Confident Scheme (formerly known as the Guaranteed Interview Scheme) encourages candidates with a disability to apply for roles in the Cabinet Office. If a candidate declares a disability and meets the minimum standards required for a job, they are offered an interview.

The Civil Service Commission identified one breach in 2020-21 that resulted in the Disability Confident Scheme not being upheld. We take our recruitment practice very seriously, and have taken steps during the year to address any issues. A key part of this was a move to the Government Recruitment Service's system and service. This has enhanced scrutiny and checks on self-service recruitment campaigns, to ensure practice is compliant with the recruitment principles.

SCS female representation rate



this year
46%

Civil Service score
47.3%

last year
47.3%

SCS ethnic minority representation rate

this year
10.5%

Civil Service score
8.2%

last year
7.9%

SCS disability representation rate

this year
10.5%

Civil Service score
6.1%

last year
8.9%

2.13 Disability

The Cabinet Office is a member of the Business Disability Forum, which is a not-for-profit organisation that makes it easier and more rewarding to do business with and employ disabled people. Every member of staff with a cabinetoffice.gov.uk email address can access the Business Disability Forum member hub dashboard. This provides access to a wide range of member resources, including a mental health toolkit, infographics, videos, best practice and legal case studies.

The Cabinet Office has an active disability network as well as a director general disability champion who chairs the Cabinet Office disability action group. The aim of this group is to remove barriers in the workplace, including raising issues relating to the department's estate. To maintain and promote a diverse and inclusive workforce, the Cabinet Office actively promotes workplace adjustments to support adaptations to the working environment required by any member of staff, including those identifying with disabilities.

The Cabinet Office is also a member of PurpleSpace. PurpleSpace is the world's only networking and professional development hub for disabled employees, network and resource group leaders, and allies from all sectors and trades. Through membership, the Cabinet Office benefits from supporting employee network and resource group leaders to build vibrant disability networks that help colleagues to bring their authentic selves to work.

Workplace adjustments are incorporated into the induction process for new members of staff. The Cabinet Office promotes a number of cross-government talent schemes to disabled staff. This includes the Disability Empowers Leadership Talent (DELTA) scheme, which is a bespoke offer that was introduced in 2019. It is available to anyone who gains a place on the Future Leaders Scheme and has a disability or long-term health condition. DELTA aims to improve collective visibility of high-potential disabled civil servants at Grade 6 or Grade 7, and to accelerate their development in order to generate a more diverse and robust pipeline for senior roles. The structure and content of the programme will be shaped in collaboration with participants and will include workshops that aim to address leadership development in the context of disability-related barriers. It also promotes development schemes aimed specifically at disabled staff, including the Accelerate talent programme (for senior civil servants) and the Senior Sponsorship Scheme (for staff at Grade 6 or Grade 7).

2.14 Health and safety

The Cabinet Office recognises its obligations under the Health and Safety at Work etc. Act 1974, for ensuring, so far as is reasonably practicable, the health, safety and welfare of its employees and others that may be affected by its operations and activities. 10 accidents were reported, of which none were reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

2.15 Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

	2021-22	2020-21
Number of employees who were relevant union officials during the relevant period	25	18
Full-time equivalent employee number, of which:	24	17.4
Percentage of time spent on trade union activities – 0%	-	-
Percentage of time spent on trade union activities – between 1% and 50%	24	17.4
Percentage of time spent on trade union activities – between 51% and 99%	-	-
Percentage of time spent on trade union activities – 100%	-	-
Total time spent (hours)	2,578	1,652
Total cost of facility time (£000)	50	31
Total pay bill (£000)	546,360	377,353
The percentage of the total pay bill spent on facility time (%)	0.01	0.01

3 Statement of outturn against parliamentary supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual requires the department to prepare a statement of outturn against parliamentary supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the certificate and report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against its supply estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund) that Parliament gives statutory authority for entities to utilise. The estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by its supply estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the supply estimate, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn. The SOPS contains a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent), and administration.

The supporting notes detail the following:

- outturn by estimate line, providing a more detailed breakdown (note 1)
- a reconciliation of outturn to net operating expenditure in the consolidated statement of comprehensive net expenditure (CSoCNE), to tie the SOPS to the financial statements (note 2)
- a reconciliation of outturn to net cash requirement (note 3)
- an analysis of income payable to the Consolidated Fund (note 4)

The SOPS and estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV.UK.

The performance report measures against the priority outcomes from the Outcome Delivery Plan published in 2021. The 2021-22 estimate is based on the previous strategic objectives. The table below shows how the estimate rows in the SOPS align to the Outcome Delivery Plan.

Estimate line	Outcome Delivery Plan (ODP)
Maintain the integrity of the union, co-ordinate the security of the realm and sustain a flourishing democracy – **A**	**ODP 2:** Secure a safe, prosperous and resilient United Kingdom by co-ordinating national security, crisis response and the implementation of the Integrated Review
Support the design and implementation of the government's policies and the Prime Minister's priorities – **B**	**ODP 1:** Seize the opportunities of EU Exit through creating the world's most effective border to increase UK prosperity and enhance security **ODP 3:** Improve levels of equality in the UK **Additional ODP:** Deliver the priorities of the Prime Minister and government
Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government – **C**	**ODP 4:** Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions
Ensure the effective running of the department and contribute to the government's cross-cutting priorities – **D**	Corporate enablers support all ODP priorities

Summary of resource and capital outturn 2021-22

£000		2021-22									2020-21 restated[41]
		Outturn			Estimate			Outturn vs estimate: saving / (excess)			Outturn
	SOPS note	Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Non-voted	Total	Total
Departmental expenditure limit (DEL)											
Resource	1.1	1,237,244	2,161	1,239,405	1,496,302	2,300	1,498,602	259,058	139	259,197	1,442,908
Capital	1.2	271,670	-	271,670	368,048	-	368,048	96,378	-	96,378	372,636
Total DEL		**1,508,914**	**2,161**	**1,511,075**	**1,864,350**	**2,300**	**1,866,650**	**355,436**	**139**	**355,575**	**1,815,544**
Annually managed expenditure (AME)											
Resource	1.1	73,438	-	73,438	252,452	-	252,452	179,014	-	179,014	110,297
Capital	1.2	-	-	-	-	-	-	-	-	-	-
Total AME		**73,438**	**-**	**73,438**	**252,452**	**-**	**252,452**	**179,014**	**-**	**179,014**	**110,297**
Total budget											
Total resource		1,310,682	2,161	1,312,843	1,748,754	2,300	1,751,054	438,072	139	438,211	1,553,205
Total capital		271,670	-	271,670	368,048	-	368,048	96,378	-	96,378	372,636
Total budget expenditure		**1,582,352**	**2,161**	**1,584,513**	**2,116,802**	**2,300**	**2,119,102**	**534,450**	**139**	**534,589**	**1,925,841**
Non-budget expenditure											
Total resource		-	-	-	-	-	-	-	-	-	(28,175)
Total non-budget expenditure		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28,175)**
Total departmental expenditure		**1,582,352**	**2,161**	**1,584,513**	**2,116,802**	**2,300**	**2,119,102**	**534,450**	**139**	**534,589**	**1,897,666**

Figures outlined in thick borders cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on GOV.UK, for detail on the control limits voted by Parliament.

41 Restated due to machinery of government changes: see note 2 to the accounts.

Net cash requirement 2021-22

£000		2021-22			2020-21
	SOPS note	Outturn	Estimate	Outturn compared with estimate: saving / (excess)	Outturn
Net cash requirement	3	1,387,012	1,975,398	588,386	1,635,946

Administration costs 2021-22

£000		2021-22			2020-21 restated[42]
	SOPS note	Outturn	Estimate	Outturn compared with estimate: saving / (excess)	Outturn
Administration costs	1.1	606,305	757,874	151,569	335,844

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between estimate and outturn are given in notes SOPS 1 and SOPS 3.

Notes SOPS 1 to SOPS 4 form part of these accounts.

42 Restated due to machinery of government changes: see note 2 to the accounts.

Notes to the statement of outturn against parliamentary supply

SOPS 1 Outturn detail by estimate line

SOPS 1.1. Analysis of resource outturn by estimate line

£000											2021-22	2020-21 restated[43]
	Outturn							Estimate				Outturn
	Administration			Programme								
Spending in departmental expenditure limit (DEL)	Gross	Income	Net	Gross	Income	Net	Net total	Total estimate	Virements[44]	Total estimate including virements	Outturn vs estimate saving / (excess)[45]	Net total
Voted DEL												
A: Maintain the integrity of the union, coordinate the security of the realm and ensure a flourishing democracy	27,279	(2,297)	24,982	114,687	(97,905)	16,782	41,764	50,619	17,181	67,800	26,036	67,116
B: Support the design and implementation of the government's policies and the Prime Minister's priorities	405,401	(53,143)	352,258	296,198	(4,438)	291,760	644,018	728,480	5,094	733,574	89,556	381,936
C: Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	412,575	(349,053)	63,522	387,259	(91,631)	295,628	359,150	417,886	11,588	429,474	70,324	788,130

43 Restated due to machinery of government changes: see note 2 to the accounts.
44 The total estimate columns include virements. Virements are the reallocation of provision in the estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided in the supply estimates manual, available on GOV.UK
45 The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the estimates laid before Parliament.

£000											2021-22	2020-21 restated[43]
	Outturn							Estimate				Outturn
	Administration			Programme								
Spending in departmental expenditure limit (DEL)	Gross	Income	Net	Gross	Income	Net	Net total	Total estimate	Virements[44]	Total estimate including virements	Outturn vs estimate saving / (excess)[45]	Net total
D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities	133,553	(10,736)	122,817	39,181	(17,210)	21,971	144,788	213,755	(34,135)	179,620	34,832	150,376
E: Executive Agency – Government Property Agency	478,258	(450,266)	27,992	-	-	-	27,992	65,562	-	65,562	37,570	33,913
F: Arm's length bodies (net)	14,879	(145)	14,734	5,075	(277)	4,798	19,532	20,000	272	20,272	740	19,205
Total voted	**1,471,945**	**(865,640)**	**606,305**	**842,400**	**(211,461)**	**630,939**	**1,237,244**	**1,496,302**	**-**	**1,496,302**	**259,058**	**1,440,676**
Non-voted DEL												
G: UK members of the European Parliament	-	-	-	2,161	-	2,161	2,161	2,300	-	2,300	139	2,232
Total non-voted	**-**	**-**	**-**	**2,161**	**-**	**2,161**	**2,161**	**2,300**	**-**	**2,300**	**139**	**2,232**
Total DEL	**1,471,945**	**(865,640)**	**606,305**	**844,561**	**(211,461)**	**633,100**	**1,239,405**	**1,498,602**	**-**	**1,498,602**	**259,197**	**1,442,908**
Annually managed expenditure (AME)												
H: Cabinet Office AME	-	-	-	(3,537)	-	(3,537)	(3,537)	58,578	-	58,578	62,115	4,446
I: Government Property Agency AME	-	-	-	76,975	-	76,975	76,975	193,874	-	193,874	116,899	105,851
Total AME	**-**	**-**	**-**	**73,438**	**-**	**73,438**	**73,438**	**252,452**	**-**	**252,452**	**179,014**	**110,297**
Non-budget spending												
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	(28,175)
Total non-budget	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28,175)**
Total resource	**1,471,945**	**(865,640)**	**606,305**	**917,999**	**(211,461)**	**706,538**	**1,312,843**	**1,751,054**	**-**	**1,751,054**	**438,211**	**1,525,030**

Explanations of variances between estimate and 2021-22 resource outturn before adjustment for virements

Estimate line £000	2021-22 Outturn	2021-22 Estimate	Variance	Explanation
A: Integrity of the union, security and democracy	41,764	50,619	8,855	This variance is driven by receipt of income relating to UK Security Vetting and reclassification of some Government Security Group expenditure to the capital budget.
B: Gov's policies and the PM's priorities	644,018	728,480	84,462	This variance is primarily driven by lower than expected spend on the COP26 event. There were also underspends on the Infected Blood and Grenfell Inquiries as the hearings were delayed due to COVID-19 restrictions.
C: Efficiency of government	359,150	417,886	58,736	This variance is due to reduced spend on public information campaigns. This included underspends on the COVID-19 and UK Transition campaigns.
D: Effective running of the department	144,788	213,755	68,967	Depreciation is budgeted within estimate line D but incurred across estimate lines A to E, resulting in this variance.
E: Executive agency – GPA	27,992	65,562	37,570	The variance in the GPA is due to unanticipated rebates and lower than expected workplace services costs.
F: Arm's length bodies (net)	19,532	20,000	468	
G: UK MEPs	2,161	2,300	139	
H: Cabinet Office AME	(3,537)	58,578	62,115	This variance is due to legal provisions not materialising and a reduction in the Cabinet Office's dilapidation provision liability following the exit from a number of London leases.
I: GPA AME	76,975	193,874	116,899	Expert property revaluations resulted in lower impairments than originally anticipated.
Resource outturn against budget	**1,312,843**	**1,751,054**	**438,211**	

Explanations of variances between 2021-22 and 2020-21 resource outturn

Estimate line £000	2021-22 Outturn	2020-21 Outturn	Variance	Explanation
A: Integrity of the union, security and democracy	41,764	67,116	25,352	The reduction in net outturn is driven by the receipt of income relating to 2020-21 by UK Security Vetting. Resource spend on information technology in the Government Security Group has also reduced compared to 2020-21. In addition, a reduction in funding led to lower spend by the Conflict, Security and Stability Fund.
B: Gov's policies and the PM's priorities	644,018	381,936	(262,082)	Expenditure against estimate line B has significantly increased due to activity relating to the COP26 and G7 events. The COVID-19 Taskforce has also been reclassified from estimate line D to estimate line B.
C: Efficiency of government	359,150	788,130	428,980	The COVID-19 response increased expenditure against estimate line C in 2020-21. The increase comprised the costs of the public information campaign, the ventilator challenge and the establishment of the International Joint Comparators Unit. Spending in all these areas reduced significantly in 2021-22.
D: Effective running of the department	144,788	150,376	5,588	The reclassification of the COVID-19 Taskforce from estimate line D in 2020-21 to estimate line B has been partially offset by the reclassification of the Chief Data and Digital Office from estimate line C in 2020-21 to estimate line D.
E: Executive agency – GPA	27,992	33,913	5,921	This increase is due to the addition of more properties to the GPA portfolio, which has led to an increase in general operational costs.

SOPS 1.2 Analysis of net capital outturn by estimate line

£000							2021-22	2020-21 restated[46]
	Outturn			Estimate				Outturn
Spending in departmental expenditure limit (DEL)	Gross	Income	Net	Total estimate	Virements[47]	Total estimate including virements	Outturn vs estimate saving / (excess)[48]	Total
Voted DEL								
A: Maintain the integrity of the union, coordinate the security of the realm and ensure a flourishing democracy	20,236	-	20,236	6,944	13,292	20,236	-	9,352
B: Support the design and implementation of the government's policies and the Prime Minister's priorities	126,542	(10)	126,532	145,521	(13,292)	132,229	5,697	147,953
C: Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	22,665	-	22,665	38,200	-	38,200	15,535	194,050
D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities	(10)	-	(10)	3,658	-	3,658	3,668	1,148
E: Executive Agency - Government Property Agency	895,840	(794,083)	101,757	173,225	-	173,225	71,468	19,748
F: Arm's length bodies (net)	490	-	490	500	-	500	10	385
Total DEL	**1,065,763**	**(794,093)**	**271,670**	**368,048**	**-**	**368,048**	**96,378**	**372,636**

46 Restated due to machinery of government changes: see note 2 to the accounts.

47 The total estimate columns include virements. Virements are the reallocation of provision in the estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided in the supply estimates manual, available on GOV.UK.

48 The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the estimates laid before Parliament.

Explanations of variances between estimate and 2021-22 capital outturn before adjustment for virements

Estimate line £000	2021-22 Outturn	2021-22 Estimate	Variance	Explanation
A: Integrity of the union, security and democracy	20,236	6,944	(13,292)	Government Security Group expenditure was reclassified from resource to capital.
B: Gov's policies and the PM's priorities	126,532	145,521	18,989	Contract costs for the public sector geospatial agreement were lower than anticipated due to a favourable commercial arrangement. An estimate was provided for the Ports Infrastructure Fund but the expenditure on this programme has been recognised in the Department for Transport's accounts.
C: Efficiency of government	22,665	38,200	15,535	Projects in the Government Digital Service were delayed in part due to vacancies within the team.
D: Effective running of the department	(10)	3,658	3,668	The capital element of the locations programme did not go ahead in 2021-22.
E: Executive agency – GPA	101,757	173,225	71,468	There have been ongoing delays in planned works, split across various projects and hubs.
F: Arm's length bodies (net)	490	500	10	
Capital outturn against budget	**271,670**	**368,048**	**96,378**	

Explanations of variances between 2021-22 and 2020-21 capital outturn

Estimate line £000	2021-22 Outturn	2020-21 Outturn	Variance	Explanation
A: Integrity of the union, security and democracy	20,236	9,352	(10,884)	There was increased investment by the Government Security Group on hardware and software for secure systems.
B: Gov's policies and the PM's priorities	126,532	147,953	21,421	Geospatial Commission costs reduced due to lower commitments to the public sector geospatial agreement.
C: Efficiency of government	22,665	194,050	171,385	Expenditure in 2020-21 was higher due to COVID-19. In particular, it included the procurement of personal protective equipment and the Ventilator Challenge, neither of which was a significant area of spend in 2021-22.
D: Effective running of the department	(10)	1,148	1,158	Spend in 2020-21 relates to one-off investments in the fit out of the dedicated leased VIP transport aircraft service and in the GovWifi service.
E: Executive agency – GPA	101,757	19,748	(82,009)	The GPA directed more investment to the continuing Hubs programme. New investment areas in 2021-22 included life cycle replacement, net zero and information technology, reflecting the GPA's priority to making office space greener with improved hardware and technological equipment.

SOPS 2 Reconciliation of net outturn

SOPS 2.1 Reconciliation of net resource outturn to net operating expenditure

As noted in the introduction to the SOPS above, outturn and the estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

£000			2021-22	2020-21 restated[49]
	Note	Outturn	Estimate	Outturn
Budget		1,312,843	1,751,054	1,553,205
Non-budget[50]		-	-	(28,175)
Total resource outturn in SOPS	SOPS 1.1	**1,312,843**	**1,751,054**	**1,525,030**
Add items in CSoCNE and not in SOPS:				
GPA non-budget PFI liability expenditure	21	500,757	-	-
Geospatial data (capital under ESA10 definition)[51]	4	118,844	-	140,441
Fair value (gain) / loss on financial assets – associate put options (non-cash)	11.1, 11.2	24,104	-	42,591
Elimination adjustment[52]		4,889	-	(9,907)
Capital grants	4	3,851	-	135,773
Research and development (capital under ESA10 definition)[51]	4	-	-	51,183
Interest income on shareholder loan	10	(184)	-	-
Income from minor disposals – payable to the Consolidated Fund	5, SOPS 4	(235)	-	-
GPA lease incentive receipt		(785)	-	(517)
Share of associates' profit	10	(7,230)	-	(18,597)
Interest income on deferred consideration	10	(7,258)	-	-
(Gain) / loss on disposal of shareholding in associate	4, 10	(148,405)	-	-
Capital grant income	5	(783,591)	-	(732,576)
Less items in SOPS and not in CSoCNE:				
Shareholder loan	10	(25,970)	-	-
UK members of the European Parliament salaries and pension	SOPS 1.1	(2,161)	-	(2,232)
Dividends received from associates	10	42,372	-	14,935
Prior period adjustments	SOPS 1.1	-	-	28,175
Utilisation of provisions offset by receivable		-	-	506
Non-budget Consolidated Fund extra receipts		-	(256,749)	-
Port Infrastructure Authority budget transfer[53]		-	(100,000)	-
Net expenditure in the CSoCNE	CSoCNE	**1,031,841**	**1,394,305**	**1,174,805**

49 Restated due to machinery of government changes: see note 2 to the accounts.

50 Prior period adjustment in 2020-21 related to reclassification of consideration receivable from the sale of part of the Cabinet Office's business and related assets (Swirl portfolio) in 2013-14.

51 Research and development costs have been classified to capital budgets under ESA 10 as set out in Consolidated Budgeting Guidance.

52 Eliminations between the Cabinet Office and the GPA have been applied in the financial statements but removed from the SOPS, with HM Treasury agreement, in order to avoid eliminating across budgetary boundaries.

53 Estimate for capital spend that was expected to be recognised in the CSoCNE. This spend was incurred in the Department for Transport instead.

SOPS 2.2 Reconciliation of net capital outturn to the financial statements

£000	Note	2021-22 Outturn	2021-22 Estimate	2020-21 restated[54] Outturn
Total capital outturn in the SOPS	SOPS 1.2	**271,670**	**368,048**	**372,636**
Financial statements:				
Property, plant and equipment				
Additions	6	136,849	240,224	178,520
Donations	6	9	-	6
Disposals	6	(1)	-	-
Capital grant in kind transfers from other government departments	6	774,905	-	605,746
Intangible assets				
Additions	7	31,371	-	11,563
Transfers to other government departments	7	(67)	-	-
Capital grants				
Capital grant expenditure	4	3,784	-	9,761
Capital grant in kind expenditure	4	67	-	126,012
Capital grant income	5	(8,677)	-	(812)
Capital grant in kind income – transfers from other government departments	5	(774,914)	-	(731,764)
GPA capital grant income in respect of lease incentive		(10,500)	-	(18,020)
Research and development (capital under ESA10 definition)[55]	4	-	-	51,183
Geospatial data (capital under ESA10 definition)[55]	4	118,844	127,824	140,441
Total capital outturn in the financial statements		**271,670**	**368,048**	**372,636**

54 Restated due to machinery of government changes: see note 2 to the accounts.
55 Research and development costs have been classified to capital budgets under ESA 10 as set out in Consolidated Budgeting Guidance.

SOPS 3 Reconciliation of net resource outturn to net cash requirement

As noted in the introduction to the SOPS above, outturn and the estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource outturn and capital outturn to the net cash requirement.

£000				2021-22
	Note	Outturn	Estimate	Outturn vs estimate saving / (excess)
Total resource outturn	SOPS 1.1	**1,312,843**	**1,751,054**	**438,211**
Total capital outturn	SOPS 1.2	**271,670**	**368,048**	**96,378**
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation	4	(62,311)	(125,657)	(63,346)
Amortisation	4	(13,845)	-	13,845
Impairment – property, plant and equipment	4	(534)	-	534
Impairment – intangible assets	4	(1)	-	1
Impairment – trade receivables	4	2,087	-	(2,087)
Revaluation – property, plant and equipment	4	(84,771)	-	84,771
Revaluation – intangible assets	4	(18)	-	18
Revaluation – local government loans	4	7,170	-	(7,170)
Write off – bad debt	4	(327)	-	327
Write off – intangible assets	4	(2,527)	-	2,527
New provisions and in-year adjustments	4	6,173	(250,952)	(257,125)
Audit fee ('other non cash items' in the estimate)	4	(754)	(532)	222
Assets classified as held for sale – gain / (loss) in fair value	4	(300)	-	300
Local government loans – expected loss allowance	4	(407)		407
Notional expenditure – Digital Apprenticeship Service	4	(1,330)	-	1,330
Notional income – Digital Apprenticeship Service	5	1,330	-	(1,330)
Notional expenditure – COP26[56] value in kind sponsorship	4	(7,318)	-	7,318
Notional income – COP26 value in kind sponsorship	5	7,318	-	(7,318)
Adjustments for arm's length bodies:				
Add cash grant-in-aid		19,463	20,437	974
Remove voted resource and capital		(20,122)	(20,500)	(378)
Add non-cash adjustment and working capital – EHRC		1,053	-	(1.053)
Remove interest cost on pension scheme liabilities – EHRC		(17)	-	17
Add capital grant income in respect of lease incentive – GPA		10,500		(10,500)
Add lease incentive receivable – GPA		(785)	-	785

56 COP26: 26th Conference of the Parties

£000				2021-22
	Note	Outturn	Estimate	Outturn vs estimate saving / (excess)
Adjustment to reflect movements in working balances:				
Increase / (decrease) in inventories		(204)	-	204
Increase / (decrease) in trade receivables		6,838	235,800	228,962
Increase / (decrease) in non-current receivables		18,485	-	(18,485)
(Increase) / decrease in trade payables		(52,359)	-	52,359
(Increase) / decrease in non-current payables		(28,920)	-	28,920
Elimination adjustment		4,889	-	(4,889)
Use of provisions	16, 19	3,570	-	(3,570)
Net total		**1,396,539**	**1,977,698**	**581,159**
Removal of non-voted budget items:				
Amounts due to the Consolidated Fund receivable from disposals		(7,425)		7,425
Salary and pension costs of the UK members of European Parliament ('Consolidated Fund Standing Services' in the estimate)	SOPS 2.1	(2,161)	(2,300)	(139)
Registrar of Consultant Lobbyists:				
Cash surrendered to the Consolidated Fund	15, SOPS 4	(161)		161
Cash surrenderable to the Consolidated Fund – registration fees	15, SOPS 4	216		(216)
Cash surrenderable to the Consolidated Fund – civil penalties	15, SOPS 4	4		(4)
Net cash requirement		**1,387,012**	**1,975,398**	**588,386**

The net cash requirement is under budget by £588.386 million due to the movement in working capital (£288.390 million) being lower than budgeted for, as well as underspends on voted resource (£203.618 million) and capital (£96.378 million). See SOPS 1.1 and SOPS 1.2 for explanations for the main variances against the estimate provided, which has affected the net cash requirement for the year.

SOPS 4 Amounts of income to the Consolidated Fund

In addition to income retained by the Cabinet Office, the following income is payable to the Consolidated Fund.

£000	Note	2021-22 Accruals	2021-22 Cash basis	2020-21 Accruals	2020-21 Cash basis
Disposal of financial assets					
Shareholding in AXELOS Limited	10, 15	200,907	200,907	-	-
Shareholding in Behavioural Insights Limited	10, 14, 15	6,600	6,600	-	-
Shareholding in Integrated Debt Services Limited	10, 14, 15	5,500	5,500	-	-
Shareholding in MyCSP Limited	10, 15	-	-	-	4,000
Disposal of non-financial assets					
Sale of Sunningdale Park	15	-	7,425	-	7,425
Recoveries from Carillion plc in liquidation		-	-	25,000	25,000
Other minor disposals		235	235	-	-
Registrar of Consultant Lobbyists					
Registration fees from consultant lobbyists	5, 15	216	216	156	156
Civil penalties applied to consultant lobbyists – collected on behalf of Consolidated Fund	15	4	4	5	5
Total amount payable to the Consolidated Fund		**213,462**	**220,887**	**25,161**	**36,586**

Income payable to the Consolidated Fund

Disposal of shareholdings in associates

On 29 July 2021 the Cabinet Office sold its shareholding in AXELOS Limited for a consideration of £148.903 million. The amount surrenderable to the Consolidated Fund consists of the consideration received, the repayment of a shareholder loan and accompanying interest (£26.154 million) and settlement of deferred consideration for the sale of intellectual property (£25.850 million).

On 28 September 2021 the Cabinet Office sold its shareholding in Integrated Debt Services Limited for a consideration of £5.5 million.

On 10 December 2021 the Cabinet Office sold its shareholding in Behavioural Insights Limited for a consideration of £6.6 million.

Disposal of Sunningdale Park

On 20 February 2020 the Cabinet Office sold Sunningdale Park, Berkshire for a consideration of £48.4 million. Of this, £26.125 million was received on completion. The balance of £22.275 million was deferred, with 3 equal instalments of £7.425 million due to be received on 1 March 2021, 1 March 2022 and 1 March 2023.

Recoveries from Carillion plc in liquidation

In 2021-22, the Cabinet Office received £nil (2020-21: £25 million) which was surrenderable to the Consolidated Fund. See note 15 to the financial statements.

Other minor disposals

The Cabinet Office received income from the sale of face coverings and face covering manufacturing machines from the COVID-19 face coverings programme. This is surrenderable to the Consolidated Fund by agreement between the Cabinet Office and HM Treasury. Cash receipts in 2021-22 amounted to £0.235m (2020-21: £nil).

Registration fees from consultant lobbyists

The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 at part 1, section 22 'Charges' stipulates that the Registrar may impose charges for or in connection to the making, updating and maintenance of entries in the register. The Registrar must pay into the Consolidated Fund any sums received in respect of charges under this section.

Although cash is surrenderable to the Consolidated Fund, HM Treasury has approved a 'netting-off' arrangement that enables the body to spend the funding generated through the charges. This does not apply to civil penalties charged on consultant lobbyists. Cash receipts in 2021-22 amounted to £215,518 (2020-21: £155,836).

Revenue collected on behalf of the Consolidated Fund

Civil penalties applied to consultant lobbyists

The Registrar of Consultant Lobbyists acts as a collecting agent of the Consolidated Fund in respect of civil penalties applied to consultant lobbyists. The amount collected in 2021-22 was £3,675 (2020-21: £5,055).

4 Parliamentary accountability disclosures

The parliamentary accountability disclosures are subject to audit, as detailed in the certificate and report of the Comptroller and Auditor General to the House of Commons.

The regularity of expenditure section reports losses and special payments. Regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and the principles set out in Managing Public Money. Disclosures on fees and charges, remote contingent liabilities and entities outside the departmental boundary are required by Managing Public Money.

4.1 Regularity of expenditure – losses and special payments (audited)

The CSoCNE includes losses, such as write offs of unrecoverable debts and fruitless payments. It also includes extra contractual special payments.

All losses and special payments shown in the table below are for the core department and executive agency.

	2021-22	2020-21
	Departmental group	Departmental group
Total value of losses (£000)	**3,727**	**156,940**
Total number of losses	**157**	**509**
Cash losses		
Value (£)	310,592	322,909
Number of cases	127	113
Claims abandoned		
Value (£)	3,078,561	156,473,908
Number of cases	5	342
Administrative write offs		
Value (£)	8,559	45,795
Number of cases	9	27
Fruitless payments		
Value (£)	343	1,332
Number of cases	3	5
Special payments		
Value (£)	329,348	96,007
Number of cases	13	22

Details of closed cases over £300,000

£000	2021-22
Cabinet Office – Abandonment of a UK Security Vetting intangible software asset at the development stage	2,527
GPA – Constructive losses incurred on 10 South Colonnade, London onerous lease	357

4.2 Fees and charges (audited)

The following analysis provides details of the services for which a fee is charged. The information is provided for fees and charges purposes, not for IFRS 8 purposes.

£000			2021-22			2020-21 restated[57]
Departmental group	**Service cost**	**Income received**	**Net deficit / (surplus)**	**Service cost**	**Income received**	**Net deficit / (surplus)**
Government Commercial Organisation	130,765	(129,905)	860	114,940	(113,721)	1,219
Civil Service HR	95,239	(96,443)	(1,204)	106,689	(107,719)	(1,030)
Government Security Group, of which:	89,616	(99,256)	(9,640)	91,895	(81,402)	10,493
UK Security Vetting	50,681	(48,563)	2,118	56,595	(50,197)	6,398
UK Security Vetting prior year income	-	(7,986)	(7,986)	-	-	-
Other Government Security Group	38,935	(42,707)	(3,772)	35,300	(31,205)	4,095
Government Business Services	26,874	(29,570)	(2,696)	25,088	(25,127)	(39)
Government Digital Service	76,585	(76,585)	-	25,490	(24,418)	1,072
Chief Digital Information Office	4,024	(4,020)	4	6,986	(6,000)	986
Total[58]	**423,103**	**(435,779)**	**(12,676)**	**371,088**	**(358,387)**	**12,701**

Government Commercial Organisation

The Government Commercial Organisation is a professional organisation of commercial specialists housed within the Government Commercial Function. It employs senior commercial staff across central government who are deployed into departments to carry out commercial activities. An operational charge is levied annually based on the headcount of the specialists deployed in a department, to fund the operational costs incurred in the running of the Government Commercial Organisation. Also included against the Government Commercial Function in note 5 to the financial statements is the complex transactions team which provides direct commercial support to departments for complex deals.

Civil Service HR

Civil Service HR is accountable for cross-Civil Service HR policy and the provision of HR services, and is the centre of the HR profession and function. Civil Service HR shares expertise and maximises buying power across the Civil Service to deliver professional and efficient HR services. Civil Service HR receives fees for bespoke services from a 'menu' (including fast stream recruitment). Other government bodies are charged directly for the menu services they request.

57 Restated due to machinery of government changes: see note 2 to the accounts.
58 Overall surplus for 2021-22 is driven by recoveries relating to 2020-21, including UK Security Vetting prior year income (£7.986 million) and secure IT within Other Government Security Group (£3.772 million).

Government Security Group

Government Security Group income is generated from the Transforming Government Security programme, security vetting through UK Security Vetting and provision of secure IT to allow sharing of information at certain classification levels.

The surplus of £9.7 million in 2021-22 covers the majority of the deficit of £10.5 million in 2020-21. This was due to a delay in invoicing.

Government Business Services

The Government Recruitment Service within Government Business Services provides expert attraction, recruitment and pre-employment checking services. They maximise buying power across the Civil Service as a shared service provider. They operate on a full cost recovery basis through a combination of fixed fee and bespoke charging. Charges for the ongoing running, maintenance and development of the Civil Service Learning website are also included in the total with fees calculated on a similar basis to the Government Recruitment Service.

Government Digital Service

The Government Digital Service receives fees from:

- GOV.UK Notify, which enables service teams to send text messages, emails or letters to their users. The charge is based on the volume of messages sent
- GOV.UK Verify, which provides a common citizen identity assurance for departmental services enabling complex and risky transactions such as financial transactions or sharing of personal data to be conducted online
- GDS Expert Services, which supply digital specialist staff to assist departments

Both GOV.UK Notify and GOV.UK Verify have costs significantly in excess of income due to ongoing investment in service development. This additional investment is funded in the estimate. For the purpose of the fees and charges note, a nominal cost is shown that is matched to income.

Also included against the Government Digital Service in note 5 to the financial statements is the GDS Academy and GOV.UK PaaS (Platform as a Service).

Chief Digital Information Office

The Chief Digital and Information Office provides a fully managed IT service to the Crown Commercial Service, the Department for Digital, Culture, Media and Sport, the GPA, and the Office of the Secretary of State for Scotland, recovering all costs. The Chief Digital Information Office does not intend to make any surplus for these managed services so is recharging at cost price.

4.3 Remote contingent liabilities (audited)

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Cabinet Office has given the following indemnities whose amounts are unquantifiable, since the likelihood of a transfer of economic benefit in settlement is remote. No claims have been made yet.

Indemnity for ventilator provider, 2020
In agreeing the emergency provision of ventilators, the Cabinet Office has provided indemnities. The first indemnity is for the third-party intellectual property rights for the designers and contract manufacturers of the rapidly manufactured ventilator systems. The basic functionality of a ventilator is well understood and we believe that the risk here is low. The second indemnity is for the product liability for the designers and contract manufacturers of the rapidly manufactured ventilator systems.

The need was driven by the unprecedented speed of the development of this medical device compared to typical development times frequently measured in months and years. This indemnity was issued as part of contracts signed between 26 March and 28 March 2020. Where the Cabinet Office extends the provisions of these now-standard terms for accelerated manufacturing processes, similar indemnities will be offered.

Commercial sensitivity
The Cabinet Office has entered into contingent liabilities by offering contractual guarantee limitations to supplier liabilities. There are some liabilities where details are not given due to reasons of commercial sensitivity, of which the likelihood of a future outflow of economic resources is considered remote and unquantifiable.

Protocol on Ireland and Northern Ireland
The European Commission has sent a letter of formal notice to the UK about measures taken by the government in March 2021 to avoid disruption to critical goods flows in Northern Ireland. This marks the beginning of a formal infringement process against the UK. The government is defending its position robustly, and a remote contingent liability exists in 2021-22 pending the outcome of this process.

In September 2021, the UK and the European Union arranged a 'standstill' to maintain the operation of the protocol, pause European Commission action against the UK's disruption avoidance measures with regard to critical goods flows in Northern Ireland, and to provide space for discussions. The standstill remained in place at the end of March 2022 but a remote contingent liability remained for potential European Commission penalties. Responsibility for the UK-EU relationship moved to the Foreign, Commonwealth and Development Office from 1 April 2022.

Indemnity for United Nations Framework Convention on Climate Change
In November 2021, the UK hosted COP26 on behalf of the United Nations Framework Convention on Climate Change.

In accordance with the host country agreement, the UK is responsible for dealing with any action, claim or other demand against the secretariat, the United Nations or any of their officials. The UK has indemnified and holds harmless the United Nations and the secretariat and any of their officials in respect of any such action, claim or demand, except where it is agreed by the United Nations or secretariat and the UK.

The likelihood of a future outflow of economic resources is considered remote and unquantifiable.

Indemnity for the Official Receiver

The government has indemnified the Official Receiver, appointed as liquidator of Carillion plc and certain other companies in its group, for actions he undertakes as Receiver in respect of any claims and proceedings that are made against him personally.

The indemnity does not extend to any costs which may legitimately be charged to the company or companies in liquidation. This will enable the Official Receiver to ensure the orderly winding up of the group's activities and in particular to safeguard the continuity of public services. The indemnity was provided on 15 January 2018 and may be terminated by the government giving not less than 14 days' notice.

Indemnity for trustees of the Commission for Racial Equality Pension and Life Assurance Scheme

The government has indemnified the trustees of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) against future personal liability claims in relation to their administration of the scheme to the extent that such personal liability claims exceed the scheme's surplus assets and the trustee's private insurance maximum benefit.

4.4 Entities outside the departmental boundary (audited)

Executive agency – Crown Commercial Service

The Crown Commercial Service became a legal entity on 2 April 2014. It was created to drive savings for the taxpayer and improve the quality of commercial and procurement activity across the public sector. It is an executive agency and trading fund of the Cabinet Office. Services provided by the Crown Commercial Service include direct buying and a procurement advisory service. Further information can be found at note 11 to the accounts and on the Crown Commercial Service page of the GOV.UK website.

4.5 Cabinet Office public bodies

The Cabinet Office produces a comprehensive annual public bodies directory, providing details of non-departmental public bodies and similar public bodies. The directory can be found on the GOV.UK website.

Alex Chisholm
Chief Operating Officer for the
Civil Service, Permanent Secretary
and Principal Accounting Officer

1 December 2022

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Cabinet Office and of its Departmental Group for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2021. The financial statements comprise: the Departmental Group's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Department and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department or its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Directors' Report, Performance Report, Governance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Cabinet Office and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Directors' Report, Performance Report, Governance Report and Accountability Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Department and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies;
- Inquiring of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Supply and Appropriation (Main Estimates) Act 2021 and Managing Public Money;
- discussing among the engagement team including significant component audit teams and involving relevant internal and external specialists, including property valuation and financial instrument valuation experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and manipulation to avoid breaching spending control totals. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Department and Group's framework of authority as well as other legal and regulatory frameworks in which the Department and Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, employment law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies **7 December 2022**

Comptroller and Auditor General

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

Financial Statements

Consolidated statement of comprehensive net expenditure

For the year ended 31 March 2022

The consolidated statement of comprehensive net expenditure (CSoCNE) summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, including changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Revenue from contracts with customers	5	(783,282)	(783,096)	(598,610)	(597,826)
Other operating income	5	(193,837)	(193,583)	(130,474)	(130,013)
Non-cash income	5	(783,603)	(783,562)	(732,381)	(732,335)
Total operating income	**5**	**(1,760,722)**	**(1,760,241)**	**(1,461,465)**	**(1,460,174)**
Staff costs	4	721,615	735,795	677,580	692,221
Purchase of goods and services	4	1,221,906	1,225,872	1,292,237	1,295,474
Rentals under operating leases	4	152,472	152,671	158,836	159,131
Geospatial data	4	125,216	125,216	146,727	146,727
Grants	4	36,394	16,931	57,614	38,070
Depreciation, impairment and property gains	4	507,191	507,796	273,517	274,029
Provisions and other non-cash costs	4	3,521	3,636	21,474	21,492
Total operating expenditure		**2,768,315**	**2,767,917**	**2,627,985**	**2,627,144**
Net operating expenditure		**1,007,593**	**1,007,676**	**1,166,520**	**1,166,970**
Finance income	5	(25,055)	(25,055)	(17,432)	(17,432)
Finance expenditure	4	32,329	32,329	1,248	1,248
Non-cash interest cost on pension scheme liabilities	19	-	17	-	25
Net finance (income) / expenditure		**7,274**	**7,291**	**(16,184)**	**(16,159)**
Share of associates' results	10	(7,230)	(7,230)	(18,597)	(18,597)
Fair value (gain) / loss on financial assets – associate put options	11.1, 11.2	24,104	24,104	42,591	42,591
Net associates (non-cash)		**16,874**	**16,874**	**23,994**	**23,994**
Net expenditure for the year		**1,031,741**	**1,031,841**	**1,174,330**	**1,174,805**

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Other comprehensive income					
Items that will not be reclassified to net operating expenditure:					
Net (gain) / loss on revaluation of:					
property, plant and equipment	4, 6	(253,127)	(253,153)	6,042	6,042
intangible assets	7	(3,908)	(3,911)	(443)	(443)
Share of associates' foreign exchange (gains) / losses	10	(9)	(9)	40	40
Actuarial loss on pension scheme liabilities	19	-	120	-	39
Total other comprehensive (income) / expenditure		**(257,044)**	**(256,953)**	**5,639**	**5,678**
Comprehensive net expenditure for the year		**774,697**	**774,888**	**1,179,969**	**1,180,483**

Notes 1 to 25 form part of these accounts.

Consolidated statement of financial position

As at 31 March 2022

This statement presents the financial position of the department. It comprises three main components: assets owned or controlled, liabilities owed to other bodies, and equity, the remaining value of the entity.

£000		As at 31 March 2022	As at 31 March 2022	As at 31 March 2021 restated	As at 31 March 2021 restated	As at 1 April 2020 restated	As at 1 April 2020 restated
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group	Core department and agency	Departmental group
Non-current assets							
Property, plant and equipment	6	2,032,512	2,033,452	1,015,637	1,016,517	366,783	367,778
Intangible assets	7	50,654	50,826	31,320	31,637	33,496	33,827
Investments in associates	10	29,161	29,161	71,392	71,392	67,770	67,770
Trade and other receivables	14	135,612	135,665	120,377	120,436	98,936	98,936
Other financial assets	11.2, 11.3	10,352	10,352	39,751	39,751	25,086	25,086
Total non-current assets		**2,258,291**	**2,259,456**	**1,278,477**	**1,279,733**	**592,071**	**593,397**
Current assets							
Assets classified as held for sale	12	1,000	1,000	1,300	1,300	-	-
Inventories		404	404	608	608	419	419
Trade and other receivables	14	365,364	365,748	359,098	359,746	368,931	369,590
Other financial assets	11.1, 11.3	17,560	17,560	9,410	9,410	66,666	66,666
Cash and cash equivalents	13	230,257	230,633	21,519	21,604	108,707	108,892
Total current assets		**614,585**	**615,345**	**391,935**	**392,668**	**544,723**	**545,567**
Total assets		**2,872,876**	**2,874,801**	**1,670,412**	**1,672,401**	**1,136,794**	**1,138,964**

£000	Note	As at 31 March 2022 Core department and agency	As at 31 March 2022 Departmental group	As at 31 March 2021 restated Core department and agency	As at 31 March 2021 restated Departmental group	As at 1 April 2020 restated Core department and agency	As at 1 April 2020 restated Departmental group
Current liabilities							
Trade and other payables	15	(671,595)	(673,874)	(371,548)	(373,616)	(353,242)	(354,889)
Provisions	16	(9,261)	(9,261)	(15,454)	(15,454)	(2,674)	(2,674)
Retirement benefit obligations	19	-	(105)	-	(100)	-	(98)
Total current liabilities		**(680,856)**	**(683,240)**	**(387,002)**	**(389,170)**	**(355,916)**	**(357,661)**
Total assets less current liabilities		**2,192,020**	**2,191,561**	**1,283,410**	**1,283,231**	**780,878**	**781,303**
Non-current liabilities							
Trade and other payables	15	(559,245)	(559,245)	(66,712)	(66,732)	(14,065)	(14,076)
Provisions	16	(94,539)	(94,882)	(78,249)	(78,477)	(65,728)	(65,908)
Retirement benefit obligations	19	-	(1,316)	-	(1,325)	-	(1,362)
Total non-current liabilities		**(653,784)**	**(655,443)**	**(144,961)**	**(146,534)**	**(79,793)**	**(81,346)**
Total assets less total liabilities		**1,538,236**	**1,536,118**	**1,138,449**	**1,136,697**	**701,085**	**699,957**
Taxpayers' equity and other reserves							
General fund		584,274	582,105	735,820	734,006	604,511	603,321
Revaluation reserve		953,962	954,013	402,629	402,691	96,574	96,636
Total equity		**1,538,236**	**1,536,118**	**1,138,449**	**1,136,697**	**701,085**	**699,957**

Notes 1 to 25 form part of these accounts.

Alex Chisholm, Chief Operating Officer for the Civil Service, Permanent Secretary and Principal Accounting Officer

1 December 2022

Consolidated statement of cash flows

For the year ended 31 March 2022

The statement of cash flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the department's future public service delivery.

£000		2021-22	2021-22	2020-21 restated	2020-21 restated
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group
Cash flows from operating activities					
Net operating expenditure	CSoCNE	(1,007,593)	(1,007,676)	(1,166,520)	(1,166,970)
Adjustments for non-cash expenditure	4	510,712	511,432	294,991	295,521
Adjustments for non-cash income	5	(783,603)	(783,562)	(732,381)	(732,335)
Increase in trade and other receivables	14	(21,501)	(21,231)	(11,608)	(11,656)
Less movements in receivables relating to items not passing through the CSoCNE or related to non-cash costs:					
Amounts relating to long-term and short-term debtors which offset dilapidation provision	14	19,814	19,814	5,126	5,158
Amounts relating to settlement of AXELOS Limited financial asset	10	(18,592)	(18,592)	-	-
Movement in amounts relating to provision for credit losses	4	2,087	2,087	(4,938)	(4,938)
Amounts relating to bad debt write off	4	(327)	(327)	(692)	(692)
Associate dividends receivable	10	-	-	306	306
(Increase) / decrease in inventories		204	204	(189)	(189)
Increase / (decrease) in trade and other payables	15	792,580	792,771	70,953	71,383

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Less movements in payables relating to items not passing through the CSoCNE:					
Amounts due to the Consolidated Fund for supply	15	4,456	4,456	46,497	46,497
Amounts relating to PFI liabilities transferred as non-budget	21	(500,757)	(500,757)	-	-
Amounts payable to the Consolidated Fund	15	(213,136)	(213,196)	40,700	40,694
Movement in capital accruals relating to investing activities		(14,099)	(14,318)	(6,098)	(6,098)
Use of provisions	16, 17	(3,428)	(3,570)	(2)	(102)
Net cash inflow / (outflow) from operating activities		**(1,233,183)**	**(1,232,465)**	**(1,463,855)**	**(1,463,421)**
Cash flows from investing activities					
Purchase of non-financial assets					
Purchase of property, plant and equipment	6	(136,384)	(136,849)	(178,242)	(178,520)
Purchase of intangible assets	7	(31,347)	(31,371)	(11,457)	(11,563)
Loans to local government	11.3	(1,592)	(1,592)	-	-
Dividends received from associates	10	42,372	42,372	14,629	14,629
Proceeds from disposal of property, plant and equipment	6	1	1	-	-
Proceeds from disposal of financial assets					
Shareholding in AXELOS Limited	10	148,903	148,903	-	-
Shareholding in Integrated Debt Services Limited	10	5,500	5,500	-	-
Shareholding in Behavioural Insights Limited	10	6,600	6,600	-	-
Amounts relating to settlement of AXELOS Limited financial asset	10	18,592	18,592	-	-
Movement in capital accruals		14,099	14,318	6,098	6,098
Net cash inflow / (outflow) from investing activities		**66,744**	**66,474**	**(168,972)**	**(169,356)**

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Cash flows from financing activities					
From the Consolidated Fund (supply) – current year	CSoCTE	1,382,556	1,382,556	1,589,449	1,589,449
From the Consolidated Fund (supply) in respect of machinery of government transfer of function		-	-	(19,294)	(19,294)
Interest income	CSoCNE	25,055	25,055	17,432	17,432
Interest expense	CSoCNE	(32,329)	(32,329)	(1,248)	(1,248)
Net financing		**1,375,282**	**1,375,282**	**1,586,339**	**1,586,339**
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**208,843**	**209,291**	**(46,488)**	**(46,438)**
Payments of amounts due to the Consolidated Fund	15	(105)	(262)	(40,700)	(40,850)
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**208,738**	**209,029**	**(87,188)**	**(87,288)**
Cash and cash equivalents at the beginning of the period	**13**	**21,519**	**21,604**	**108,707**	**108,892**
Cash and cash equivalents at the end of the period	**13**	**230,257**	**230,633**	**21,519**	**21,604**

Notes 1 to 25 form part of these accounts.

Consolidated statement of changes in taxpayers' equity

This statement shows the movement in the year on the different reserves held by the department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund) and 'revaluation reserves'. The general fund represents the total assets less liabilities of the department, to the extent that the total is not represented by other reserves and financing items. The revaluation reserve reflects the changes in asset values that have not been recognised as income or expenditure.

Core department and agency for the year ended 31 March 2022

£000		General fund	Revaluation reserve	Taxpayers' equity
	Note	Core department and agency	Core department and agency	Core department and agency
Balance at 1 April 2020 – restated		**604,511**	**96,574**	**701,085**
Net parliamentary funding – drawn down		1,589,449	-	1,589,449
Net parliamentary funding – deemed	15	60,430	-	60,430
Amounts relating to machinery of government transfer of functions	2	(19,294)	-	(19,294)
Supply payable adjustment	15	(13,933)	-	(13,933)
Comprehensive net expenditure for the year	CSoCNE	(1,174,330)	-	(1,174,330)
Non-cash charges – auditors' remuneration	4	727	-	727
Notional corporate services recharges	4	(46)	-	(46)
Movements in reserves				
Net gain / (loss) on revaluation of property, plant and equipment	CSoCNE	-	(6,042)	(6,042)
Net gain / (loss) on revaluation of intangible assets	CSoCNE	-	443	443
Share of associates' foreign exchange gains / (losses)	10	-	(40)	(40)
Transfers between reserves – asset transfers		(316,196)	316,196	-
Transfers between reserves – other transfers		4,502	(4,502)	-
Balance at 31 March 2021 – restated		**735,820**	**402,629**	**1,138,449**
Net parliamentary funding – drawn down		1,382,556	-	1,382,556
Net parliamentary funding – deemed	15	13,933	-	13,933
Supply payable adjustment	15	(9,477)	-	(9,477)
Cash surrenderable to the Consolidated Fund – consideration from disposal of shareholdings in associates	10	(213,006)	-	(213,006)
Cash surrenderable to the Consolidated Fund – consideration from minor disposals	5, SOPS 4	(235)	-	(235)
Comprehensive net expenditure for the year	CSoCNE	(1,031,741)	-	(1,031,741)
Non-cash charges – auditors' remuneration	4	754	-	754
Notional corporate services recharges	4	(41)	-	(41)

£000		General fund	Revaluation reserve	Taxpayers' equity
	Note	Core department and agency	Core department and agency	Core department and agency
Movements in reserves				
Net gain / (loss) on revaluation of property, plant and equipment	CSoCNE	-	253,127	253,127
Net gain / (loss) on revaluation of intangible assets	CSoCNE	-	3,908	3,908
Share of associates' foreign exchange gains / (losses)	10	-	9	9
Transfers between reserves – asset transfers		(308,370)	308,370	-
Transfers between reserves – other transfers		14,081	(14,081)	-
Balance at 31 March 2022		**584,274**	**953,962**	**1,538,236**

Departmental group for the year ended 31 March 2022

£000		General fund	Revaluation reserve	Taxpayers' equity
	Note	Departmental group	Departmental group	Departmental group
Balance at 1 April 2020 – restated		**603,321**	**96,636**	**699,957**
Net parliamentary funding – drawn down		1,589,449	-	1,589,449
Net parliamentary funding – deemed	15	60,430	-	60,430
Amounts relating to machinery of government transfer of functions	2	(19,294)	-	(19,294)
Supply payable adjustment	15	(13,933)	-	(13,933)
Cash surrenderable to the Consolidated Fund – Registrar of Consultant Lobbyists registration fees	15	(156)	-	(156)
Comprehensive net expenditure for the year	CSoCNE	(1,174,805)	-	(1,174,805)
Non-cash charges – auditors' remuneration	4	727	-	727
Movements in reserves				
Net gain / (loss) on revaluation of property, plant and equipment	CSoCNE	-	(6,042)	(6,042)
Net gain / (loss) on revaluation of intangible assets	CSoCNE	-	443	443
Share of associates' foreign exchange gains / (losses)	10	-	(40)	(40)
Actuarial gain / (loss) on pension scheme liabilities		(39)	-	(39)
Transfers between reserves – asset transfers		(316,196)	316,196	-
Transfers between reserves – other transfers		4,502	(4,502)	-
Balance at 31 March 2021 – restated		**734,006**	**402,691**	**1,136,697**

£000	Note	General fund	Revaluation reserve	Taxpayers' equity
		Departmental group	Departmental group	Departmental group
Net parliamentary funding – drawn down		1,382,556	-	1,382,556
Net parliamentary funding – deemed	15	13,933	-	13,933
Supply payable adjustment	15	(9,477)	-	(9,477)
Cash surrenderable to the Consolidated Fund – Registrar of Consultant Lobbyists registration fees	15	(216)	-	(216)
Cash surrenderable to the Consolidated Fund – consideration from disposal of shareholdings in associates	10	(213,006)	-	(213,006)
Cash surrenderable to the Consolidated Fund – consideration from minor disposals	5, SOPS 4	(235)	-	(235)
Comprehensive net expenditure for the year	CSoCNE	(1,031,841)	-	(1,031,841)
Non-cash charges – auditors' remuneration	4	754	-	754
Movements in reserves				
Net gain / (loss) on revaluation of property, plant and equipment	CSoCNE	-	253,153	253,153
Net gain / (loss) on revaluation of intangible assets	CSoCNE	-	3,911	3,911
Share of associates' foreign exchange gains / (losses)	10	-	9	9
Actuarial gain / (loss) on pension scheme liabilities		(120)	-	(120)
Transfers between reserves – asset transfers		(308,370)	308,370	-
Transfers between reserves – other transfers		14,121	(14,121)	-
Balance at 31 March 2022		**582,105**	**954,013**	**1,536,118**

Notes 1 to 25 form part of these accounts.

Notes to the consolidated financial statements

1 Accounting policies, key accounting estimates and judgements

1.1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual issued by HM Treasury. The accounting policies contained in the Government Financial Reporting Manual apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the Government Financial Reporting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Cabinet Office for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the Cabinet Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Basis of preparation

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

1.3 Basis of consolidation

These accounts comprise a consolidation of the core department, its executive agency and those arm's length bodies which fall within the departmental boundary as defined in the Government Financial Reporting Manual and make up the 'departmental group'. A list of all those entities within the departmental boundary is given at note 24.

The financial reporting year for the core department, its executive agency and arm's length bodies is coterminous and their accounting policies are not materially different. Transactions between these entities are eliminated.

1.4 Going concern

The financial statements for the Cabinet Office have been prepared on the basis that the department is a going concern. Financial provision for its activities is included in the 2020 Spending Review which set out budgets for 2021-22 and the 2021 Spending Review which set out budgets for 2022-23 to 2024-25. Parliament has authorised spending for 2022-23 in the Central Government Main Supply Estimates 2022-23 (HC 396).

The financial statements for the Civil Service Commission, the Registrar of Consultant Lobbyists and the Equality and Human Rights Commission (EHRC) have been prepared on the basis that they are going concerns financed by grant-in-aid from the Cabinet Office.

The Government Property Agency (GPA) is 'supply-financed' by the Cabinet Office and invoices property costs to the tenant occupiers with the longer term intention that it becomes a self-funding agency.

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. The department considers there is no reason to believe that future approvals will not be forthcoming.

1.5 Restated amounts

Prior year comparatives are restated for machinery of government transfers of function.

Machinery of government changes, which involve the transfer of functions or responsibilities between two or more government departments, are accounted for as a business combination using merger accounting principles in accordance with the Government Financial Reporting Manual.

Accordingly, the results, balances and cash flows relating to the in-year transferred functions or responsibilities are written in or out of the accounts from the start of the financial year and prior year comparatives are restated, with corresponding adjustments being made to the general fund. The historic carrying values of assets and liabilities are not adjusted to fair value, but, where appropriate, adjustments are made to achieve uniformity of accounting policies.

In doing so, it appears that the department always existed in its present form. This enables the user of the accounts to make useful comparisons between the data from the prior year to the current year – see note 2.

1.6 Transfer by absorption

Transfers of function between public sector bodies (excluding those between central government departments to which merger accounting applies) are accounted for as transfers by absorption.

In accordance with the Government Financial Reporting Manual, the carrying value of the assets and liabilities of the combining bodies or functions are not adjusted to fair value on consolidation. There is no recognition of goodwill and no restatement of comparatives in the primary financial statements. The recorded amounts of net assets/liabilities are brought into the financial statements of the transferee and written out of those of the transferor from the date of transfer.

The net asset/liability carrying value is recorded against non-operating gain/loss through net expenditure. Any revaluation reserves are transferred in full with the remaining balance transferred to the general fund. There were no transfers by absorption in 2021-22 or 2020-21.

1.7 Operating segments

Operating segments are based on the main areas of business activity and align with performance reporting. They are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision makers have been identified as the Principal Accounting Officer and the Minister for the Cabinet Office.

Accounting policies for expenditure

1.8 Employee benefits

Short-term benefits

Where an employee has rendered service to the department during the financial year, the department recognises as an expense the undiscounted amount of short-term employee benefits expected to be paid wholly in exchange for that service before 12 months after the end of the reporting period.

Annual leave earned but not taken by year end is recognised on an accruals basis.

Performance non-consolidated payments are not accrued at 31 March since the appraisal process which determines performance pay is only finalised after the accounts have been prepared.

Termination benefits

Termination benefits include lump sum payments and payments in lieu of notice. The department makes provision for termination benefits in cases of compulsory redundancy on announcement of a detailed plan. The department makes a provision for voluntary redundancies on issue of offer letters to employees and where there is full or oversubscription by employee applications to the scheme.

The department then accrues for termination benefits in cases of both voluntary and compulsory redundancy at the point at which the employee has accepted the offer made by the department, and then reverses the earlier provision.

1.9 Pensions

The majority of past and present employees within the Cabinet Office departmental boundary are covered by the provisions of the Civil Service pension arrangements. The defined benefit schemes are unfunded.

The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Service pension arrangements of amounts calculated on an accruing basis.

Liability for payment of future benefits is a charge on the Civil Service pension arrangements. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

Pension benefits for former chairs of the EHRC and its legacy organisations are provided under a 'broadly by analogy' scheme. The scheme disclosures are stated in accordance with 'IAS 19: Employee Benefits'. This scheme is an unfunded defined-benefit scheme managed by the Home Office shared service centre, and any pensions are administered by it in accordance with the standard rules (by analogy with the PCSPS).

Where actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits, and from actual experience in respect of scheme liabilities and investment performance of scheme assets being different from previous assumptions, then the actuarial gains and losses are recognised directly in taxpayers' equity for the year.

1.10 Grants

Grants are unrequited payments made by the department to outside bodies to reimburse expenditure on agreed items or functions. They are often only paid on statutory conditions being met. Grants may be resource or capital. The department recognises grant expenditure at the point of cash disbursement where there is no material difference from accruals accounting.

Under the terms and conditions of some grants, the unspent element may be returned to the department if the conditions are not met, or if the grant is no longer required. This would be recognised at the point of cash receipt.

Grants-in-aid are financing payments made by the department to an arm's length body. They are recognised in the accounts of the core department only and eliminated on consolidation. The department recognises grants-in-aid at the point of cash disbursement.

1.11 Repayable Grants

Where grants are not unrequited and the grant agreement stipulates a non-interest bearing future repayment to the department, such grants are treated as below market rate of interest loans in accordance with IAS 20.

The department has entered into such arrangements with local authorities, which have been classified as financial assets measured at amortised cost in accordance with IFRS 9, and held within a business model whose objective is to collect contractual cash flows on specified future dates payments of principal outstanding.

Repayable grants are subsequently measured using the effective interest rate, based on the financial instrument discount rate from HM Treasury. At 31 March 2022, the nominal rate was 1.9% (2020-21: 3.7%).

The department recognises an expected loss provision in the CSoCNE and reassesses at the reporting date the lifetime expected loss provision and re-measures accordingly to the extent that the credit risk has increased significantly since initial recognition or the previous reporting date.

Where the department has no reasonable expectation of recovering some or all of the repayable grant, the department impairs the gross carrying value of the grant to the CSoCNE accordingly.

Further details can be found in note 11.3.

1.12 Operating leases

Operating leases and lease incentives (periods of rent-free occupation) are charged to the CSoCNE on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight line basis.

Accounting policies for income

1.13 'IFRS 15: revenue from contracts with customers'

IFRS 15 introduces a new model for revenue recognition based on the transfer of control rather than the transfer of risks and rewards of ownership, and on satisfaction of performance obligations. The core principle of this standard is that an entity shall recognise revenue that reflects the consideration to which the entity expects to be entitled in exchange for a transfer of promised goods or services.

Under IFRS 15, revenue is recognised at the point when:

- control of goods and services is transferred under contractual arrangements and services to the customer
- performance obligations are satisfied, whether at a point in time or over time

A 'point in time' is most likely to apply when transferring goods to a customer, and 'over time' when transferring services to a customer.

For service provision, the point of recognition is dependent on contract terms. Revenue is measured based on consideration specified in a contract. Revenue related to performance obligations recognised over time as the service is rendered is measured by reference to either input (resources consumed in satisfying a performance obligation) or output (measurements of value to the customer of services transferred) methods. The department generally measures revenue by reference to input and operates various cost recovery models. Most of the department's performance obligations relate to services satisfied over time, such as assurance reviews, Fast Stream recruitment and supply of IT hardware and licences – see note 5.

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

A contract liability is recognised where the department has billed the customer but deferred income into the following financial year, in line with a performance obligation being satisfied over a 12 month period.

In 2021-22, the department received significant sponsorship income in relation to the 26th Conference of the Parties (COP26). Formal contracts were put in place between the sponsor and the department, setting out the rights and obligations for each party from the arrangement. Cash sponsorship income is therefore recognised under revenue from contracts with customers. See note 1.16.

1.14 Government Property Agency non-rental income

Non-rental income from properties has been recognised in accordance with IFRS 15. This income arises from tenant leases, which provide for the recovery of all or a portion of the operating expense incurred by the GPA. The non-rental element of the contract is separated from the lease rental element and assessed by reference to the operating costs incurred in relation to each lease and rental space. Non-rental income is recognised in the same period as the expenses are incurred.

This income is recognised when it is received, or when the right to receive payment is established by the contract.

Non-rental income includes fees for commercial advisory work such as lease term renegotiation, whereby the GPA receives a share of any savings achieved (gain share), compared to the terms of the existing lease arrangement.

1.15 Rental income

Rental income, including fixed rental uplifts, is recognised in accordance with 'IAS 17: Leases' on a straight-line basis over the term of the lease, which is considered to be the date of the lease commencement to the earliest termination date. A rent adjustment based on open-market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews.

Lease incentives, such as rent-free periods and contributions towards tenant costs, are recognised evenly over the period from the date of the lease commencement to the earliest termination date. Incentives for the agreement of a new or renewed operating lease given to tenants are recognised as a reduction of the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

Increasingly, the GPA plans to use incentive payments to enhance the leased property before it is sub-let to clients. In these cases, the GPA has agreed with HM Treasury that it may elect to treat the lease incentive payment within the budgetary framework as capital grant income and benefit to capital budget (capital DEL), and not a reduction of the rental expense over the lease term. This means the budgeting treatment will differ from the accounting treatment shown in these statements.

1.16 Other income

Dividends are recognised when the department's right to receive payment has been established.

The notional digital apprenticeship service grant income offsets the notional grant expenditure which represents apprenticeship training received and funded through the levy paid. See notes 4 and 5.

The department received value in kind sponsorship for COP26 where goods or services were provided rather than cash. As with cash sponsorship, a formal contract was in place and each party had rights and obligations from the arrangement. As it is material, the value in kind sponsorship is therefore recognised in the financial statements via notional offsetting income and expenditure transactions reflecting the value received from the transactions based on the opportunity cost of the arrangement. See note 1.13.

Capital grant in kind is the mechanism for deemed funding of non-current assets. This offsets donated assets and assets transfers from other government departments for nil consideration – see notes 5, 6 and 7. This recognition criteria is set out in the Government Financial Reporting Manual and results in assets recognised as donated assets with equal and opposite capital grant in kind income in accordance with IAS 20.

1.17 Income payable to the Consolidated Fund and recognised in the CSoCNE

Fees charged on consultant lobbyists for making, updating and maintaining their entries in a register are returned to the Consolidated Fund. HM Treasury has agreed that these fees may be netted off against expenditure and recorded as income in the CSoCNE.

Accounting policies for assets and liabilities

1.18 Property, plant and equipment

Property, plant and equipment is recognised initially at cost, and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques, which are treated as heritage assets that are non-depreciating, and properties surplus to requirement. Cost comprises the amount of cash paid to acquire the asset, and includes any costs necessary to bring the asset to working condition for its intended use.

The capitalisation threshold for expenditure on property, plant and equipment for the core department and agencies is £5,000. The EHRC is an arm's length body and has a capitalisation threshold for expenditure on property, plant and equipment of £3,000. This difference in recognition criteria has been assessed to have an immaterial impact on the net book value of property, plant and equipment reported by the departmental group.

Freehold properties which are held for their service potential (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use using a method determined by Montagu Evans LLP and Jones Lang LaSalle Ltd. For non-specialised assets current value in existing use is interpreted as market value in existing use as defined in the Royal Institute of Chartered Surveyors (RICS) Red Book as 'existing use value'. For specialised assets current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential.

Each property is revalued on a rotational basis on a five-year cycle, commencing at the point of acquisition or onboarding into the GPA. Valuations are based on a number of key assumptions, including an estimate of future rental income, anticipated future costs, floor areas and a discount rate. The valuers also compare their valuations to market data for other similar assets.

In the intervening years, if material, changes in fair value are determined using desktop valuation exercises undertaken by independent qualified valuation experts without re-inspection, or by using published indices reflecting current prices on an active market for similar property.

Other operational assets are revalued to open-market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable due to their specialised nature. Published indices appropriate to the category of asset are normally used to estimate value.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the CSoCNE, in which case the increase is recognised in the CSoCNE. A revaluation deficit is recognised in the CSoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit are taken to the CSoCNE.

Art and antiques have been inherited by the department since its earliest existence and are held mainly in 10 Downing Street and 70 Whitehall. Some art and antiques qualify as heritage assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Art and antiques are subject to professional valuation on the basis of insurance value every five years, with the revaluation being taken into the revaluation reserve. They are not depreciated or indexed. Further information regarding the 2021-22 art and antique valuation approach can be found in note 1.32.

1.19 Depreciation and impairment on property, plant and equipment

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reviewed annually. Where adjustments are required, these are made going forward.

Asset lives are within the following ranges.

Freehold buildings, including dwellings	10 to 50 years
Leasehold building improvements	Over the remaining term of the lease
Information technology and office equipment	2 to 14 years
Plant and machinery	3 to 25 years
Furniture and fittings	3 to 15 years

Assets in the course of construction are not depreciated until the assets are available for use. No depreciation is provided on freehold land and items for collections as they have unlimited or very long estimated useful lives, nor on non-current assets held for sale. Assets continue to depreciate until they are derecognised, even if during that period they are idle.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

1.20 Donated assets

The value of donated assets is recognised as capital grant in kind income and credited to the general fund. Any associated revaluation reserves are also transferred in full, with a corresponding opposite entry debited from the general fund on transfer. For details of property, plant and equipment donated to the GPA in 2021-22, see note 6.4. Any subsequent revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the CSoCNE, in which case the increase is recognised in the CSoCNE.

A revaluation deficit is recognised in the CSoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Gifts of ornaments and jewellery received by past and present Prime Ministers and their spouses are treated as donated assets within art and antiques and capitalised at their fair value on receipt. They are subject to professional valuation on a regular basis as required. Gifts are not depreciated as, by their nature, their useful economic life is indefinite.

The Civil Service Club is recognised as a donated asset. Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty Queen Elizabeth II, and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services. Consequently the Civil Service Club was purchased.

1.21 Intangible assets

Intangible assets are defined as identifiable, non-monetary assets without physical substance. Software that is embedded in computer-controlled equipment that cannot operate without that specific software is an integral part of the related hardware, and is treated as property, plant and equipment.

Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets for the core department and agencies is £5,000. The EHRC has a capitalisation threshold for expenditure on intangible assets of £3,000. This difference in recognition criteria has been assessed to have an immaterial impact on the net book value of intangible assets reported by the departmental group. Following initial recognition, intangible assets are carried at fair value in the CSoFP where an active market exists. Where no active market exists, the department uses published indices to assess the depreciated replacement cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Development expenditure is recognised as an intangible asset in line with the process above when the department can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use
- its intention to complete and its ability to use the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

1.22 Amortisation of intangible assets

Intangible assets are currently assessed to have a finite life of between three and ten years, and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each financial year. Assets in the course of construction are not amortised until brought into use. Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to six years.

1.23 Investments in associates

An associate is an entity over which the department has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies. It is assumed that associate status exists where the department has a shareholding of at least 20%, but no more than 50%.

Investments in associates are accounted for using the equity method, whereby an investment is initially recorded at cost and subsequently adjusted to reflect the department's share of the net profit or loss, and thereby of the net assets, and of the other comprehensive income of the associate.

In cases where an associate incurs substantial losses, such that the investment is written down to nil, additional losses are not recognised given that the department has no legal or constructive obligation in respect of the associate's cumulative losses. Dividend distributions received from the associate reduce the carrying amount of the investment. Recoverable amounts are assessed for each individual associate.

In cases where the associate's and the department's reporting periods are not coterminous but are no greater than three months apart, the department uses the associate's most recent audited financial statements in applying the equity method of accounting and, where necessary, makes adjustments for the effects of significant transactions up to the reporting date of the department's financial statements.

In cases where the associate's and the department's reporting periods are greater than three months apart, the associate prepares unaudited financial statements for the department, as at the department's reporting date. In cases where the associate's and the department's accounting policies are not uniform, adjustments are made where material.

1.24 Assets classified as held for sale

Assets are classified as held for sale when the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For an asset to be classified as held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets. Its sale must be highly probable and it must genuinely be expected to be sold, not abandoned. Items of property, plant and equipment that are classified as held for sale are written down to fair value less costs to sell if lower than their carrying value, and are not depreciated further.

1.25 Cash and cash equivalents

Cash in the CSoFP comprises cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

1.26 Impairment of financial assets

In accordance with 'IFRS 9: financial instruments' as adapted by the Government Financial Reporting Manual, the department has developed a provision matrix to estimate expected credit losses which groups receivables by sector (private, public and central government departments) and factors in historical experience of write offs and age of the debt. Market information is taken into account where available.

1.27 Financial assets

Financial assets are recognised when the department becomes party to the contracts that give rise to them.

The department determines the classification of its financial assets at initial recognition in accordance with IFRS 9 and, where allowed and appropriate, re-evaluates this designation at the end of each financial year. The department considers whether a contract contains an embedded derivative when the entity first becomes party to it.

The subsequent measurement of financial assets depends on their classification. A financial asset is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

The following classifications are currently applicable.

Investments in other bodies

Public dividend capital is shown at historical cost, less any impairment. The Cabinet Office has public dividend capital held within the Crown Commercial Service. The Cabinet Office assesses at 31 March whether there is any indication that the investment may be impaired. If any such indication exists, the department estimates the recoverable amount of the investment, recognising an impairment loss in the CSoCNE to the amount by which the carrying amount of the investment exceeds its recoverable amount. Dividends are recognised when the department's right to receive payment is established.

Receivables

Trade receivables and other contract receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

The Cabinet Office holds financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost, less loss allowance.

Provision is made when there is reasonable and supportable information, including that which is forward-looking, that the department will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Details about the department's impairment policies and calculation of loss allowance are provided in notes 1.26 and 1.32.

Receivables – repayable grants

The department has entered into below market rate of interest loan arrangements with local authorities, which have been classified as financial assets measured at amortised cost in accordance with IFRS 9, and held within a business model whose objective is to collect contractual cash flows on specified future dates payments of principal outstanding. See notes 1.11 and 11.3.

Put option arrangements

The department holds put options over the equity of its investments in certain associates, which allow it to put its shareholdings to the other shareholder at their fair value over a specified period.

The amount that may become receivable under the option on exercise is initially recognised at fair value through profit or loss, and is subject to re-measurement to fair value at the end of each reporting period.

The receivable is calculated at formula values linked to the associates' net cash or debt positions and prior year earnings, or future year forecasts, and is stated net of the fair value of the investment. See note 1.23, investments in associates.

In the event that the option expires unexercised, the asset will be de-recognised with a corresponding adjustment to profit or loss.

1.28 Value added tax (VAT)

Some of the activities of the core department are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due from or to HM Revenue and Customs in respect of VAT is included within receivables and payables in the CSoFP respectively.

1.29 Financial liabilities

Financial liabilities are classified as other financial liabilities in the financial statements. Financial liabilities are derecognised when the contract that gives rise to them is settled, sold, cancelled or expires.

Insurance liabilities

Insurance contracts are contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified future event (the insured event) adversely affects the policyholder and are accounted for under 'IFRS 4: insurance contracts'. Insurance contracts and reinsurance contracts are accounted for on the date the contract is approved by the department. Insurance and reinsurance liabilities are measured at fair value and cover both reported and unreported claims covered by the insurance and reinsurance contract at the reporting date; the fair value recognised is based on the experience of historic and expected materialisation probabilities of the specified or comparable insured events. Possible future claims relating to catastrophe are not included in the calculation of the insurance or reinsurance liabilities.

The fair value for insurance liabilities is calculated using the income approach under IFRS 13, which reflects the present value of future cash outflows that are expected to occur. The discount rate used is the financial instrument nominal rate of 1.9% as set by HM Treasury. The cash outflows include the claims losses and the related claims handling expenses incurred.

Insurance and reinsurance liabilities are recognised in the CSoCNE when they are written. Insurance liabilities are further subject to a liability adequacy test at the reporting date. To the extent that the liability adequacy test reveals a remeasurement gain or loss, this is immediately recognised in the CSoCNE. Claims and associated expenses are recognised when they are incurred.

Other financial liabilities

Trade and other payables are recognised at cost, which is deemed to be materially the same as the fair value. Where the time value of money is material, payables are subsequently measured at amortised cost.

1.30 Provisions

A provision is recognised when the department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. See note 16.

For early departure costs, the department establishes a provision for the estimated payments discounted by the HM Treasury rate for post-employment benefits of (1.30)% (2020-21: (0.95)%) in real terms, effective from 31 March 2022. Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

For dilapidations, a provision is made for estimated cost based valuations where the likelihood of settlement is material and imminent, or via the use of industry standard calculations or methodologies. Where the GPA enters into sublease arrangements with tenants which include rights to recharge the respective dilapidation charge upon exit, the GPA recognises a corresponding receivable, calculated on the same basis, in the CSoFP. The difference between the dilapidation liability and receivable arises from the GPA's own occupational footprint or sublease voids and is recognised in the CSoCNE accordingly.

1.31 Contingent liabilities and contingent assets

Contingent assets and liabilities are not recognised in the CSoFP but are disclosed in the notes to the accounts in accordance with 'IAS 37: provisions, contingent liabilities and contingent assets'.

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or a present obligation arising from past events that is not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably measured.

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37, are stated at discounted amounts and the amount reported to Parliament separately noted. The department discloses a contingent asset where it is probable that there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

Accounting estimates and judgements

1.32 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the CSoFP and amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the department's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers

Judgements are applied to the measurement and timing of revenue recognition and related balances for contract assets, trade receivables and accrued and deferred income. These are based on a review of individual contracts or memorandum of understandings which are assessed against IFRS 15, and balances are recognised in the context of satisfaction of performance obligations over time, or at a point in time. See note 1.13.

Development costs

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility are confirmed.

Untaken annual leave

Annual leave untaken at year-end is accrued. In 2020-21, all employees' annual leave years were harmonised to end on 31 March 2021. The average number of days' leave not taken for each grade is calculated from a random sampling exercise performed at year-end and multiplied by the average salary and staff in post at year-end.

Staff engaged on capital projects

The capitalisation of staff and contractor costs is based on time spent directly attributable to capital projects. Staff may be dedicated to a project full-time, or their time may be part-apportioned to a project.

Materiality of accruals

A materiality of £10,000 per line is applied to accruals, unless its application could impact a disclosure. It is reviewed annually in line with overall materiality limits.

GPA private finance initiative (PFI) arrangements

The GPA is party to PFIs. The classification of such arrangements as service concession arrangements requires the GPA to determine whether it controls the infrastructure based on an evaluation of the terms and conditions of the arrangements.

This evaluation represents a significant source of estimation uncertainty.

PFI transactions are accounted for on a control approach based on the Government Financial Reporting Manual, which uses 'IFRIC 12: service concession arrangements' to inform its treatment. The GPA is considered to control the infrastructure in a service concession arrangement if:

- the GPA controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price
- the GPA controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise

Where it is determined that such arrangements are not in scope of IFRIC 12, the GPA assesses such arrangements under 'IFRIC 4: determining whether an arrangement contains a lease'.

Where it is identified that the arrangement conveys a right to use an asset in return for payment, the lease element is accounted for as either an operating lease or finance lease, in accordance with the risk and reward-based approach set out in the section of this note on leases.

Where it is determined that arrangements are in scope of IFRIC 12, the GPA recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IAS 17, with the service element and the interest charge recognised as incurred over the term of the concession arrangement. Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques.

In determining the interest rate implicit in the contract, the GPA applies the risk-free market rate at the time that the contract was signed. The rate is not changed unless the infrastructure element or the whole contract is renegotiated. The risk-free rate is determined by reference to the real rate set by HM Treasury.

The nominal rate is then calculated by adjusting this real term rate by the UK inflation rate.

The GPA recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually to the CSoCNE.

On initial recognition of service concession arrangements under IFRS, the GPA measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the period end, which will normally be the outstanding liability in respect of the asset (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment. Liabilities are measured using the appropriate discount rate.

Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions set by IFRS 15 have been satisfied. See note 21.

Impairment of assets

The department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. See notes 6, 7 and 8.

Impairments of non-current assets that are due to a clear consumption of economic benefit are recognised in the CSoCNE rather than set against an available revaluation reserve. The financial performance of associate companies is assessed annually for indication of any impairment.

For current receivables, such as trade receivables, accrued income and other receivables, a provision is taken against public and private sector debt by reference to payment history and economic conditions against settlement terms using a provision matrix. Debt provisions are established for private sector debt when current, for public sector debt when 91 days overdue and for other government departments' debt when 361 days overdue. These increase as the age of the debt increases.

Debts are written off in cases where the Cabinet Office is unable to collect or where debt is deemed uneconomic to collect. See note 1.27.

For non-current receivables, such as deferred consideration, criteria specific to the debtor organisation are applied in assessing the impact of its financial position on its ability to settle its debt – for example reviewing borrowing arrangements, financial ratio and market share.

Transfer of assets between other government departments

The transfer of assets and programmes to the department, are assessed for recognition and application in accordance with the Government Financial Reporting Manual and other frameworks covering all such transfers.

Where it can be demonstrated that a 'transfer of function' has taken place within a departmental group, the transfer has been applied as transfer by absorption, with net assets being brought onto the accounts at carrying value from the date of transfer and recognition of a non-operating gain (or loss) on transfer.

Where individual assets are transferred without a function, they are transferred at fair value from the date of transfer with an equal and opposite operating capital grant in kind. This treatment aligns with that applied in 'IAS 20: accounting for government grants and disclosure of government assistance' to assets funded by way of grant, where assets are transferred for nil consideration and considered to be donated assets in kind.

Freehold properties on boarded from other government entities are subject to measured surveys and valuations by professional valuers following guidance set by RICS and agreed with the transferring department with the transfer being at fair value in accordance with the Government Financial Reporting Manual.

'IAS 16: property, plant and equipment'

IAS 16 has been applied to all of the property, plant and equipment held by the department. The prime objective of the GPA, is to facilitate the efficient use of government assets. These assets are therefore not being held to generate a return or for capital appreciation.

The adoption of 'IAS 40: investment property' is not considered to be appropriate, as assets are considered to be operational rather than investment assets.

The budgeting consequences of adopting IAS 16 will be no different than if properties had remained on an individual department's books. On this basis, HM Treasury has agreed to the GPA adopting IAS 16.

Determining whether an arrangement contains a lease

The GPA makes judgements about the classification of long-term arrangements as containing a lease based on an evaluation of the terms and conditions of each arrangement, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

Lease classification

Cabinet Office as lessee – The classification of property, plant and equipment leases as finance or operating leases requires the department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and whether it meets the criteria for recognition in accordance with IAS 17.

The following criteria are used to determine if the lease is finance or operating in nature:

- whether the lease transfers ownership of the asset to the lessee by the end of the lease term
- whether the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised
- whether the lease term is for the major part of the economic life of the asset even if title is not transferred
- whether the leased assets are of such a specialised nature that only the lessee can use them without major modifications
- whether at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset

Cabinet Office as lessor – Where the Cabinet Office enters into lessor arrangements, most notably through the GPA's subleasing arrangement with both other government departments and non-departmental entities, the GPA makes judgement as to who in substance should recognise the asset under the provisos of IAS 16.7. For a tenant to recognise the asset, they would be substantially consuming the benefit of the asset.

To assist with the judgement the following criteria are considered in addition to the criteria as lessee:

- whether the signed terms of occupation agreements are of a similar length to the useful economic life of the asset
- whether the building is multi tenanted or just occupied by the prior 'owner'
- whether the asset is shared or is in use for one particular tenant

Leasehold improvements

When leases have been assigned from other government departments to the GPA and historic property leasehold improvements have taken place, a review of the head lease and the terms of occupation agreement is undertaken by the GPA.

If the majority of the improved property is occupied by a sole tenant and the occupant's tenancy is for the life of the head lease, then the tenant is deemed to be in receipt of economic benefit. Therefore the asset continues to be recognised by the tenant rather than the GPA.

Where the improvements are deemed to be for the benefit of all tenants, the life of those improvements extends past individual tenancies, and the cost is collected via increased rent payments, the GPA recognises the leasehold improvements within property, plant and equipment.

Property valuations

Freehold properties held by the core department and the GPA are shown at fair value, as calculated by independent qualified valuation experts every five years. Each property is revalued on a rotational basis on a five-year cycle, commencing at the point of acquisition or onboarding into the GPA.

Valuations are based on a number of key assumptions, including an estimate of future rental income, anticipated future costs and a discount rate. The valuers also compare their valuations to market data for other similar assets in accordance with relevant RICS guidance.

In the intervening years, if material, changes in fair value are determined by reference to desktop valuation exercises undertaken by independent qualified valuation experts without re-inspection, or by reference to published indices reflecting current prices on an active market for similar property.

Properties are valued primarily using the existing use value approach and estimated using the investment method. Key inputs and assumptions are the floor areas, estimated market rent and yield.

Specialised properties are carried at depreciated replacement cost to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence. A property is considered specialised if it is rarely, if ever, sold in the market due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.

Valuations are prepared based on level 2 inputs – inputs that can be corroborated by observable market data – as per the IFRS 13 Fair Value Measurement hierarchy of inputs. In preparing these valuations, consideration is given also to some level 3 unobservable inputs; rent free periods and other inducements and interpretation of observable rents and yields which can be applied to the subject property.

Property valuations are derived from independent professional valuers' estimates of market rental values and expected yields for each property. While holding all other assumptions constant, if the average market rental value was 10% higher (lower), the value of the department’s land and buildings assets would increase (decrease) by £182.188 million.

The impact of COVID-19 on commercial property activity and office usage since 2020 has the potential to have materially affected the value of the department's land, building and dwelling assets as at the reporting date. Other emerging factors which may have materially affected the value of these assets at the reporting date include price inflation, climate change and the economic impact of the conflict in Ukraine.

The impact of COVID-19 and these other factors on the office property market have been reflected in key inputs into the physical valuations conducted this year (i.e. rent and yields). It is expected that COVID-19 will continue to affect the office property market and consequently valuations of the department’s properties over the coming years.

Put options

The department has the contractual benefit of put options in relation to its investments in certain associate companies. Under these put options, the Cabinet Office can require the co-investors in its associates to purchase its investments in those associates at the higher of associate-specific contractually set formula values linked to the associates’ net cash or debt positions and earnings or fair value of the Cabinet Office’s equity shareholding, as determined by an independent expert. The put options are not capable of separate realisation. They can only be realised together with the underlying investments to which they are linked.

In valuing put options, the Cabinet Office has made assumptions about the future performance of some of its associates based on the best and reasonably available evidence. Sensitivity surrounding assumptions about future earnings, choice of discount rates, selection of the most appropriate measurement date, valuation based on formula values or fair values, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the reported derivative financial assets.

Sensitivity analysis regarding judgements and key sources of estimation uncertainty of put option valuations can be found in note 11, financial assets.

Insurance liabilities

The department has issued indemnities that are considered insurance contracts and are assessed under IFRS 4. This relates to the indemnity to the Official Receiver of Carillion plc against all claims, proceedings, costs and expenses incurred in connection with their appointment as liquidator of the companies to the extent that such liabilities arise as a consequence of the carrying out the proper performance of their duties as liquidator of the companies; and the maintaining, securing and funding the ongoing operation of the companies' undertakings, and distributing the assets of the companies in the ordinary course of their duties as liquidator of the companies. The department has also granted to the trustees of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) a post-wind-up indemnity against future personal liability claims in relation to their administration of the scheme.

Such indemnities are novel, with no prior comparable insurance contracts from which to benchmark an insurance liability, are unaffected by observable changes in market conditions, and there are no reasonable shared characteristics of insurance risk for concentration or agregation purposes. Accordingly, significant management judgement is required based on anecdotal assessment of the probability and value of expected cash flow claims materialising, including those from the insured party. Outcomes over or under anecdotal expectations of future cash flows relating to claims could have a significant financial impact on the department's financial statements.

Provisions

Provisions are based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports.

HM Treasury discount rates for general provisions and post-employment benefits are applied where appropriate. See notes 1.30 and 16.

Retirement benefit obligations – EHRC

The pension scheme for the former chair of the EHRC, and for the former chairs and deputy chairs of legacy commissions, is unfunded and exposes the EHRC to uncertainty, arising from the actuarial valuation of the scheme which uses factors such as changes in life expectancy and discount rates to calculate the scheme's total liability. See note 19.

Art and antiques valuations

Townley Valuation Services Limited valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall estate in June 2015 on the basis of insurance value being the likely cost of replacing the items.

Since the outbreak of the COVID-19 pandemic, the Cabinet Office has been operating with limited estate access. Consequently, the scheduled quinquennial art and antique valuation for 2020-21 was deferred to 2021-22. At the reporting date, the valuation had been partially completed, with revaluations to be fully reflected in the financial statements in 2022-23.

Historic insurance valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to valuations than would normally be the case. An intervening indexation for 2021-22 has not been applied due to the absence of a range of reflective indices, in accordance with past consultation with Government Art Collection.

1.33 Impending application of newly issued accounting standards not yet effective

IFRS 16: Leases

IFRS 16 is applicable to the department from 1 April 2022. The standard introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at the lease commencement, except for short-term leases and leases of low value assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the department has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. The expense will be presented within other expenses in the CSoCNE.

Impact on lessee accounting

For arrangements where the department is the lessee, IFRS 16 will result in almost all operating leases being introduced on to the CSoFP and classified as right of use assets within non-current assets, as the distinction between operating and finance leases is removed, and is replaced by a model where a right of use asset and a corresponding liability are recognised except for short term leases and leases of low value assets.

The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. Cost comprises the initial measurement of the lease liability together with lease payments made on or before the lease commencement date, initial direct costs and an estimate of any repairs and/or reinstatement costs.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. The classification of cash flows will also be affected as operating lease payments under IAS 17 are presented in operating cash flows; whereas under the IFRS 16 model, the lease payments are split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under IFRS 16, right of use assets are tested for impairment in accordance with 'IAS 36: Impairment of Assets'. This replaces the previous requirement to recognise a provision for onerous lease contracts.

The department will recognise depreciation expenditure on its right of use assets and interest expenditure on its lease liabilities.

Impact on lessor accounting

The standard will also impact the department's financial position as a lessor, notably through subleasing arrangements entered into by the GPA; the department will assess whether the lease should be treated as finance lease or operating lease. Where it is determined that as lessor a finance lease is the appropriate treatment, the right of use asset (or in some cases freehold property asset) will be derecognised in favour of a lease receivable, which will be amortised in a similar manner to the lease liability as described above, but recognising interest as financing income. A gain or loss on disposal of the right of use or freehold property asset will be recognised in the CSoCNE at the time of the recognition of the lease receivable.

The department will recognise lease interest income on its lease receivable assets.

The department will adopt the modified retrospective transition option provided by the standard which allows the right of use assets to be measured on transition at the amount of the lease liability on adoption calculated on the basis of prospective cash flows to the end of the lease.

The following disclosures relating to the remaining lease commitments are based on leases existing at 31 March 2022.

The department as lessee

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 will result in the recognition of non-current assets (right of use assets) of £414.841 million and lease liabilities of £817.789 million at 1 April 2022.

Property, plant and equipment assets of £42.060 million and lease incentive payables of £69.931 million will be derecognised as they form part of the right of use asset values at 1 April 2022.

Prepayments of £19.242 million and deposits and advances of £5.460 million will be derecognised as they form part of the lease liabilities values at 1 April 2022.

Provision of onerous lease contracts for approximately £3.623 million required under IAS 37 will be derecognised, with the corresponding adjustment to the right of use assets treated as a proxy for impairment.

The department as lessor

The department, as a lessor, will reclassify some of its sublease arrangements as finance leases. Lease receivable assets of £388.165 million will be recognised on 1 April 2022. Deferred income of £6.079 million and lease incentive receivables of £10.199 million will be derecognised on 1 April 2022.

IFRS 17: insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Impact

This standard is due to be adopted by the public sector by 1 April 2025. The Cabinet Office will assess whether any indemnities provided fall within scope of the standard in advance of this date. Current indemnities are set out in the accountability report, section 4.3.

2 Restatement of prior year comparatives

In 2021-22 a number of machinery of government changes affected the Cabinet Office, as follows.

Entity	Exporting department	Importing department
Social Mobility Commission	Department for Education	Cabinet Office
Prosperity Fund	Cabinet Office	Foreign, Commonwealth and Development Office
GREAT campaign	Department for International Trade	Cabinet Office
Union and Constitution Group	Cabinet Office	Department for Levelling Up, Housing and Communities

Social Mobility Commission

In a written Prime Ministerial statement on 17 December 2020, it was announced that the sponsorship and secretariat of the Social Mobility Commission will move to the Cabinet Office to become part of the new Equality Hub.

This machinery of government change has put the commission's work at the heart of government and ensures that our commitment to levelling up and equality of opportunity is the responsibility of all departments. This change is also in line with the recommendation from the Commission on Race and Ethnic Disparities.

The change took effect on 1 April 2021.

Prosperity Fund

In a written ministerial statement on 25 March 2021, it was announced that the cross-government prosperity fund arrangement will end on 31 March and prosperity programming will move to the Foreign, Commonwealth and Development Office. The transfer will help drive strategic coherence across Official Development Assistance (ODA) programmes.

This will allow the Foreign Secretary to make decisions on aid to implement the Integrated Review of Security, Defence, Development and Foreign Policy.

This change took effect on 1 April 2021 but due to the financing arrangements of this, no prior year restatements are required.

GREAT Britain and Northern Ireland campaign

In a written Prime Ministerial statement on 20 April 2021, it was announced that policy responsibility for the GREAT Britain and Northern Ireland campaign will transfer from the Department for International Trade to the Cabinet Office.

This change was effective immediately from the date of the statement.

Union and Constitution Group

In a written Prime Ministerial statement on 23 September 2021, it was announced that responsibility for driving forward the levelling up agenda and elections, and UK governance and devolution policy, is being moved to create a new Department for Levelling Up, Housing and Communities.

This change will embed levelling up commitments, policy on governance in the UK, and elections within a single department, which already manages relationships with local communities, local government and the housing sector.

This change was effective immediately from the date of the statement.

Prior period adjustments and reclassifications

Dividend income from Crown Commercial Service has been reclassified from operating income to finance income.

2.1 Restated consolidated statement of comprehensive net expenditure

Departmental core and agency for the year ended 31 March 2021

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Revenue from contracts with customers	(598,569)	-	-	-	(41)	(598,610)
Other operating income	(144,974)	14,500	-	-	-	(130,474)
Non-cash income	(732,381)	-	-	-	-	(732,381)
Total operating income	**(1,475,924)**	**14,500**	**-**	**-**	**(41)**	**(1,461,465)**
Staff costs	686,831	-	1,253	918	(11,422)	677,580
Purchase of goods and services	1,295,192	-	806	1,140	(4,901)	1,292,237
Rentals under operating leases	158,836	-	-	-	-	158,836
Geospatial data	146,727	-	-	-	-	146,727
Grants	64,076	-	-	-	(6,462)	57,614
Returning officers' expenses	(5,485)	-	-	-	5,485	-
Depreciation, impairment and property gains	273,969	-	-	-	(452)	273,517
Provisions and other non-cash costs	21,474	-	-	-	-	21,474
Total operating expenditure	**2,641,620**	**-**	**2,059**	**2,058**	**(17,752)**	**2,627,985**
Net operating cost	**1,165,696**	**14,500**	**2,059**	**2,058**	**(17,793)**	**1,166,520**
Finance income	(2,932)	(14,500)	-	-	-	(17,432)
Finance expenditure	1,248	-	-	-	-	1,248
Net finance income	**(1,684)**	**(14,500)**	**-**	**-**	**-**	**(16,184)**
Share of associates results (non-cash)	(18,597)	-	-	-	-	(18,597)
Fair value gain on financial assets – associate put options (non-cash)	42,591	-	-	-	-	42,591
Net associates (non-cash)	**23,994**	**-**	**-**	**-**	**-**	**23,994**
Net expenditure for the year	**1,188,006**	**-**	**2,059**	**2,058**	**(17,793)**	**1,174,330**

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Net loss on revaluation of property, plant and equipment	6,042	-	-	-	-	6,042
Net gain on revaluation of intangible assets	(475)	-	-	-	32	(443)
Share of associates' foreign exchange loss	40	-	-	-	-	40
Total other comprehensive expenditure	**5,607**	**-**	**-**	**-**	**32**	**5,639**
Comprehensive net expenditure for the year	**1,193,613**	**-**	**2,059**	**2,058**	**(17,761)**	**1,179,969**

Departmental group for the year ended 31 March 2021

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Revenue from contracts with customers	(597,785)	-	-	-	(41)	(597,826)
Other operating income	(144,513)	14,500	-	-	-	(130,013)
Non-cash income	(732,335)	-	-	-	-	(732,335)
Total operating income	**(1,474,633)**	**14,500**	**-**	**-**	**(41)**	**(1,460,174)**
Staff costs	701,472	-	1,253	918	(11,422)	692,221
Purchase of goods and services	1,298,429	-	806	1,140	(4,901)	1,295,474
Rentals under operating leases	159,131	-	-	-	-	159,131
Geospatial data	146,727	-	-	-	-	146,727
Grants	44,532	-	-	-	(6,462)	38,070
Returning officers' expenses	(5,485)	-	-	-	5,485	-
Depreciation, impairment and property gains	274,481	-	-	-	(452)	274,029
Provisions and other non-cash costs	21,492	-	-	-	-	21,492
Total operating expenditure	**2,640,779**	**-**	**2,059**	**2,058**	**(17,752)**	**2,627,144**
Net operating cost	**1,166,146**	**14,500**	**2,059**	**2,058**	**(17,793)**	**1,166,970**
Finance income	(2,932)	(14,500)	-	-	-	(17,432)
Finance expenditure	1,248	-	-	-	-	1,248
Finance expenditure - non-cash interest cost on pension scheme liabilities	25	-	-	-	-	25
Net finance income	**(1,659)**	**(14,500)**	**-**	**-**	**-**	**(16,159)**

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Share of associates' results (non-cash)	(18,597)	-	-	-	-	(18,597)
Fair value (loss) / gain on financial assets – associate put options	42,591	-	-	-	-	42,591
Net associates (non-cash)	**23,994**	**-**	**-**	**-**	**-**	**23,994**
Net expenditure for the year	**1,188,481**	**-**	**2,059**	**2,058**	**(17,793)**	**1,174,805**
Net loss on revaluation of property, plant and equipment	6,042	-	-	-	-	6,042
Net gain on revaluation of intangible assets	(475)	-	-	-	32	(443)
Share of associates' foreign exchange loss	40	-	-	-	-	40
Actuarial loss on pension scheme liabilities	39	-	-	-	-	39
Total other comprehensive expenditure	**5,646**	**-**	**-**	**-**	**32**	**5,678**
Comprehensive net expenditure for the year	**1,194,127**	**-**	**2,059**	**2,058**	**(17,761)**	**1,180,483**

2.2 Restated consolidated statement of financial position

Departmental core and agency as at 31 March 2021

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Property, plant and equipment	1,015,637	-	-	-	-	1,015,637
Intangible assets	32,764	-	-	-	(1,444)	31,320
Investments in associates	71,392	-	-	-	-	71,392
Trade and other receivables	120,377	-	-	-	-	120,377
Other financial assets	39,751	-	-	-	-	39,751
Total non-current assets	**1,279,921**	**-**	**-**	**-**	**(1,444)**	**1,278,477**
Other financial assets	9,410	-	-	-	-	9,410
Assets held for sale	1,300	-	-	-	-	1,300
Inventories	608	-	-	-	-	608
Trade and other receivables	442,381	-	-	-	(83,283)	359,098
Cash and cash equivalents	47,073	-	-	-	(25,554)	21,519
Total current assets	**500,772**	**-**	**-**	**-**	**(108,837)**	**391,935**
Total assets	**1,780,693**	**-**	**-**	**-**	**(110,281)**	**1,670,412**
Trade and other payables	(483,247)	-	-	(88)	111,787	(371,548)
Provisions	(15,454)	-	-	-	-	(15,454)
Total current liabilities	**(498,701)**	**-**	**-**	**(88)**	**111,787**	**(387,002)**
Total assets less current liabilities	**1,281,992**	**-**	**-**	**(88)**	**1,506**	**1,283,410**
Trade and other payables	(66,712)	-	-	-	-	(66,712)
Provisions	(78,249)	-	-	-	-	(78,249)
Total non-current liabilities	**(144,961)**	**-**	**-**	**-**	**-**	**(144,961)**
Total assets less liabilities	**1,137,031**	**-**	**-**	**(88)**	**1,506**	**1,138,449**
Taxpayers' equity and other reserves						
General fund	734,379	-	-	(88)	1,529	735,820
Revaluation reserve	402,652	-	-	-	(23)	402,629
Total equity	**1,137,031**	**-**	**-**	**(88)**	**1,506**	**1,138,449**

Department group as at 31 March 2021

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Property, plant and equipment	1,016,517	-	-	-	-	1,016,517
Intangible assets	33,081	-	-	-	(1,444)	31,637
Investments in associates	71,392	-	-	-	-	71,392
Trade and other receivables	120,436	-	-	-	-	120,436
Other financial assets	39,751	-	-	-	-	39,751
Total non-current assets	**1,281,177**	**-**	**-**	**-**	**(1,444)**	**1,279,733**
Other financial assets	9,410	-	-	-	-	9,410
Assets held for sale	1,300	-	-	-	-	1,300
Inventories	608	-	-	-	-	608
Trade and other receivables	443,029	-	-	-	(83,283)	359,746
Cash and cash equivalents	47,158	-	-	-	(25,554)	21,604
Total current assets	**501,505**	**-**	**-**	**-**	**(108,837)**	**392,668**
Total assets	**1,782,682**	**-**	**-**	**-**	**(110,281)**	**1,672,401**
Trade and other payables	(485,315)	-	-	(88)	111,787	(373,616)
Provisions	(15,454)	-	-	-	-	(15,454)
Retirement benefit obligations	(100)	-	-	-	-	(100)
Total current liabilities	**(500,869)**	**-**	**-**	**(88)**	**111,787**	**(389,170)**
Total assets less current liabilities	**1,281,813**	**-**	**-**	**(88)**	**1,506**	**1,283,231**
Trade and other payables	(66,732)	-	-	-	-	(66,732)
Provisions	(78,477)	-	-	-	-	(78,477)
Retirement benefit obligations	(1,325)	-	-	-	-	(1,325)
Total non-current liabilities	**(146,534)**	**-**	**-**	**-**	**-**	**(146,534)**
Total assets less liabilities	**1,135,279**	**-**	**-**	**(88)**	**1,506**	**1,136,697**
Taxpayers' equity and other reserves						
General fund	732,565	-	-	(88)	1,529	734,006
Revaluation reserve	402,714	-	-	-	(23)	402,691
Total equity	**1,135,279**	**-**	**-**	**(88)**	**1,506**	**1,136,697**

2.3 Restated consolidated statement of cash flows

Departmental core and agency for the year ended 31 March 2021

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Cash flows from operating activities						
Net operating expenditure	(1,165,696)	(14,500)	(2,059)	(2,058)	17,793	(1,166,520)
Adjustments for non-cash expenditure	295,443	-	-	-	(452)	294,991
Adjustments for non-cash income	(732,381)	-	-	-	-	(732,381)
Remove dividend income	(14,500)	14,500	-	-	-	-
Increase in trade and other receivables	66,648	-	-	-	(78,256)	(11,608)
Less movements in receivables relating to items not passing through the CSoCNE						
Amounts relating to long-term and short-term debtors which offset dilapidation provision	5,126	-	-	-	-	5,126
Movement in amounts relating to provision for credit losses	(4,938)	-	-	-	-	(4,938)
Amounts relating to bad debt write off	(703)	-		-	11	(692)
Associate dividends receivable	306	-	-	-	-	306
Increase in inventories	(189)	-	-	-	-	(189)
Decrease in trade and other payables	(39,362)	-	-	2	110,313	70,953
Less movements in payables relating to items not passing through the CSoCNE						
Amounts due to the Consolidated Fund for supply	46,497	-	-	-	-	46,497
Amounts payable to the Consolidated Fund	40,700	-	-	-	-	40,700
Movement in capital accruals relating to investing activities	(6,098)	-	-	-	-	(6,098)
Use of provisions	(2)	-	-	-	-	(2)
Net cash inflow / (outflow) from operating activities	**(1,509,149)**	**-**	**(2,059)**	**(2,056)**	**49,409**	**(1,463,855)**
Cash flows from investing activities						
Purchase of property, plant and equipment	(178,242)	-	-	-	-	(178,242)
Purchase of intangible assets	(12,160)	-	-	-	703	(11,457)

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Dividends received from the Crown Commercial Service	14,500	(14,500)	-	-	-	-
Dividends received from associates	14,629	-	-	-	-	14,629
Movement in capital accruals	6,098	-	-	-	-	6,098
Net cash inflow / (outflow) from investing activities	**(155,175)**	**(14,500)**	**-**	**-**	**703**	**(168,972)**
Cash flows from financing activities						
From the Consolidated Fund (supply)	1,589,449	-	-	-	-	1,589,449
From the Consolidated Fund (non-supply)	20,500	-	-	-	(20,500)	-
Interest income	2,932	14,500	-	-	-	17,432
Interest expense	(1,248)	-	-	-	-	(1,248)
From the Consolidated Fund (supply) in respect of machinery of government transfer of function	-	-	2,059	2,056	(23,409)	(19,294)
Net financing	**1,611,633**	**14,500**	**2,059**	**2,056**	**(43,909)**	**1,586,339**
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	**(52,691)**	**-**	**-**	**-**	**6,203**	**(46,488)**
Payments of amounts due to the Consolidated Fund – sale of holdings in associates	(40,700)	-	-	-	-	(40,700)
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	**(93,391)**	**-**	**-**	**-**	**6,203**	**(87,188)**
Cash and cash equivalents at the beginning of the period	**140,464**	**-**	**-**	**-**	**(31,757)**	**108,707**
Cash and cash equivalents at the end of the period	**47,073**	**-**	**-**	**-**	**(25,554)**	**21,519**

Departmental group for the year ended 31 March 2021

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Cash flows from operating activities						
Net operating expenditure	(1,166,146)	(14,500)	(2,059)	(2,058)	17,793	(1,166,970)
Adjustments for non-cash expenditure	295,973	-	-	-	(452)	295,521
Adjustments for non-cash income	(732,335)	-	-	-	-	(732,335)
Remove dividend income	(14,500)	14,500	-	-	-	-
Increase in trade and other receivables	66,600	-	-	-	(78,256)	(11,656)
Less movements in receivables relating to items not passing through the CSoCNE						
Amounts relating to long-term and short-term debtors which offset dilapidation provision	5,158	-	-	-	-	5,158
Movement in amounts relating to provision for credit losses	(4,938)	-	-	-	-	(4,938)
Amounts relating to bad debt write off	(703)	-	-	-	11	(692)
Associate dividends receivable	306	-	-	-	-	306
Increase in inventories	(189)	-	-	-	-	(189)
Decrease in trade and other payables	(38,932)	-	-	2	110,313	71,383
Less movements in payables relating to items not passing through the CSoCNE						
Amounts due to the Consolidated Fund for supply	46,497	-	-	-	-	46,497
Amounts payable to the Consolidated Fund	40,694	-	-	-	-	40,694
Movement in capital accruals relating to investing activities	(6,098)	-	-	-	-	(6,098)
Use of provisions	(102)	-	-	-	-	(102)
Net cash inflow / (outflow) from operating activities	**(1,508,715)**	**-**	**(2,059)**	**(2,056)**	**49,409**	**(1,463,421)**
Cash flows from investing activities						
Purchase of property, plant and equipment	(178,520)	-	-	-	-	(178,520)
Purchase of intangible assets	(12,266)	-	-	-	703	(11,563)
Dividends received from the Crown Commercial Service	14,500	(14,500)	-	-	-	-

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Dividends received from associates	14,629	-	-	-	-	14,629
Movement in capital accruals	6,098	-	-	-	-	6,098
Net cash inflow / (outflow) from investing activities	**(155,559)**	**(14,500)**	**-**	**-**	**703**	**(169,356)**
Cash flows from financing activities						
From the Consolidated Fund (supply)	1,589,449	-	-	-	-	1,589,449
From the Consolidated Fund (supply) in respect of machinery of government transfer of function	-	-	2,059	2,056	(23,409)	(19,294)
From the Consolidated Fund (non-supply)	20,500	-	-	-	(20,500)	-
Interest income	2,932	14,500	-	-	-	17,432
Interest expense	(1,248)	-	-	-	-	(1,248)
Net financing	**1,611,633**	**14,500**	**2,059**	**2,056**	**(43,909)**	**1,586,339**
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	**(52,641)**	**-**	**-**	**-**	**6,203**	**(46,438)**
Payments of amounts to the Consolidated Fund – sale of holdings in associates	(40,850)	-	-	-	-	(40,850)
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	**(93,491)**	**-**	**-**	**-**	**6,203**	**(87,288)**
Cash and cash equivalents at the beginning of the period	**140,649**	**-**	**-**	**-**	**(31,757)**	**108,892**
Cash and cash equivalents at the end of the period	**47,158**	**-**	**-**	**-**	**(25,554)**	**21,604**

2.4 Restated consolidated statement of financial position

Departmental core and agency as at 1 April 2020

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Property, plant and equipment	366,783	-	-	-	-	366,783
Intangible assets	34,646	-	-	-	(1,150)	33,496
Investments in associates	67,770	-	-	-	-	67,770
Trade and other receivables	98,936	-	-	-	-	98,936
Other financial assets	25,086	-	-	-	-	25,086
Total non-current assets	**593,221**	**-**	**-**	**-**	**(1,150)**	**592,071**
Inventories	419	-	-	-	-	419
Trade and other receivables	530,470	-	-	-	(161,539)	368,931
Other financial assets	66,666	-	-	-	-	66,666
Cash and cash equivalents	140,464	-	-	-	(31,757)	108,707
Total current assets	**738,019**	**-**	**-**	**-**	**(193,296)**	**544,723**
Total assets	**1,331,240**	**-**	**-**	**-**	**(194,446)**	**1,136,794**
Trade and other payables	(575,256)	-	-	(86)	222,100	(353,242)
Provisions	(2,674)	-	-	-	-	(2,674)
Total current liabilities	**(577,930)**	**-**	**-**	**(86)**	**222,100**	**(355,916)**
Total assets less current liabilities	**753,310**	**-**	**-**	**(86)**	**27,654**	**780,878**
Trade and other payables	(14,065)	-	-	-	-	(14,065)
Provisions	(65,728)	-	-	-	-	(65,728)
Total non-current liabilities	**(79,793)**	**-**	**-**	**-**	**-**	**(79,793)**
Total assets less liabilities	**673,517**	**-**	**-**	**(86)**	**27,654**	**701,085**
Taxpayers' equity and other reserves						
General fund	576,943	-	-	(86)	27,654	604,511
Revaluation reserve	96,574	-	-	-	-	96,574
Total equity	**673,517**	**-**	**-**	**(86)**	**27,654**	**701,085**

Department group as at 1 April 2020

£000	2020-21 published accounts	Prior period adjustments and reclassifications	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Property, plant and equipment	367,778	-	-	-	-	367,778
Intangible assets	34,977	-	-	-	(1,150)	33,827
Investments in associates	67,770	-	-	-	-	67,770
Trade and other receivables	98,936	-	-	-	-	98,936
Other financial assets	25,086	-	-	-	-	25,086
Total non-current assets	**594,547**	**-**	**-**	**-**	**(1,150)**	**593,397**
Inventories	419	-	-	-	-	419
Trade and other receivables	531,129	-	-	-	(161,539)	369,590
Other financial assets	66,666	-	-	-	-	66,666
Cash and cash equivalents	140,649	-	-	-	(31,757)	108,892
Total current assets	**738,863**	**-**	**-**	**-**	**(193,296)**	**545,567**
Total assets	**1,333,410**	**-**	**-**	**-**	**(194,446)**	**1,138,964**
Trade and other payables	(576,903)	-	-	(86)	222,100	(354,889)
Provisions	(2,674)	-	-	-	-	(2,674)
Retirement benefit obligation	(98)	-	-	-	-	(98)
Total current liabilities	**(579,675)**	**-**	**-**	**(86)**	**222,100**	**(357,661)**
Total assets less current liabilities	**753,735**	**-**	**-**	**(86)**	**27,654**	**781,303**
Trade and other payables	(14,076)	-	-	-	-	(14,076)
Provisions	(65,908)	-	-	-	-	(65,908)
Retirement benefit obligation	(1,362)	-	-	-	-	(1,362)
Total non-current liabilities	**(81,346)**	**-**	**-**	**-**	**-**	**(81,346)**
Total assets less liabilities	**672,389**	**-**	**-**	**(86)**	**27,654**	**699,957**
Taxpayers' equity and other reserves						
General fund	575,753	-	-	(86)	27,654	603,321
Revaluation reserve	96,636	-	-	-	-	96,636
Total equity	**672,389**	**-**	**-**	**(86)**	**27,654**	**699,957**

2.5 Restated full time equivalent employees

Departmental core and agency for the year ended 31 March 2021

	2020-21 published accounts	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Permanently employed staff	9,007	13	20	(164)	8,876
Commissioners	-	-	-	-	-
Others	523	-	-	-	523
Total	**9,530**	**13**	**20**	**(164)**	**9,399**

Departmental group for the year ended 31 March 2021

	2020-21 published accounts	Social Mobility Commission	GREAT Campaign	Constitution and Union Group	2020-21 restated accounts
Permanently employed staff	9,225	13	20	(164)	9,094
Commissioners	12	-	-	-	12
Others	528	-	-	-	528
Total	**9,765**	**13**	**20**	**(164)**	**9,634**

3 Statement of net outturn by operating segment

Performance report

This segmental analysis aligns with the Cabinet Office's objectives as set out in the 2021-22 supply estimate. Descriptions of the activities carried out under each operating segment are located in the performance report.

Financial information was reported through a regular performance report, which adopted the same segmental analysis shown below. The performance report was reviewed by the Cabinet Office Board, chaired by the Minister for the Cabinet Office, and also by the Executive Committee, chaired by the Principal Accounting Officer.

Reconciliation to SOPS

The segmental analysis of total net resource outturn in the resource departmental expenditure limit agrees to SOPS 1.1 and the total net capital outturn in the capital departmental expenditure limit agrees to SOPS 1.2. SOPS 1.1 row G is reported under objective A, and row F is mainly reported under objective B.

Overall outturn at SOPS 1.1 includes resource annually managed expenditure and is reconciled to net operating costs at SOPS 2.1. The capital departmental expenditure limit is reconciled to the financial statements at SOPS 2.2.

Net assets

The vast majority of the Cabinet Office's net assets relate to property held by the GPA (objective E) so are not included in management reporting.

3.1 Resource

£000	Gross resource expenditure	Gross resource income	2021-22 net resource outturn	2020-21 restated net resource outturn
Operating segment				
A: Maintain the integrity of the union, coordinate the security of the realm and ensure a flourishing democracy	129,368	(100,379)	28,989	57,991
B: Support the design and implementation of the government's policies and the Prime Minister's priorities	713,453	(57,825)	665,628	392,835
C: Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	785,592	(440,684)	344,908	766,645
D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities	170,967	(27,947)	143,020	148,671
E: Executive agency – GPA	438,020	(450,266)	(12,246)	20,180
Subtotal	**2,237,400**	**(1,077,101)**	**1,160,299**	**1,386,322**

£000	Gross resource expenditure	Gross resource income	2021-22 net resource outturn	2020-21 restated net resource outturn
Ring-fenced depreciation, amortisation and impairment				
A: Maintain the integrity of the union, coordinate the security of the realm and ensure a flourishing democracy	17,180	-	17,180	13,215
B: Support the design and implementation of the government's policies and the Prime Minister's priorities	5,680	-	5,680	6,449
C: Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	14,242	-	14,242	21,485
D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities	1,767	-	1,767	1,705
E: Executive agency – GPA	40,237	-	40,237	13,732
Subtotal ring-fenced depreciation, amortisation and impairment	**79,106**	**-**	**79,106**	**56,586**
Total	**2,316,506**	**(1,077,101)**	**1,239,405**	**1,442,908**

3.2 Capital

£000	Gross capital expenditure	Gross capital income	2021-22 net capital outturn	2020-21 restated net capital outturn
Operating segment				
A: Maintain the integrity of the union, coordinate the security of the realm and ensure a flourishing democracy	20,236	-	20,236	9,352
B: Support the design and implementation of the government's policies and the Prime Minister's priorities	127,032	(10)	127,022	148,338
C: Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government	22,665	-	22,665	194,050
D: Ensure the effective running of the department and contribute to the government's cross-cutting priorities	(10)	-	(10)	1,148
E: Executive agency – GPA	895,840	(794,083)	101,757	19,748
Total	**1,065,763**	**(794,093)**	**271,670**	**372,636**

4 Expenditure

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Staff costs					
Wages, salaries and fees		502,838	512,988	445,059	454,675
Social security costs		57,268	58,262	50,837	51,941
Apprenticeship levy		2,550	2,579	2,294	2,324
Other pension costs		117,634	120,020	105,963	108,641
Untaken annual leave – change in provision		(597)	(674)	9,248	9,366
Agency/temporary		49,063	49,316	61,403	62,202
Chairs and commissioners' emoluments		35	411	21	339
Termination benefits		272	272	863	863
Inward secondments		13,357	13,500	13,503	13,662
Recoveries in respect of outward secondments		(3,242)	(3,316)	(3,119)	(3,300)
Staff engaged on capital projects		(17,563)	(17,563)	(8,492)	(8,492)
Total staff costs[1]		**721,615**	**735,795**	**677,580**	**692,221**
Goods and services					
Accommodation and utilities					
Core department[2]		193,313	193,839	55,828	56,157
Executive agency		128,553	128,553	127,529	127,529
IT costs		146,204	146,995	160,197	160,937
Professional services		85,478	86,166	120,102	120,877
Supplies and services		298,475	299,507	476,384	477,255
Clinical and medical		298	298	101,651	101,651
Research and development		-	-	51,183	51,183
Consultancy		29,409	29,409	79,991	79,991
Business rates		61,494	61,595	47,779	47,925
Pensions administration					
PCSPS and CSOPS[3]		30,188	30,188	24,328	24,328
Royal Mail Statutory Pension Scheme		5,654	5,654	5,018	5,018

1 Further analysis is located in note 2 of the remuneration and staff report and note 4.1 (losses and special payments) of the parliamentary accountability disclosures.
2 The Downing Street complex is a working building, as well as containing two ministerial residences. The government is legally required to maintain the complex to the high standards appropriate to its Grade 1 and 2 listed status in consultation with Historic England. Across successive governments, Prime Ministers have received an annual allowance of up to £30,000 a year from the public purse to contribute towards the costs associated with maintaining and furnishing the residency within the Downing Street estate. During 2021-22, Cabinet Office spent £4,640 (2020-21: £28,647) through Mitie Facilities Management Limited on works for the 11 Downing Street residence, which included painting and work on floorboards. These works contribute to the assets owned and held by the nation for use by ministers.
3 Principal Civil Service Pension Scheme and Civil Servants and Others Pension Scheme.

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Other staff-related costs[4]		160,380	161,019	35,618	35,913
Travel, subsistence and hospitality[5]		49,156	49,268	3,773	3,778
PFI service charges	21	30,219	30,219	-	-
Lord Lieutenants' expenses		1,249	1,249	1,248	1,248
Grant fund management		1,289	1,289	1,037	1,037
Public Duty Cost Allowance	4.1	543	543	571	571
Auditors' remuneration and expenses – arm's length bodies		4	81	-	76
Total goods and services		**1,221,906**	**1,225,872**	**1,292,237**	**1,295,474**
Rentals under operating leases					
Core department		14,357	14,556	9,677	9,972
Executive agency		138,115	138,115	149,159	149,159
Total rentals under operating leases		**152,472**	**152,671**	**158,836**	**159,131**
Geospatial data					
Geospatial data resource		6,372	6,372	6,286	6,286
Geospatial data capital (under ESA10 definition)		118,844	118,844	140,441	140,441
Total geospatial data		**125,216**	**125,216**	**146,727**	**146,727**
Grants					
Resource grants to local authorities		10,351	10,351	19,609	19,609
Resource grants to private sector and non-profit bodies		1,606	1,606	7,574	7,574
Capital grants to arm's length bodies and other central government bodies		3,784	3,784	9,761	9,761
Grant-in-aid to the Chequers Trust under the Chequers Estate Act 1958		980	980	916	916
Grant-in-aid to Civil Service welfare bodies		210	210	210	210
Grant-in-aid to arm's length bodies[6]		19,463	-	19,544	-
Total grants[7]		**36,394**	**16,931**	**57,614**	**38,070**
Depreciation, impairment and property gains					
Depreciation	6	61,879	62,311	35,582	35,975
Amortisation	7	13,692	13,845	12,007	12,126

4 'Other staff-related costs' includes the cost of conferences which in 2021-22 included the COP26 and G7 events.
5 Includes £10.947 million for the wet lease of the dedicated transport aircraft.
6 Grant-in-aid to arm's length bodies has been eliminated on consolidation – Registrar of Consultant Lobbyists, £0.241 million (2020-21: £0.197 million), Civil Service Commission, £2.107 million (2020-21: £2.249 million), EHRC, £17.115 million (2020-21: £17.098 million).
7 Includes grants paid using powers under section 70 of the Charities Act 2006. See 'Report on the use of powers under section 70 of the Charities Act 2006' in Annex B to the annual report and accounts.

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Impairment					
Property, plant and equipment	6, 8	534	534	-	-
Intangible assets	7, 8	1	1	-	-
Trade Receivables	8, 14.3	(2,087)	(2,087)	4,938	4,938
Revaluation					
Property, plant and equipment	6, 8	84,769	84,771	85,684	85,684
Intangible assets	7, 8	-	18	-	-
Local government loans	11.3	(7,170)	(7,170)	-	-
Write off					
Property, plant and equipment	6, 8	-	-	6,305	6,305
Intangible assets	7, 8	2,527	2,527	2,197	2,197
Bad debt		327	327	692	692
Gain on disposal of shareholding in associate	10	(148,405)	(148,405)	-	-
Loss on change in fair value of assets held for sale		300	300	100	100
Capital grant in kind – property, plant and equipment	6	-	-	126,012	126,012
Capital grant in kind – intangible assets	7	67	67	-	-
Grant in kind – PFI liabilities	21	500,757	500,757	-	-
Total depreciation, impairment and property gains		**507,191**	**507,796**	**273,517**	**274,029**
Provisions and other non-cash costs					
Provisions provided for in year and written back	16	(6,306)	(6,192)	20,176	20,191
Borrowing costs	16	18	19	-	3
Expected loss allowance	11.3	407	407	-	-
Auditors' remuneration and expenses[8]		754	754	727	727
Value in kind sponsorship – COP26	5.1	7,318	7,318	-	-
Notional digital apprenticeship service grant	5	1,330	1,330	571	571
Total provisions and other non-cash costs		**3,521**	**3,636**	**21,474**	**21,492**
Total operating expenditure[9]		**2,768,315**	**2,767,917**	**2,627,985**	**2,627,144**

8 During the year the core department, its executive agency and its arm's length bodies have not purchased any non-audit services from its auditor, the National Audit Office (2020-21: £nil). The total group fee comprises: Cabinet Office £0.330 million (2020-21: £0.320 million), the GPA £0.212 million (2020-21: £0.195 million), Civil Service Pension Scheme £0.160 million (2020-21: £0.160 million) and Royal Mail Pension Scheme £0.052 million (2020-21: £0.052 million). The core department bears the audit fee on behalf of the Principal Civil Service Pension Scheme and Royal Mail Statutory Pension Scheme.

9 Included in several of the lines above are COP26 costs for the Cabinet Office, totalling £290.73 million, before accounting for sponsorship income of £40.593 million.

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Finance costs					
PFI service charges	21	29,660	29,660	-	-
Effective interest expense					
Carillion working capital payable to the Consolidated Fund		1,478	1,478	-	-
Deferred consideration payable to the Consolidated Fund for Sunningdale Park		647	647	767	767
Loans to local authorities	11.3	493	493	-	-
Interest expense on late VAT payment		51	51	481	481
Total finance expenditure		**32,329**	**32,329**	**1,248**	**1,248**
Total		**2,800,644**	**2,800,246**	**2,629,233**	**2,628,392**

4.1 Public Duty Cost Allowance

£	2021-22	2020-21
The Rt Hon Sir John Major	115,000	115,000
The Rt Hon Sir Tony Blair	115,000	115,000
The Rt Hon Gordon Brown	114,655	114,712
The Rt Hon David Cameron	106,747	113,423
The Rt Hon Lady Theresa May MP	80,083	57,832
Pension costs	11,500	55,381
Total	**542,985**	**571,348**

The Public Duty Cost Allowance was introduced to assist former Prime Ministers still active in public life. The Public Duty Cost Allowance is a reimbursement of incurred expenses for necessary office and secretarial costs arising from fulfilling public duties to a maximum of £115,000.

In addition to the Public Duty Cost Allowance paid, former Prime Ministers are entitled to claim a pension allowance to contribute towards their office staff pension costs. This pension allowance is limited to a maximum of 10% of their office cost allowance.

5 Income

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Revenue from contracts with customers					
Pensions					
Central management of Civil Service pension arrangements		34,695	34,695	34,061	34,061
Sales of services					
Government Commercial Function		131,400	131,400	116,334	116,334
Government Digital Service		79,008	79,008	31,273	31,273
Government Business Services		35,164	35,162	30,623	30,622
Government Communication Service		18,225	18,225	17,634	17,634
Office of the Parliamentary Counsel		8,373	8,373	7,760	7,760
Chief Digital Information Officer		3,324	3,324	6,610	6,610
Geospatial Commission		3,527	3,527	3,433	3,433
VIP transport aircraft service		2,062	2,062	-	-
Infrastructure and Projects Authority		1,867	1,867	1,607	1,607
National Fraud Initiative		1,729	1,729	1,245	1,245
Government Security Group					
UK Security Vetting		56,549	56,549	50,197	50,197
Other Government Security Group		42,922	42,922	31,197	31,197
Civil Service HR					
HR expert services – Fast Stream		87,835	87,831	85,475	85,475
Other HR expert services		8,589	8,589	5,543	5,543
Other Civil Service HR		20,566	20,566	14,086	14,086
Non-rental income from properties					
Core department		778	419	784	296
Executive agency		206,992	206,992	149,868	149,868
Income from sponsorship					
COP26	5.1	33,275	33,275	-	-
Income payable to the Consolidated Fund					
Registration fees from consultant lobbyists	SOPS 4	-	177	(3)	147
Other revenue from contracts with customers					
Various cost recoveries		6,402	6,404	10,883	10,438
Total revenue from contracts with customers[10]		**783,282**	**783,096**	**598,610**	**597,826**

10 £13.646 million of revenue recognised in 2021-22 relates to contract liabilities recorded in 2020-21.

£000	Note	2021-22 Core department and agency	2021-22 Departmental group	2020-21 restated Core department and agency	2020-21 restated Departmental group
Rental income from properties					
Core department		-	-	181	181
Executive agency		184,925	184,527	129,481	128,900
Income from grants					
Capital grants from other government departments for the fit out of properties		8,677	8,677	812	812
Other resource grants		-	100	-	120
Other income					
Other income from disposals – non-budget	SOPS 4	235	235	-	-
Other income for the EHRC		-	44	-	-
Total other income		**193,837**	**193,583**	**130,474**	**130,013**
Non-cash income					
Capital grant in kind – transfer of assets in from other government departments		774,914	774,914	731,764	731,764
Value in kind sponsorship – COP26	4, 5.1	7,318	7,318	-	-
Notional digital apprenticeship service grant	4	1,330	1,330	571	571
Notional corporate services recharge to arm's length bodies	4	41	-	46	-
Total non-cash income		**783,603**	**783,562**	**732,381**	**732,335**
Total operating income		**1,760,722**	**1,760,241**	**1,461,465**	**1,460,174**
Finance income					
Dividend from Crown Commercial Service	11.3	15,000	15,000	14,500	14,500
Effective interest income					
AXELOS deferred consideration receivable		7,258	7,258	2,165	2,165
Carillion working capital receivable		1,478	1,478	-	-
Sunningdale Park deferred consideration receivable		647	647	767	767
Interest receivable from loans to local authorities	11.3	488	488	-	-
Earned interest income – AXELOS shareholder loan		184	184	-	-
Total finance income		**25,055**	**25,055**	**17,432**	**17,432**
Total income		**1,785,777**	**1,785,296**	**1,478,897**	**1,477,606**

5.1 Sponsorship

The department strictly follows the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines on handling sponsorship arrangements with the private sector. During 2021-22, the Cabinet Office agreed the following private sector sponsorship in relation to the COP26 event.

£000	Cash	Value in kind[11]	Total
GlaxoSmithKline plc	3,000	-	3,000
Hitachi, Ltd	3,000	-	3,000
Microsoft Corporation	2,250	750	3,000
National Grid plc	3,000	-	3,000
Natwest Group plc	3,000	-	3,000
Reckitt Benckiser Group plc	2,250	750	3,000
J Sainsbury plc	3,000	-	3,000
Scottish Power UK plc	3,000	-	3,000
Sky UK Ltd	2,250	750	3,000
SSE plc	3,000	-	3,000
Unilever plc	3,000	-	3,000
The Boston Consulting Group LLP	1,000	-	1,000
Bloomberg Inc	-	1,000	1,000
Cisco Systems Inc	-	1,000	1,000
Google UK Ltd[12]	525	500	1,025
Inter IKEA Systems BV	-	1,000	1,000
Jaguar Land Rover Automotive plc	-	1,000	1,000
Salesforce UK Ltd	1,000	-	1,000
DLA Piper LLP	-	216	216
Xerox Holdings Corporation	-	122	122
Stagecoach Group plc	-	100	100
Ocean Bottle Ltd	-	53	53
Trainline plc	-	44	44
Media Bounty Ltd	-	33	33
Total	**33,275**	**7,318**	**40,593**

11 For value in kind sponsorship, matching expenditure is recognised in note 4.
12 Google provided an additional £25,000 to support the digital green zone.

Income streams – Revenue from contracts with customers

Identification of a contract

The basis of the different income streams of Cabinet Office are set out below:

Income stream	Basis for identifying a contract	Performance obligation
Sale of goods and services	For services provided by the Cabinet Office a contractual arrangement is entered into in the form of a memorandum of understanding or other engagement letter that sets out the services to be provided in return for a fee	The delivery of goods and services as set out in the initial or subsequently revised contract
Subscription services	For services provided by the Cabinet Office a contractual arrangement is entered into in the form of a memorandum of understanding or other engagement letter that sets out the services to be provided and period covered in return for a fee. These services include: GOV.UK Verify and the National Fraud Initiative	Access to services for the time period stated (usually in multiples of 12 months)
Statutory services through the Registrar of Consultant Lobbyists	A contract is implied through the Transparency of Lobbying, NonParty Campaigning and Trade Union Administration Act 2014	Membership of the register up to 31 December of the year joined

Pensions

The Cabinet Office is responsible for the management of the PCSPS and the Royal Mail Statutory Pension Scheme. MyCSP Ltd provides administration services for PCSPS and Capita Pension Solutions for the Royal Mail Statutory Pension Scheme. The PCSPS directly funds its scheme management costs whereas the Cabinet Office is directly responsible for the Royal Mail Statutory Pension Scheme administration costs.

Government Commercial Function

The Government Commercial Organisation is a professional organisation of commercial specialists housed within the Government Commercial Function. It employs senior commercial staff across central government who are deployed into departments to carry out the departments' commercial activities. An operational charge is levied annually based on the headcount of the specialists deployed in a department to fund the operational costs incurred in the running of the Government Commercial Organisation. Also included in Government Commercial Function income is the complex transactions team which increases commercial capability on complex deals by providing direct commercial support to departments.

Government Security Group

The Government Security Group income is derived from working across government in relation to the Transforming Government Security programme, security vetting by UK Security Vetting and provision of secure IT to allow sharing of information at certain classification levels.

Government Digital Service

The Government Digital Service receives income from various sources, including:

- GOV. UK Verify, which provides a common citizen identity assurance for departmental services, enabling complex and risky transactions, such as financial transactions or where personal data is being shared, to go online
- GOV.UK Notify, which enables service teams across government to send text messages, emails or letters to their users
- GDS Academy, which teaches civil servants the digital skills they need to transform public service
- GOV.UK PaaS (Platform as a Service), which supplies a hosting platform for departments to develop digital services
- GDS Expert Services, which supply digital specialist staff to assist departments

Conference of the Parties (COP26)

To offset the costs of hosting COP26 and to help deliver this huge and complex summit and its objectives, the Cabinet Office sought corporate sponsorship. Some sponsors made financial contributions, across a range of tiers, while other organisations contributed some of the many services and products required by the government to construct, deliver and promote a safe, secure and successful COP26. All sponsorship was within the context of legal agreements giving sponsors rights packages commensurate with the value of their contribution.

Sponsors were selected according to strict criteria, focusing on credible climate commitments and transparent action, using both the science based targets initiative and the UN's Race to Zero campaign as acceptable proof of genuine ambition. Collaboration between government and business is critical if we are to tackle climate change and our sponsorship partnerships made an important contribution in delivering COP26 objectives, from strong and credible voices across a range of business sectors.

The Office of the Parliamentary Counsel

The Office of the Parliamentary Counsel is responsible for drafting all government primary legislation and the drafting and vetting of some statutory instruments. The office operates at full cost recovery from other government departments.

Government Communication Service

The Government Communication Service has three main income sources. A 1% levy on all government spend through external communications frameworks held by the Crown Commercial Service is used to fund a range of support to departments and arm's length bodies provided by the Cabinet Office on behalf of the government communications profession. Income is received from the Foreign, Commonwealth and Development Office and external bodies for the GCS International team to support partner governments to strengthen their capacity to communicate effectively to support domestic and international objectives. Finally, income is received from other government departments for staff provided through the GCS Flex Team to meet short-term staffing requirements.

Chief Digital Information Officer
The Chief Digital and Information Office provides a fully managed IT service to the Crown Commercial Service, the Department for Digital, Culture, Media and Sport, the GPA, and the Office of the Secretary of State for Scotland, recovering all costs.

Geospatial Commission
Our public sector contracts cover the whole of Great Britain and provide access to the whole of the public sector across Great Britain. As the procurement of data is a devolved matter, our income is derived from Scottish and Welsh governments, who we charge for the access to the data through our contracts. This delivers increased value for money.

National Fraud Initiative
The National Fraud Initiative is a data matching exercise to help prevent and detect fraud and error. Conducted under statutory data matching powers set out in the Local Audit and Accountability Act 2014 it involves public and private sector organisations from across the UK, including local authorities, NHS trusts, government departments and police authorities.

Infrastructure and Projects Authority
Infrastructure and Projects Authority income is received from recharging the costs of expert consultants with specialist knowledge and skills, which are required to undertake assurance reviews for major government projects. In addition, the Infrastructure and Projects Authority recovers its costs incurred in delivering advice and training support to overseas institutions in support of trade missions involving national infrastructure planning and UK infrastructure expertise overseas.

Government Business Services
Government Business Services brings together back office transaction work, incorporating the four areas of: shared services strategy, Government Recruitment, Civil Service and Royal Mail Pensions, and the platforms and services to support these.

Government Recruitment, including both the digital recruitment team and the Government Recruitment Service, operates on a full cost recovery basis through a combination of annual platform charges, core service charges and charges for bespoke services from a 'menu'.

Government Business Services also recovers costs indirectly via Civil Service HR to fund the ongoing running, maintenance and development of the Civil Service Learning website and support on analytical and insight areas commissioned by Civil Service HR.

Dedicated transport aircraft service
This is a dedicated leased transport aircraft service for the Prime Minister and ministerial air travel requirements, which is paid for centrally by the Cabinet Office. All associated income relates to a full recovery of costs, plus an administration fee, when other government departments use the aircraft service.

Civil Service HR
Civil Service HR is accountable for cross-Civil Service HR policy and the provision of HR services, and is the centre of the Civil Service HR profession and function. Civil Service HR shares HR expertise and maximises buying power across the Civil Service in a joined-up and effective manner, to deliver professional and more efficient HR services.

Civil Service HR income is driven in two ways: all departments pay towards a number of 'core' services through a memorandum of understanding, and government departments and agencies that require additional and bespoke services from a 'menu' (including fast stream recruitment) are recharged directly for the services they request.

Income from properties

The GPA provides departments and arm's length bodies with office space across the country. The principal source of income comes from charging these occupiers property costs (primarily rent, rates, facilities management, ICT and utilities). In addition, the GPA receives management fees from the client department for property and project services provided.

Income streams – Other operating income

Official Receiver – Carillion plc in liquidation

Following the collapse of Carillion in January 2018, the Cabinet Office provided the Official Receiver with £150 million working capital to maintain public service continuity when managing the liquidation.

The Official Receiver continues to progress the liquidation and is seeking to recoup operating costs through liquidation of assets and from customers of those services.

In 2021-22 the Official Receiver returned £nil (2020-21: £25 million) to the Cabinet Office through asset realisations which is surrenderable to the Consolidated Fund. See SOPS 4 in the notes to the statement of outturn against parliamentary supply. In 2021-22, £nil (2020-21: £nil) was retained as income to the Cabinet Office.

Dividends

The dividend which the Cabinet Office receives from the Crown Commercial Service increased to £15 million in 2021-22 (2020-21: £14.5 million). It covered some of the costs of the complex transaction, continuous improvement, markets and suppliers, and policy teams, which previously transferred from the Crown Commercial Service to the Cabinet Office and included money to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

Income from grants

The GPA received contributions through capital grants from the other government departments for the fit out of GPA-held properties that the other government departments are occupying. The GPA also received capital grant funding from Salix Finance through the Public Sector Decarbonisation Scheme. In addition, the GPA recorded non-cash capital grant in kind income for the properties that were transferred in-year from other government departments for nil consideration.

6 Property, plant and equipment

Consolidated 2021-22

Departmental group £000	Land	Buildings	Leasehold improvements	Dwellings	Information technology	Plant and machinery	Clinical and medical	Furniture and fittings	Art and antiques	Payments on account and assets under construction	2021-22 Total
Cost or valuation											
At 1 April 2021 – restated	**358,991**	**487,111**	**123,800**	**25,593**	**90,092**	**8,599**	**-**	**9,584**	**5,642**	**31,655**	**1,141,067**
Additions	-	1,917	150	-	17,269	-	-	44	-	117,469	136,849
Donations	-	-	-	-	-	-	-	-	9	-	9
Disposals[13]	-	-	(5,906)	-	(597)	-	-	(1,481)	(1)	-	(7,985)
Impairments[14]	-	(86,091)	733	543	(17)	(194)	-	-	-	(329)	(85,355)
Reclassifications[15]	-	3,031	21,988	4	5,021	34	-	5,823	-	(36,266)	(365)
Transfer of function and capital grant in kind[16]	337,605	436,107	719	-	-	420	-	-	54	-	774,905
Revaluations[14]	202,162	53,572	7,249	1,332	10,503	804	-	2,001	111	-	277,734
At 31 March 2022	**898,758**	**895,647**	**148,733**	**27,472**	**122,271**	**9,663**	**-**	**15,971**	**5,815**	**112,529**	**2,236,859**
Depreciation											
At 1 April 2021 – restated	**-**	**28,933**	**37,129**	**8,622**	**45,529**	**445**	**-**	**3,892**	**-**	**-**	**124,550**
Charged in year	-	25,702	15,720	551	16,726	851	-	2,761	-	-	62,311
Donations	-	-	-	-	-	-	-	-	-	-	-
Disposals[13]	-	-	(5,906)	-	(597)	-	-	(1,481)	-	-	(7,984)
Impairments[14]	-	-	-	-	-	(6)	-	132	-	-	126
Reclassifications[15]	-	-	-	-	-	-	-	-	-	-	-

13 Disposals include retired assets. Their values are fully written down and they are no longer in use.
14 Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.
15 Property, plant and equipment reclassifications net nil with intangibles reclassifications. See note 7.
16 Additions to transfer of function and capital grant in kind relate to assets donated to the GPA. See note 6.4.

Departmental group £000	Land	Buildings	Leasehold improvements	Dwellings	Information technology	Plant and machinery	Clinical and medical	Furniture and fittings	Art and antiques	Payments on account and assets under construction	2021-22 Total
Revaluations[14]	-	17,494	2,158	537	3,750	41	-	424	-	-	24,404
At 31 March 2022	**-**	**72,129**	**49,101**	**9,710**	**65,408**	**1,331**	**-**	**5,728**	**-**	**-**	**203,407**
Carrying amount at 31 March 2022	**898,758**	**823,518**	**99,632**	**17,762**	**56,863**	**8,332**	**-**	**10,243**	**5,815**	**112,529**	**2,033,452**
Carrying amount at 1 April 2021 – restated	**358,991**	**458,178**	**86,671**	**16,971**	**44,563**	**8,154**	**-**	**5,692**	**5,642**	**31,655**	**1,016,517**
Asset financing:											
Owned	898,758	611,408	99,632	17,762	56,863	8,332	-	10,243	5,815	112,529	1,821,342
Finance leased	-	42,060	-	-	-	-	-	-	-	-	42,060
PFI and other service concession arrangements	-	170,050	-	-	-	-	-	-	-	-	170,050
Carrying amount at 31 March 2022	**898,758**	**823,518**	**99,632**	**17,762**	**56,863**	**8,332**	**-**	**10,243**	**5,815**	**112,529**	**2,033,452**
Of the total:											
Department	33,068	47,982	6,723	10,469	48,861	-	-	1,241	5,699	2,195	156,238
Executive agency	865,690	775,536	92,618	7,293	7,555	8,332	-	8,807	116	110,327	1,876,274
Other designated bodies	-	-	291	-	447	-	-	195	-	7	940
Carrying amount at 31 March 2022	**898,758**	**823,518**	**99,632**	**17,762**	**56,863**	**8,332**	**-**	**10,243**	**5,815**	**112,529**	**2,033,452**

Consolidated 2020-21 – restated

Departmental group £000	Land	Buildings	Leasehold improvements	Dwellings	Information technology	Plant and machinery	Clinical and medical[17]	Furniture and fittings	Art and antiques	Payments on account and assets under construction	2020-21 Total
Cost or valuation											
At 1 April 2020 – restated	**76,621**	**141,930**	**118,450**	**31,038**	**84,130**	**4,210**	**-**	**7,746**	**5,636**	**6,879**	**476,640**
Additions	-	1,316	263	-	9,804	6,871	126,012	954	-	33,300	178,520
Donations	-	-	-	-	-	-	-	-	6	-	6
Disposals[18]	-	-	(1,514)	-	(11,130)	-	-	(114)	-	-	(12,758)
Write offs	-	-	-	-	-	(6,871)	-	-	-	-	(6,871)
Impairments[19]	-	(84,569)	(757)	(103)	-	(157)	-	(45)	-	-	(85,631)
Reclassifications[20]	-	4,243	230	-	3,819	-	-	105	-	(8,524)	(127)
Reclassifications to assets held for sale	(500)	(900)	-	-	-	-	-	-	-	-	(1,400)
Transfer of function and capital grant in kind[21]	285,491	437,171	4,531	-	-	4,371	(126,012)	194	-	-	605,746
Revaluations[19]	(2,621)	(12,080)	2,597	(5,342)	3,469	175	-	744	-	-	(13,058)
At 31 March 2021 – restated	**358,991**	**487,111**	**123,800**	**25,593**	**90,092**	**8,599**	**-**	**9,584**	**5,642**	**31,655**	**1,141,067**
Depreciation											
At 1 April 2020	**-**	**31,264**	**23,366**	**10,533**	**41,219**	**230**	**-**	**2,250**	**-**	**-**	**108,862**
Charged in year	-	5,945	13,981	(850)	14,612	761	-	1,526	-	-	35,975

17 Clinical and medical relate to the production of mechanical ventilators.
18 Disposals include retired assets. Their values are fully written down and they are no longer in use.
19 Revaluations and impairments arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.
20 Reclassification from property, plant and equipment to intangible assets relates to Single Operating Platform (SOP) IT software which has been bifurcated from information technology in readiness for the future hosting of SOP on Oracle Cloud infrastructure.
21 Disposals via transfer of function and capital grant in kind relate to the transfer of mechanical ventilators to the Department of Health and Social Care.

Departmental group £000	Land	Buildings	Leasehold improvements	Dwellings	Information technology	Plant and machinery	Clinical and medical[17]	Furniture and fittings	Art and antiques	Payments on account and assets under construction	2020-21 Total
Disposals[18]	-	-	(1,514)	-	(11,130)	-	-	(114)	-	-	(12,758)
Write offs	-	-	-	-	-	(566)	-	-	-	-	(566)
Impairments[19]	-	-	-	-	-	-	-	-	-	-	-
Reclassifications[20]	-	48	(48)	-	-	-	-	-	-	-	-
Revaluations[19]	-	(8,324)	1,344	(1,061)	828	20	-	230	-	-	(6,963)
At 31 March 2021 – restated	**-**	**28,933**	**37,129**	**8,622**	**45,529**	**445**	**-**	**3,892**	**-**	**-**	**124,550**
Carrying amount at 31 March 2021 – restated	**358,991**	**458,178**	**86,671**	**16,971**	**44,563**	**8,154**	**-**	**5,692**	**5,642**	**31,655**	**1,016,517**
Carrying amount at 1 April 2020 – restated	**76,621**	**110,666**	**95,084**	**20,505**	**42,911**	**3,980**	**-**	**5,496**	**5,636**	**6,879**	**367,778**
Asset financing:											
Owned	358,991	410,258	86,671	16,971	44,563	8,154	-	5,692	5,642	31,655	968,597
Finance leased	-	47,920	-	-	-	-	-	-	-	-	47,920
PFI and other service concession arrangements	-	-	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2021 – restated	**358,991**	**458,178**	**86,671**	**16,971**	**44,563**	**8,154**	**-**	**5,692**	**5,642**	**31,655**	**1,016,517**
Of the total:											
Department	30,690	45,788	8,598	10,051	40,409	-	-	1,933	5,584	703	143,756
Executive agency	328,301	412,390	77,824	6,920	3,738	8,154	-	3,560	58	30,936	871,881
Other designated bodies	-	-	249	-	416	-	-	199	-	16	880
Carrying amount at 31 March 2021 – restated	**358,991**	**458,178**	**86,671**	**16,971**	**44,563**	**8,154**	**-**	**5,692**	**5,642**	**31,655**	**1,016,517**

6.1 Valuation

Land and buildings

Land and buildings, including dwellings, are restated to fair value every five years using professional valuations prepared in accordance with current RICS Valuation Standards. Each property is revalued on a rotational basis on a five-year cycle commencing at the point of acquisition or onboarding into the GPA.

In the intervening years, land and buildings, including dwellings, are expressed at their fair value determined by reference to desktop valuation exercises undertaken by independent, qualified valuation experts without re-inspection or through the application of indices published by the Office for National Statistics and Morgan Stanley Capital International, as advised by the GPA's professional property advisers, Montagu Evans LLP and Jones Lang LaSalle Ltd, and in accordance with the RICS Appraisal and Valuation Manual and the Government Financial Reporting Manual.

In accordance with the RICS Valuation – Global Standards 2017: UK national supplement, where land and buildings have been valued on an existing use value basis, the valuation ignores any element of hope value for an alternative use, any value attributable to goodwill, and any possible increase in value due to special investment or financial transactions which would leave the owner with a different interest from the one which is to be valued.

Such goodwill could have an otherwise significant financial impact; notably regarding the department's Downing Street and Whitehall properties, of which possess historical, geophysical and artistic qualities. The value attributable to such goodwill is unquantifiable.

Art and antiques

Townley Valuation Services Limited value art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall estate on the basis of insurance value being the likely cost of replacing the items.

Included within art and antiques are gifts to past and present Prime Ministers. These were held as at March 2022 on the basis of best estimate of the price at auction. Gifts are further subject to professional valuation on a regular basis as required.

All other tangible non-heritage assets

All other tangible non-heritage non-current assets are revalued annually using indices published by the Office for National Statistics or the RICS Building Cost Information Service, where a suitable index exists for the respective asset category.

6.2 Assets under construction

Assets under construction of £112.529 million (2020-21: £31.655 million) relate to building improvement works at GPA and Cabinet Office properties, and Cabinet Office IT projects which have yet to come into use.

6.3 Leasehold improvements

Leasehold improvements relate to the following buildings:

	2021-22	2020-21
10 South Colonnade, London	63,252	65,976
123 Stephenson Street, Birmingham	19,300	-
Clive House, London	3,956	4,394
10 Victoria Street, London	3,833	4,729
Dorland House, London	1,730	2,322
Windsor House, London	1,435	1,490
35 Great Smith Street, London	1,426	1,212
10 Whitechapel, London	1,064	2,300
Other	3,636	4,248
Total	**99,632**	**86,671**

6.4 Asset transfers

The GPA was donated assets to the value of £774.905 million (2020-21: £731.758 million). No restrictions have been placed on these assets by the donor. £5.5 million in 2020-21 is in respect of an operating lease premium and treated as a prepayment instead of property, plant and equipment.

£000	Note	2021-22	2020-21
CSoFP			
Increase in non-current assets			
Property, plant and equipment	6		
Companies House		-	13,650
Crown Prosecution Service		-	3,882
Department for Business, Energy and Industrial Strategy		-	9,500
Department for Digital, Culture, Media and Sport		3,000	-
Department for Education		-	214,000
Department for Environment, Food and Rural Affairs		-	14,005
Department of Health and Social Care – HQ		720	76,800
Department of Health and Social Care – retained estate		-	2,590
Department for International Trade		-	17,650
Foreign, Commonwealth and Development Office		-	275,578
HM Revenue and Customs		207,424	-
HM Treasury		150,528	-
Home Office		377,802	14,490
Land Registry		-	52,752
Ministry of Justice		-	4,574
National Health Service (NHS Blood and Transplant)		-	2,750
National Health Service (NHS Business Services Authority)		-	4,850
National Health Service (NHS Digital)		-	1,775
National Savings and Investments		-	2,177
Office for National Statistics		30,215	-
The Wales Office		5,000	-
UK Research and Innovation		-	19,100
Other		216	1,635
Total increase in non-current assets		**774,905**	**731,758**
Recognition of these non-current assets is fully supported by capital grant in kind income recognised in the CSoCNE			
CSoCNE			
Capital grant in kind income	5	(774,905)	(731,758)
Total capital grant in kind income		**(774,905)**	**(731,758)**

£000	Note	2021-22	2020-21
Transfer of revaluations reserve through general reserve			
General reserve		308,370	316,196
Revaluation reserve		(308,370)	(316,196)
CSoFP			
Increase in liabilities			
Home Office		(228,385)	-
HM Revenue and Customs		(167,317)	-
HM Treasury		(105,055)	-
Total increase in liabilities	**21**	**(500,757)**	**-**
CSoCNE			
PFI onboarding liability transfers	4	500,757	-
Total PFI onboarding liability transfers		**500,757**	**-**

7 Intangible assets

Consolidated 2021-22

Departmental group £000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	2021-22 Total
Cost or valuation						
At 1 April 2021 - restated	**545**	**36,303**	**-**	**5,273**	**10,895**	**53,016**
Additions	-	23	-	-	31,348	31,371
Donations	-	-	-	-	-	-
Disposals[22]	-	(1,922)	-	-	-	(1,922)
Write offs	-	(3,226)	-	-	-	(3,226)
Impairments[23]	-	(1)	-	-	-	(1)
Reclassifications[24]	409	3,123	-	4,073	(7,240)	365
Transfer of asset to the Crown Commercial Service	-	(400)	-	-	-	(400)
Revaluations[23]	22	3,796	-	984	-	4,802
At 31 March 2022	**976**	**37,696**	**-**	**10,330**	**35,003**	**84,005**
Amortisation						
At 1 April 2021 – restated	**133**	**18,679**	**-**	**2,567**	**-**	**21,379**
Charged in year	212	10,027	-	3,606	-	13,845
Disposals[22]	-	(1,922)	-	-	-	(1,922)
Write offs	-	(699)	-	-	-	(699)
Impairments[23]	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Transfer of asset to the Crown Commercial Service	-	(333)	-	-	-	(333)
Revaluations[23]	5	772	-	132	-	909
At 31 March 2022	**350**	**26,524**	**-**	**6,305**	**-**	**33,179**
Carrying amount at 31 March 2022	**626**	**11,172**	**-**	**4,025**	**35,003**	**50,826**
Carrying amount at 31 March 2021 – restated	**412**	**17,624**	**-**	**2,706**	**10,895**	**31,637**
Asset financing:						
Owned	626	11,172	-	4,025	35,003	50,826
Carrying amount at 31 March 2022	**626**	**11,172**	**-**	**4,025**	**35,003**	**50,826**

22 Disposals include retired assets. Their values are fully written down and they are no longer in use.

23 Revaluations and impairments arise as a result of the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.

24 Property, plant and equipment reclassifications net nil with intangibles reclassifications. See note 6.

Departmental group £000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	2021-22 Total
Of the total:						
Department	94	11,000	-	4,025	33,127	48,246
Executive agency	532	-	-	-	1,876	2,408
Other designated bodies	-	172	-	-	-	172
Carrying amount at 31 March 2022	**626**	**11,172**	**-**	**4,025**	**35,003**	**50,826**

Consolidated 2020-21 – restated

Departmental group £000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	2020-21 Total
Cost or valuation						
At 1 April 2020 – restated	**214**	**34,476**	**439**	**5,411**	**18,902**	**59,442**
Additions	-	123	-	-	11,440	11,563
Donations	-	-	-	-	-	-
Disposals[25]	-	(13,323)	(439)	(3,035)	-	(16,797)
Write offs	-	-	-	-	(2,197)	(2,197)
Impairments[26]	-	-	-	-	-	-
Reclassifications	331	14,262	-	2,784	(17,250)	127
Revaluations[26]	-	765	-	113	-	878
At 31 March 2021 – restated	**545**	**36,303**	**-**	**5,273**	**10,895**	**53,016**
Amortisation						
At 1 April 2020 – restated	**5**	**22,127**	**439**	**3,044**	**-**	**25,615**
Charged in year	128	9,473	-	2,525	-	12,126
Disposals[25]	-	(13,323)	(439)	(3,035)	-	(16,797)
Write offs	-	-	-	-	-	-
Impairments[26]	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Revaluations[26]	-	402	-	33	-	435
At 31 March 2021 – restated	**133**	**18,679**	**-**	**2,567**	**-**	**21,379**
Carrying amount at 31 March 2021 – restated	**412**	**17,624**	**-**	**2,706**	**10,895**	**31,637**

25 Disposals include retired assets. Their values are fully written down and they are no longer in use.
26 Revaluations and impairments arise as a result of the application of published indices and annual impairment reviews which ensure that the asset base is correctly valued.

Departmental group £000	Purchased software licences	IT software	Carbon reduction commitment	Website	Payments on account and assets under construction	2020-21 Total
Carrying amount at 1 April 2020 – restated	**209**	**12,349**	**-**	**2,367**	**18,902**	**33,827**
Asset financing:						
Owned	412	17,624	-	2,706	10,895	31,637
Carrying amount at 31 March 2021 – restated	**412**	**17,624**	**-**	**2,706**	**10,895**	**31,637**
Of the total:						
Department	152	17,307	-	2,706	10,338	30,503
Executive agency	260	-	-	-	557	817
Other designated bodies	-	317	-	-	-	317
Carrying amount at 31 March 2021 – restated	**412**	**17,624**	**-**	**2,706**	**10,895**	**31,637**

7.1 Purchased software licences

Purchased software licences are valued at purchase cost and are not revalued, as an appropriate index is not available.

7.2 IT software and website

IT software and website assets are revalued annually using indices published by the Office for National Statistics.

7.3 Assets under construction

Assets under construction of £35.003 million (2020-21: £10.895 million) relate to Cabinet Office IT and cross-government IT projects which have yet to come into use.

7.4 Carbon reduction commitment

The Cabinet Office is registered under the government's Carbon Reduction Commitment Energy Efficiency Scheme. Allowances held by the Cabinet Office relating to the CO2 emissions that it generates are valued at purchase cost.

In the Budget on 16 March 2016, the Chancellor of the Exchequer announced that the government has decided to close the scheme following the 2018-19 compliance year.

The Cabinet Office reported under the scheme for the last time at the end of July 2019 and had surrendered allowances for emissions from energy supplied in the 2018-19 compliance year by the end of October 2019. Disposals in 2020-21 relate to surrendered allowances fully amortised at nil net book value.

7.5 Material intangibles

Description	Carrying amount (£000)	Remaining amortisation period (years)
GOV.UK – websites	13,364	3
One Login for Government – software	7,153	4
Cross-government secure IT – software	2,635	3
National Situation Centre digital platform – software	2,545	3
Find a Tender – software	2,294	3
GOV.UK Platform as a Service – software	2,292	3

The Government Digital Service is set up to support departments to deliver online services that are designed and built around user needs. This specifically includes working to create the platforms and tools that make it simple for government to build, iterate and retire online services (e.g. GOV.UK, GOV.UK One Login for Government, and Government as a Platform).

The Transforming Government Security Group programme is delivering more efficient shared services through the further development of the cluster security units and the establishment of centres of excellence. To help the government to manage information security risk, the Government Security Group has continued to deliver and expand the use of a cross-government secure IT service in line with strategic priorities and the National Cyber Security Strategy.

The National Situation Centre, which is part of the Cabinet Secretariat, brings real-time data and insights together from across government and beyond to support situational awareness on crisis and national security issues through its digital platform.

The Government Commercial Organisation is a professional organisation of commercial specialists housed within the Government Commercial Function. Its Find a Tender platform replaced the EU's Tenders Electronic Daily from 1 January 2021 for high value contracts in the UK.

8 Impairments

£000			2021-22		2020-21
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group
Charged to CSoCNE					
Impairment of property, plant and equipment	4	534	534	-	-
Impairment of intangible assets	4	1	1	-	-
Impairment of trade receivables	14.3	7,525	7,525	5,641	5,641
Impairment of trade receivables – write back	14.3	(9,612)	(9,612)	(703)	(703)
Revaluation of property, plant and equipment	4	84,769	84,771	85,684	85,684
Revaluation of intangible assets	4	-	18	-	-
Write off of property, plant and equipment	4	-	-	6,305	6,305
Write off of intangible assets	4	2,527	2,527	2,197	2,197
Total charged to the CSoCNE		**85,744**	**85,764**	**99,124**	**99,124**
Taken through revaluation reserve		10,530	10,534	17,209	17,209
Total		**96,274**	**96,298**	**116,333**	**116,333**

Impairment of trade receivables - write back

Write back of £9.612 million (2020-21: £0.703 million) reflects positive outcomes on the collection of receivables that were outstanding at 31 March 2021 due to additional resources being dedicated to addressing outstanding debt.

Revaluation of property, plant and equipment

There was a devaluation of £84.771 million (2020-21: £85.684 million) which mainly related to updated valuations of new properties onboarded by the GPA.

Write off of property, plant and equipment

There was a write off of £nil (2020-21: £6.305 million). Prior year write off relates to a loss in value of face-covering manufacturing machines.

Write off of intangible assets

Write off of £2.527 million (2020-21: £2.197 million) relates to the abandonment of Cabinet Office agile IT projects under construction.

Impairment taken through revaluation reserve

Predominantly relates to freehold buildings onboarded to the GPA in 2021-22 professionally revalued byJones Lang LaSalle Ltd.

9 Financial instruments

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

Liquidity risk

Exposure to liquidity risk is low. The cash requirements of the department are met through the parliamentary estimates process and income charged to bodies funded by Parliament.

Credit risk

Credit risk from receivables is low. Counterparties are mainly other government departments and debts are actively pursued by an internal credit control function. Receivables are impaired when there is evidence that credit losses may arise and stated net of any provision. Impairments and bad debt write offs are detailed at notes 4 and 14.

Net credit risk to the department from the working capital investment in the Carillion plc liquidation is low. All future cash flow receipts from the Official Receiver are repayable to the Consolidated Fund. The department manages this risk by recognising as a financial asset only the fair value of the receivable, rather than the present value of the total investment in net working capital outstanding. The fair value considerations are detailed at note 14.2.

Interest rate risk

There is no exposure, since material deposits are held with the Government Banking Service.

Exchange rate risk

There is little exposure because all material assets and liabilities are denominated in sterling.

Market risk

The GPA is exposed to movements in the property market as the GPA's assets consist predominantly of land and buildings. The GPA is not exposed to significant market risk in relation to rents because rent costs are passed through to tenants. The risks associated with vacant space are mitigated in a number of ways. Tenants remain liable for the void cost as part of their occupation agreement if they exit early.

Onboarded departments retain the risk until the earlier of:

- the date the space is re-let
- the date the next Spending Review period expires (31 March 2025)
- the date that is three years after the date of the property transfer
- the date that the GPA disposes of the transferred property

The GPA retains some of the risks for hubs and risks for the Whitehall campus. The GPA expects to have a small level of vacant space during 2022-23. The expected vacant space mainly relates to properties where there is ongoing major transformation and refurbishment works which will deliver long term savings.

Fair value hierarchy

The department uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All of the financial assets and liabilities measured at fair value fall within level 2 or 3.

Public dividend capital

The department holds public dividend capital in the Crown Commercial Service. This financial asset is carried at historical cost less any impairment. Information on the Crown Commercial Service, a body outside the departmental boundary, is included at note 11.3.

Put options valuation risk

The department is exposed to concentrated valuation risk of its derivative financial assets held at fair value through profit or loss in relation to its put options over its investments in certain associates - see note 11. This risk would arise at the point at which the department exercises its respective put options, attributable to inherent valuation uncertainty when measuring fair value and the corresponding sale consideration owed to the department. The department limits its valuation risk in a manner attributable to the terms and conditions of the put options, of which require the appointment of an independent expert as to minimise any valuation uncertainty and derive a reliable fair value. Quantitative risk analysis is further given in note 11.

10 Investments in associates

£000	Note	Shared Services Connected Limited	AXELOS Limited	Behavioural Insights Limited	Integrated Debt Services Limited	Crown Hosting Data Centres Limited	Total departmental group
Cost or valuation							
At 1 April 2020		**18,627**	**44,936**	**1,733**	**2,208**	**266**	**67,770**
Dividend received		-	(14,073)	(360)	-	(502)	(14,935)
Share of results	CSoCNE	6,334	9,559	680	1,422	602	18,597
Share of foreign exchange gains / (losses)	CSoCNE	-	-	(40)	-	-	(40)
At 31 March 2021		**24,961**	**40,422**	**2,013**	**3,630**	**366**	**71,392**
Disposals		-	(3,193)	(1,879)	(2,026)	-	(7,098)
Dividend received		(3,000)	(36,646)	(349)	(2,000)	(377)	(42,372)
Share of results	CSoCNE	6,660	(583)	206	396	551	7,230
Share of foreign exchange gains / (losses)	CSoCNE	-	-	9	-	-	9
At 31 March 2022		**28,621**	**-**	**-**	**-**	**540**	**29,161**

The department accounts for its investments in associates using the equity method in accordance with 'IAS 28: investments in associates and joint ventures', and presents disclosures required by 'IFRS 12: disclosure of interests in other entities'. For additional information, see note 23.

The Cabinet Office commercial models team has stewardship of the Cabinet Office's shareholdings in these associate companies and manages relationships with their directors.

Shared Services Connected Limited

The department has a 25% equity shareholding in Shared Services Connected Limited (SSCL), which provides business support services for public sector organisations and agencies. The remainder of the equity is owned by Sopra Steria Limited. SSCL began trading on 1 November 2013 and its head office is in Hertfordshire, UK. There has been no change in the department's ownership during the year to 31 March 2022 or the previous year.

The department has the benefit of a put option, exercisable between 1 January 2022 and 1 January 2024, giving it the right but not the obligation to sell its 25% shareholding to Sopra Steria Limited at the higher of a formula value based on a multiple of adjusted earnings and net cash/borrowings and fair value based on 25% of the sale value of the whole company as determined by an independent expert.

SSCL prepares its accounts on an FRS 101 (IFRS with limited disclosure) basis.

There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of SSCL's financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, SSCL's 2021 audited financial statements have been used and adjustments have been made for the effects of transactions between 1 January and 31 March 2022. SSCL's published accounts may be found at: companieshouse.gov.uk.

As at the department's reporting date, SSCL reported unaudited cash of £125.727 million, non-current assets of £6.021 million, and other net liabilities of £17.264 million. Unaudited revenue for the period 1 January to 31 March 2022 was £69.808 million and profit after tax was £7.345 million.

AXELOS Limited (AXELOS)

The department previously held a 49% equity shareholding in AXELOS, which manages and develops intellectual property around best management practice methodologies. The remainder was owned by Capita Business Services Limited (Capita). AXELOS began trading on 1 January 2014 and its head office is in London, UK.

On 29 July 2021, the department completed the sale of its entire shareholding in AXELOS in a joint sale with Capita to PeopleCert International Limited.

The sale followed a strategic review triggered by Capita's desire to sell its majority stake. The department concluded that a joint sale was likely to attract greater interest and generate a higher price per share than a separate sale of the Cabinet Office's 49% stake. It also offered the opportunity to share in the premium typically available on the sale of a controlling stake.

The sale was conducted through a public auction process and the sale proceeds exceed the Cabinet Office's retention value.

As part of the sale agreement, the department received base consideration, including interest, of £148.903 million, and advance settlement of outstanding deferred consideration from the sale of part of Cabinet Office's business and related assets (Swirl portfolio) in 2013-14, of £23.5 million. The department's profit on disposal of the associate was £145.710 million. This followed a £57.160m fair value loss in 2020-21 of a derivative financial assets at fair value through profit or loss in respect of a put option that would have required Capita to purchase the department's investment in AXELOS at a specific contractually set formula values linked to the associates' net cash or debt positions and earnings.

Prior to sale, AXELOS prepared its accounts on an FRS 101 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of AXELOS' financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, AXELOS' 2021 audited financial statements were used and adjustments were made for the effects of transactions between 1 January and 29 July 2021. AXELOS' published accounts may be found at: companieshouse.gov.uk.

Behavioural Insights Limited (BIT)

The department previously held a 30% equity shareholding in BIT, which applies insights from behavioural sciences to tackle public policy problems. The remainder of the equity was owned by Nesta (30%), and employees and former employees (40%). BIT began trading on 4 February 2014 and its head office is in London, UK. The department previously had the benefit of a put option, giving it the right but not the obligation to sell its 30% shareholding to Nesta at a formula value based on a multiple of adjusted earnings and net cash/borrowings.

In 2020, Nesta approached the Cabinet Office and the other shareholders with an offer to buy the remaining 70% of the company. Following lengthy negotiations, the Cabinet Office entered into heads of agreement in August 2021 to sell its shareholding for £6.6 million in cash. BIT has been a successful joint venture; however there was no public interest reason for the Cabinet Office to retain the shareholding and the government does not need to retain the stake to access behavioural science expertise.

On 10 December 2021, the department completed the sale of BIT via ordinary sale to Nesta for consideration of £6.6 million, resulting in a profit on disposal of associate of £4.721 million and £1.683 million fair value loss on the derivative financial asset linked to the put option foregone written down to £nil.

Prior to sale, BIT prepared its accounts on an FRS 102 (the financial reporting standard applicable in the UK and Republic of Ireland – based on IFRS for small and medium-sized enterprise) basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of BIT's financial statements is 31 March. When applying the equity method of accounting, its 2020-21 audited financial statements were used and adjustments were made for the effects of transactions between 1 April and 10 December 2021. Its published accounts may be found at: companieshouse.gov.uk.

Integrated Debt Services Limited (IDS)

The department previously held a 25% equity shareholding in IDS, which provides a single point of access to a wide range of debt management and collection services for a number of government departments and the wider public sector. The remainder of the equity was owned by TDX Group, an Equifax company. IDS began trading on 17 March 2015 and its head office is in London, UK.

The department previously had the benefit of a put option, exercisable between 1 October 2019 and 31 August 2021, giving it the right but not the obligation to sell its 25% shareholding to TDX Group at the higher of a formula value based on a multiple of adjusted earnings and net cash/borrowings and fair value based on 25% of the fair market value of the whole company (assuming a willing buyer and willing seller) as determined by an independent expert.

The Crown Commercial Service launched the debt resolution services tender on 15 July. This is the successor to the debt market integrator framework. Having reviewed the documentation, Equifax concluded that it could not support an IDS bid because it would not be competitive. As such, the department concluded that the best outcome for the Cabinet Office and debt market integrator customers was to exercise the above put option and exit the venture.

Following agreement to extend the put option to 30 September, on 28 September 2021, the department completed the sale of IDS by exercising the put option for consideration of £5.5 million, resulting in an overall accounting loss of £4.253 million. This is made up of loss on disposal of the underlying associate of £2.026 million and a £2.227 million fair value loss on the derivative financial asset linked to the put option exercised to £nil. The put option was not capable of separate realisation; it could only be realised together with the underlying investment in IDS, resulting in the write back of the fair value of the derivative financial asset to nil and corresponding disposal of the carrying value of the investment in the associate. The put option was exercised due to the impact on future earnings mentioned previously.

IDS prepares its accounts on an FRS 102 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of IDS's financial statements is 31 December, the same date as its major shareholder. When applying the equity method of accounting, its 2021 audited financial statements were used and adjustments were made for the effects of transactions between 1 January and 28 September 2021. IDS's published accounts may be found at: companieshouse.gov.uk.

Crown Hosting Data Centres Limited (CHDC)

The department has a 25.1% shareholding in CHDC which provides public sector customers with assured, low-cost, secured, scalable and flexible data centre colocation services, coupled with low-latency connectivity between data centres. The remainder of the equity is owned by Ark Data Centres Limited. CHDC began trading on 16 March 2015 and its head office is in Wiltshire, UK. There has been no change in the department's shareholding during the year to 31 March 2022 or the previous year.

The department has the benefit of a put option, giving it the right but not the obligation to sell its 25.1% shareholding to Ark Data Centres Limited at the higher of a formula value based on a multiple of adjusted earnings and net cash/borrowings and fair value based on 25.1% of the fair market value of the whole company (assuming a willing buyer and willing seller) as determined by an independent expert.

CHDC prepares its accounts on an FRS 102 basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments are required. The reporting date of its financial statements is 30 June, the same date as its major shareholder. When applying the equity method of accounting, its 2021 audited financial statements were used and adjustments were made for the effects of transactions between 1 July 2021 and 31 March 2022. Its published accounts may be found at: companieshouse.gov.uk.

As at the department's reporting date, CHDC reported unaudited cash of £3.634 million, current assets of £3.887 million and current liabilities of £5.368 million. Unaudited revenue for the period 1 July 2021 to 31 March 2022 was £32.495 million and profit after tax was £1.58 million.

11 Financial assets

11.1 Current assets

Derivative financial assets at fair value through profit or loss

The department has the contractual benefit of current put options in relation to its investments in certain associates.

£000	Total
	Departmental group
Balance at 1 April 2020	**66,666**
Fair value gain / (loss) on financial assets – associate put options	(51,220)
Reclassification	(6,036)
Balance at 31 March 2021	**9,410**
Fair value gain / (loss) on financial assets – associate put options	(3,910)
Disposals	(5,500)
Reclassification	15,347
Balance at 31 March 2022	**15,347**

As at 31 March 2022, put options were exercisable in relation to the department's investment in SSCL.

Under its put options, the Cabinet Office can require the co-investors in its associates to purchase its investments in those associates at the higher of associate specific contractually set formula values linked to the associates' net cash or debt positions and earnings or fair value of the Cabinet Office's equity shareholding as valued by an independent expert by reference to the fair value of the company as a whole. The put options are not capable of separate realisation. They can only be realised together with the underlying investments to which they are linked.

The corresponding derivative financial assets are stated at the higher of either the fair value as determined by the independent expert or formula value of the exercise price of the put options, net of the fair value of the underlying investment in the associate so as to be presented as a standalone financial instrument. Derivative financial assets are discounted back to the reporting date for put options where a future measurement date has been used, and net of any impairments associated with indicators linked to the co-investors' assessed ability to satisfy their obligations under the options if called.

The fair value of put options are calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and are based on techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

In valuing put options, the Cabinet Office has made assumptions about the future performance of some of its associates based on the best and reasonably available evidence. Sensitivity surrounding assumptions about future earnings, choice of discount rates, selection of the most appropriate measurement date, valuation based on formula values or fair values, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the reported derivative financial assets.

Derivative financial assets relating to put options expected to be exercised, lapse or be otherwise realised within 12 months of the reporting date are presented as current financial assets.

Shared Services Connected Limited (SSCL)

The exercise price of the SSCL option has been valued at the proportion of the Cabinet Office's equity shareholding in reference to what management considers would be the fair value of the company as a whole as determined by an independent expert. In deriving the fair value, the department has used a market approach, relying on Earnings before interest and taxes (EBIT) and Earnings before interest, taxes, depreciation, and amortisation (EBITDA) multiples for comparable traded companies, and both SSCL's historical and future financial performance forecasts. A market approach is subject to a high degree of valuation uncertainty, with the key assumptions limiting the accuracy of the SSCL option valuation being:

- the choice of comparable traded companies;
- the discount factor that a willing market participant would apply attributable to SSCL's non-traded status;
- the control premium factor that a willing market participant would apply attributable to acquiring a 100% equity stake;
- the illiquidity discount that a willing market participant would apply attributable to the lack of an otherwise active market;
- the discount rate applied to the time value of the option; and
- the future financial position of SSCL.

A 5% increase/decrease in the discount factor attributable to SSCL's non-traded status would result in a £0.956 million decrease and £0.906 million increase in fair value respectively. A 5% increase/decrease in the control premium would result in a £3.004 million increase and £2.854 million decrease in fair value respectively. A 5% increase in the liquidity discount would result in a £2.550 million increase in fair value. A 5% increase/decrease in forecast earnings would result in a £0.765 million increase/decrease in fair value respectively. To use the expiration date of the option as the measurement date would result in a £2.390 million decrease in fair value. In valuing put options, an option pricing model has not been used. Option pricing models used in industry practice may reduce valuation uncertainty and sensitivity ranges. Management has judged that the difference in fair value between an option pricing model based approach and the market based approach discussed above is not expected to be material.

Explanations of variances between 2021-22 and 2020-21 valuation

The 2021-22 change in fair value includes the reclassification of the non-current derivative financial asset relating to SSCL to current. No decision had been made to exercise the option.

Prior to reclassification, the SSCL non-current derivative financial asset incurred a fair value loss of £18.018 million. This was partly attributable to a valuation error in the prior period whereby the fair value of the put option deducted the carrying value of the Cabinet Office's investment in the associate in order to derive the fair value of the derivative financial asset; whereas in 2021-22 the Cabinet Office has corrected the valuation method and has derived the fair value of the put options by deducting the fair value of the underlying shares from the exercise price.

When assessing the prior period error in accordance with IAS 8, management has judged that due to the significant estimation uncertainty and assumptions stated above based on Level 3 unobservable inputs, it is impractical to distinguish between information that provides evidence of the circumstances that existed on the prior period put option valuation dates and that information that would have otherwise been available when those financial statements for the respective prior period were authorised for issue. Consequently, the prior year figures have not been restated. Management has judged that the financial impact of the prior period error is not estimated to be material.

The 2020-21 change in fair value includes derecognition of the derivative financial asset relating to AXELOS following the decision to allow the put option to lapse on expiration on 28 February 2021. This is due to options which were being investigated, including the sale of shares.

The 2020-21 change in fair value also includes the reclassification of the current derivative financial asset relating to Crown Hosting Data Centres Limited to non-current, which is not expected to be realised within a period of 12 months.

11.2 Non-current assets

Derivative financial assets at fair value through profit or loss

The department has the contractual benefit of non-current put options in relation to its investments in certain associates.

£000	Total
	Departmental group
Balance at 1 April 2020	**24,736**
Fair value gain / (loss) on financial assets	8,629
Reclassification	6,036
Balance at 31 March 2021	**39,401**
Fair value gain / (loss) on financial assets – associate put options	(20,194)
Reclassification	(15,347)
Balance at 31 March 2022	**3,860**

As at 31 March 2022, a put option is exercisable in relation to the department's investment in CHDC (exercisable indefinitely).

Under its put options, the Cabinet Office can require the co-investors in its associates to purchase its investments in those associates at the higher of associate specific contractually set formula values linked to the associates' net cash or debt positions and earnings or fair value of the Cabinet Office's equity shareholding as valued by an independent expert by reference to the fair value of the company as a whole. The put options are not capable of separate realisation. They can only be realised together with the underlying investments to which they are linked.

The corresponding derivative financial assets are stated at the higher of either the fair value as determined by the independent expert or formula value of the exercise price of the put options, net of the fair value of the underlying investment in the associate so as to be presented as a standalone financial instrument. Derivative financial assets are discounted back to the reporting date for put options where a future measurement date has been used, and net of any impairments associated with indicators linked to the co-investors' assessed ability to satisfy their obligations under the options if called.

The fair value of put options are calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and are based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data.

In valuing put options, the Cabinet Office has made assumptions about the future performance of some of its associates based on the best and reasonably available evidence. Sensitivity surrounding assumptions about future earnings, choice of discount rates, selection of the most appropriate measurement date, valuation based on formula values or fair values, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the reported derivative financial assets.

Derivative financial assets relating to put options expected to be exercised, lapse or be otherwise realised in a period in excess of 12 months of the reporting date are presented as non-current financial assets.

Crown Hosting Data Centres Limited (CHDC)

The exercise price of the CHDC option has been valued using the formula value of the option as determined by the shareholder agreement. In deriving the formula value, the department has used an income approach to measure the fair value of the underlying equity investment based on a forecast earnings annuity. An income approach is subject to a high degree of valuation uncertainty, with the key assumptions limiting the accuracy of the CHDC option valuation being:

- the forecast annuity earnings;
- the annuity period; and
- the annuity discount rate.

A 5% increase/decrease in forecast annuity earnings applied to put options would result in a £0.173 million decrease/increase in formula value respectively. A 5 year increase/decrease in the annuity period would result in a £0.634 million decrease or £1.163 million increase in the formula value respectively. A 5% increase/decrease in the discount rate of annuity earnings applied to put options would result in a £0.242 million increase or £0.329 million decrease in formula value respectively. In valuing put options, an option pricing model has not been used. Option pricing models used in industry practice may reduce valuation uncertainty and sensitivity ranges. Management has judged that the difference in fair value between an option pricing model based approach and the market based approach discussed above is not expected to be material.

Explanations of variances between 2021-22 and 2020-21 valuation

Included within the non-current fair value loss was a £2.176 million fair value loss of the CHDC derivative financial asset. This was partly attributable to a valuation error in the prior period whereby the fair value of the put option deducted the carrying value of the Cabinet Office's investment in the associate in order to derive the fair value of the derivative financial asset; whereas in 2021-22 the Cabinet Office has corrected the valuation method and has derived the fair value of the put options by deducting the fair value of the underlying shares from the exercise price.

When assessing the prior period error in accordance with IAS 8, management has judged that due to the significant estimation uncertainty and assumptions stated above based on Level 3 unobservable inputs, it is impractical to distinguish between information that provides evidence of the circumstances that existed on the prior period put option valuation dates and that information that would have otherwise been available when those financial statements for the respective prior period were authorised for issue. Consequently, the prior year figures have not been restated. Management has judged that the financial impact of the prior period error is not estimated to be material.

The 2020-21 change in fair value includes the reclassification of the current derivative financial asset relating to Crown Hosting Data Centres Limited to non-current, which is not expected to be realised within a period of 12 months.

11.3 Investments in other public sector bodies

The core department holds investments in other public sector bodies.

£000	Public dividend capital in Crown Commercial Service	Local government loans	Total departmental group
Balance at 1 April 2020	**350**	**-**	**350**
Additions	-	-	-
Impairment	-	-	-
Balance at 31 March 2021	**350**	**-**	**350**
Additions	-	3,456	3,456
Loan repayments	-	(1,864)	(1,864)
Revaluations	-	7,170	7,170
Expected loss allowance	-	(407)	(407)
Balance at 31 March 2022	**350**	**8,355**	**8,705**
Of which:			
Current asset	-	2,213	2,213
Non-current asset	350	6,142	6,492
Balance at 31 March 2022	**350**	**8,355**	**8,705**

Public dividend capital in Crown Commercial Service

In accordance with the Government Financial Reporting Manual, the Cabinet Office's investment in the Crown Commercial Service is shown at its historical cost.

A dividend of £15 million (2020-21: £14.5 million) was received for the year ended 31 March 2022 – see note 5. It covered the costs of the complex transaction, continuous improvement, markets and suppliers, and policy teams which previously transferred from the Crown Commercial Service to the Cabinet Office and included money to fund the expansion of commercial capability across government, including upskilling the commercial workforce, providing expertise on complex projects and managing relationships with strategic suppliers.

Local government loans

The department holds investments in other public sector bodies in respect of loans with local authorities issued at below market rate of interest, which have been classified as financial assets measured at amortised cost in accordance with IFRS 9 held within a business model whose objective is to collect contractual cash flows on specified future dates.

A £7.170 million revaluation gain was prospectively recognised as at 1 April 2021 for loans distributed in a prior period held at £nil.

A lifetime expected credit loss is recognised based on a risk rating of individual loans with local authorities. When loans are rated as amber risk of future repayment, the department has provided 50% against the net present value of the loan. When loans are rated as red risk of future repayment, the department has provided 100% against the value of the loan.

Sustainable grants are subsequently measured using the effective interest rate, based on the financial instrument discount rate provided by HM Treasury. For loans recognised in 2021-22, the opening HM Treasury financial instrument nominal discount rate of 3.7% has been applied. Loans outstanding at the reporting date have been re-measured using the closing HM Treasury financial instrument nominal rate of 1.9%.

The department is exposed to significant credit and interest rate risk. A 1% increase/decrease in the discount rate applied to the closing loan position would result in a £0.223 million decrease or £0.238 million increase in fair value respectively. A one year postponement of the repayment period would result in a £0.364 million decrease in fair value.

12 Assets classified as held for sale

£000		Total
	Note	Departmental group
Balance at 1 April 2020		**-**
Transfer from property, plant and equipment	6	1,400
Change in fair value	4	(100)
Balance at 31 March 2021		**1,300**
Transfer from property, plant and equipment	6	-
Change in fair value	4	(300)
Balance at 31 March 2022		**1,000**

National Savings and Investments, Blackpool

The asset held for sale is a surplus freehold property. The property is available for sale in its present condition, is being actively marketed and is expected to be disposed of within 12 months of the reporting date. This asset was held as an asset for sale on 31 March 2021, but the sale did not complete within 12 months as had been previously expected. Its value has been adjusted as at 31 March 2022 in line with the latest expectation on sale proceeds.

13 Cash and cash equivalents

£000	Total	Total
	Core department and agency	Departmental group
Balance at 1 April 2020 – restated	**108,707**	**108,892**
Net change in cash and cash equivalent balances	(87,188)	(87,288)
Balance at 31 March 2021 – restated	**21,519**	**21,604**
Net change in cash and cash equivalent balances	208,738	209,029
Balance at 31 March 2022	**230,257**	**230,633**
The following balances at 31 March were held at:		
Government Banking Service – supply – Cabinet Office	177,442	177,442
Government Banking Service – supply – GPA	52,815	52,815
Government Banking Service – supply – EHRC	-	376
Balance at 31 March 2022	**230,257**	**230,633**

13.1 Reconciliation of liabilities arising from financing activities

Amendments to IAS 7 introduced a requirement for an entity to provide disclosures that enabled users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The table below provides a breakdown of movements in liabilities arising from financing activities.

£000	Opening liabilities at 1 April 2021	Cash flows (out) / in	Transfer from other government departments	Interest charged	Revaluation	Capital repayment	Interest paid	Closing liabilities at 31 March 2022
Deferred consideration payable to the Consolidated Fund for Sunningdale Park	(14,065)	(7,425)	-	(647)	-	6,778	647	(7,287)
Carillion working capital payable to the Consolidated Fund	(21,749)			(1,478)	3,975			(19,252)
Interest expense on late payment of VAT	-	(51)	-	(51)	-	-	51	-
Loans to local authorities	-	(493)	-	(493)	-	-	493	-
PFI service charges	-	(37,298)	(500,757)	(29,660)	-	7,638	29,660	(493,119)
Total	**(35,814)**	**(45,267)**	**(500,757)**	**(32,329)**	**3,975**	**14,416**	**30,851**	**(519,658)**

14 Trade receivables, financial and other assets

£000		2021-22		2020-21 restated		2019-20 restated	
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group	Core department and agency	Departmental group
Current – amounts falling due within one year							
VAT		3,929	3,922	12,823	12,814	6,085	6,074
Trade receivables		62,622	62,490	22,866	23,030	17,568	17,608
Contract assets under 'IFRS 15: revenue from contracts with customers' – trade receivables[27]		45,572	45,572	103,231	103,231	111,739	111,739
Deposits and advances		290	292	310	310	999	1,005
Other receivables		9,627	9,627	9,072	9,061	16,776	16,776
Deferred consideration on disposal of shareholding in MyCSP Ltd		-	-	-	-	4,000	4,000
Deferred consideration on disposal of site at Sunningdale		7,287	7,287	6,905	6,905	6,658	6,658
Amounts due from importing departments in respect of machinery of government transfers		34,057	34,057	3	3	305	305
Prepayments		53,768	54,236	39,366	39,878	80,040	80,567
Accrued income		24,766	24,819	34,424	34,416	39,979	40,024
Contract assets under 'IFRS 15: revenue from contracts with customers' – accrued income		109,817	109,817	105,486	105,486	74,940	74,992
Amounts from other government departments to offset provisions		5,859	5,859	10,121	10,121	2,608	2,608
Current lease incentive receivable		6,118	6,118	-	-	-	-
AXELOS deferred consideration receivable	14.1	-	-	6,976	6,976	7,234	7,234
Carillion working capital receivable	14.2	1,652	1,652	7,515	7,515	-	-
Total current assets		**365,364**	**365,748**	**359,098**	**359,746**	**368,931**	**369,590**

27 The contract asset balance has reduced by £57.659 million this year due to a focus on earlier collection of material receivables in the last quarter of the financial year.

£000		2021-22		2020-21 restated		2019-20 restated	
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group	Core department and agency	Departmental group
Non-current – amounts falling due after more than one year							
Amounts from other government departments to offset provisions		82,485	82,485	58,410	58,410	60,796	60,764
Prepayments, deposits and advances		5,437	5,490	5,459	5,518	5,483	5,515
Deferred consideration upon disposal of site at Sunningdale		-	-	7,160	7,160	14,065	14,065
Non-current lease incentive receivable		30,090	30,090	23,499	23,499	-	-
AXELOS deferred consideration receivable		-	-	11,615	11,615	18,592	18,592
Carillion working capital receivable		17,600	17,600	14,234	14,234	-	-
Total non-current assets		**135,612**	**135,665**	**120,377**	**120,436**	**98,936**	**98,936**
Total		**500,976**	**501,413**	**479,475**	**480,182**	**467,867**	**468,526**

14.1 AXELOS consideration

At 31 March 2021, a financial asset measured at fair value through profit and loss was valued at £18.6 million. This payment was due from a Cabinet Office associate, AXELOS, and represented settlement of deferred additional consideration from the sale of part of the Cabinet Office's business and related assets (Swirl portfolio) in 2013-14. Payment was contingent on the profits of AXELOS. The payment of £65.8 million was due to be received in seven equal instalments of £9.4 million commencing 1 January 2017 and ending 31 December 2023.

As part of the sale of shares in AXELOS in 2021-22 this has been fully repaid.

14.2 Official Receiver – Carillion plc in liquidation

Following the collapse of Carillion in January 2018, the Cabinet Office provided the Official Receiver with a grant of £150 million as working capital to maintain public service continuity when managing the liquidation.

The net Cabinet Office contribution as at 31 March 2022 is £74.5 million, following recoveries from the Official Receiver of £25 million in 2020-21, £40 million in 2019-20 and £10.5 million in 2018-19.

The Official Receiver continues to progress the liquidation and is seeking to recoup his operating costs through liquidation of assets. Based on the latest estimate of the expected cost of the liquidation to the Cabinet Office, a financial asset of £19.252 million has been recognised, representing the remaining expected recoveries, and is measured at fair value through profit and loss.

Movements to the opening balance of the financial asset at 1 April 2021 of £21.749 million to a 31 March 2022 closing balance of £19.252 million comprise £1.478 million attributable to the unwinding of effective finance income, £3.2 million fair value revaluation loss attributable to an increase in the expected cost of the liquidation, and £0.775 million fair value revaluation loss attributable to the expected repayment profile.

The liquidation is expected to continue for a further three years.

All recoveries are to be returned to the Consolidated Fund. Therefore as well as recognising a financial asset, the Cabinet Office has also recognised a corresponding increase in Consolidated Fund extra receipts payable. This will remain subject to uncertainty until the liquidation is concluded and any gains or losses in the valuation of the financial asset will be reflected in the Consolidated Fund extra receipts payable.

The fair value of the financial asset is calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and is based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data. These include the ongoing management costs to process the liquidation, and the associated costs of liquidation matters ongoing and outstanding.

When calculating fair value, the Cabinet Office has made assumptions about the eventual cost and time to complete the liquidation based on the best and reasonably available evidence. Sensitivity surrounding assumptions of the eventual cost of the liquidation, time to complete, choice of discount rate, and management judgement when assessing for indicators of impairment could have a significant effect on the fair value of the financial asset.

HM Treasury's discount rate of 1.9% for financial instruments has been used to calculate fair value. A 1% increase/decrease in the discount rate applied to the financial asset would result in a £0.462 million decrease or £0.479 million increase in fair value respectively. A 5% increase/decrease in the expected cost of the liquidation would result in a £2.59 million increase/decrease in fair value respectively.

14.3 Provision for credit losses

An allowance for expected credit loss is determined by reference to payment history against settlement terms. The department has a policy of internally reviewing aged debt using specific criteria for write off. Trade receivables are non-interest bearing and are generally on 30 days' terms and are shown net of a provision for impairment. Movements in the provision for impairment of receivables were as follows.

£000		2021-22		2020-21		2019-20	
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group	Core department and agency	Departmental group
At 1 April		**11,691**	**11,691**	**6,753**	**6,753**	**6,415**	**6,415**
Provided in the year	4, 8	7,525	7,525	5,641	5,641	914	914
Provisions written back in the year	4, 8	(9,715)	(9,715)	(868)	(868)	(528)	(528)
Provisions debts recovered	4, 8	103	103	165	165	(48)	(48)
At 31 March		**9,604**	**9,604**	**11,691**	**11,691**	**6,753**	**6,753**

Departmental group	Provision (%)			Provision (£000)			2021-22
	Private sector	Public sector	Other government department	Private sector	Public sector	Other government department	Total £000
Trade receivables							
Current to 60 days	2	-	-	18	-	-	18
61 to 90 days	10	-	-	14	-	-	14
91 to 180 days	30	50	-	88	58	-	146
Over 180 days	100	100	-	1,491	208	-	1,699
Over 361 days	-	-	100	-	-	582	582
Total trade receivables				**1,611**	**266**	**582**	**2,459**
Other receivables							
Current to 60 days	2	-	-	18	-	-	18
61 to 150 days	10	-	-	38	-	-	38
151 to 331 days	30	-	-	190	-	-	190
Over 331 days	100	-	-	1,679	-	-	1,679
Total other receivables				**1,925**	**-**	**-**	**1,925**

Departmental group	Provision (%)			Provision (£000)			2021-22
	Private sector	Public sector	Other government department	Private sector	Public sector	Other government department	Total £000
GPA trade receivables[28]				71	3,887	1,262	5,220
Total receivables				**3,607**	**4,153**	**1,844**	**9,604**
Accrued income				1	-	-	1
Grand total				**3,608**	**4,153**	**1,844**	**9,605**

Departmental group	Provision (%)			Provision (£000)			2020-21
	Private sector	Public sector	Other government department	Private sector	Public sector	Other government department	Total £000
Trade receivables							
Current to 60 days	2	-	-	50	-	-	50
61 to 90 days	10	-	-	12	-	-	12
91 to 180 days	30	50	-	94	1,451	-	1,545
Over 180 days	100	100	-	1,018	1,343	-	2,361
Over 361 days	-	-	100	-	-	1,797	1,797
Total trade receivables				**1,174**	**2,794**	**1,797**	**5,765**
Other receivables							
Current to 60 days	2	-	-	23	-	-	23
61 to 90 days	10	-	-	34	-	-	34
91 to 180 days	30	-	-	64	-	-	64
Over 180 days	100	-	-	-	-	-	-
Over 361 days	100	-	-	1,121	-	-	1,121
Total other receivables				**1,242**	**-**	**-**	**1,242**
GPA trade receivables[29]				-	151	4,529	4,680
Total receivables				**2,416**	**2,945**	**6,326**	**11,687**
Accrued income				4	-	-	4
Grand total				**2,420**	**2,945**	**6,326**	**11,691**

28 The GPA applies a separate risk-based approach to providing for credit losses.
29 The GPA applies a separate risk-based approach to providing for credit losses.

15 Trade payables, financial and other liabilities

£000		2021-22		2020-21 restated		2019-20 restated	
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group	Core department and agency	Departmental group
Current – Amounts falling due within one year							
Other taxation and social security		16,406	16,685	15,167	15,418	12,052	12,407
Contract liabilities under 'IFRS 15: revenue from contracts with customers' – deferred income		16,694	16,694	16,858	16,858	7,415	7,426
Contract liabilities under 'IFRS 15: revenue from contracts with customers' – credit memos to be issued		6,989	6,989	-	-	-	-
Trade payables		85,875	85,594	40,026	39,901	29,940	29,947
Cash collected from lobbyists by the Cabinet Office on behalf of the Registrar of Consultant Lobbyists		209	-	162	-	152	-
Refunds due to consultant lobbyists		-	-	-	2	-	-
Other payables		15,613	16,072	19,247	19,811	11,827	11,800
Other payables in respect of machinery of government transfers		6,209	6,209	11,125	11,125	5,488	5,488
Accruals		228,043	229,528	202,114	203,059	115,343	116,139
Accrual for untaken annual leave		18,881	19,187	19,478	19,860	10,230	10,494
Deferred income		16,234	16,234	9,603	9,626	32,263	32,504
Current lease incentive payable		5,017	5,037	1,991	2,018	9,319	9,319
Imputed finance lease element of PFI contracts	21	16,448	16,448	-	-	-	-
Amounts issued from the Consolidated Fund for supply but not spend at year end		9,477	9,477	13,933	13,933	60,430	60,430
Amounts payable to the Consolidated Fund – receivable	14	8,939	8,939	14,419	14,419	10,658	10,658

£000		2021-22		2020-21 restated		2019-20 restated	
	Note	Core department and agency	Departmental group	Core department and agency	Departmental group	Core department and agency	Departmental group
Amounts payable to the Consolidated Fund – received	SOPS 4	220,561	220,777	7,425	7,581	48,125	48,275
Amounts payable to the Consolidated Fund – received civil penalties	SOPS 4	-	4	-	5	-	2
Total current liabilities		**671,595**	**673,874**	**371,548**	**373,616**	**353,242**	**354,889**
Non-current - amounts falling due after more than one year							
Imputed finance lease element of PFI contracts	21	476,671	476,671	-	-	-	-
Non-current lease incentive payable		64,974	64,974	45,317	45,337	-	11
Amounts payable to the Consolidated Fund – receivable	14	17,600	17,600	21,395	21,395	14,065	14,065
Total non-current liabilities		**559,245**	**559,245**	**66,712**	**66,732**	**14,065**	**14,076**
Total		**1,230,840**	**1,233,119**	**438,260**	**440,348**	**367,307**	**368,965**

15.1. Insurance liabilities

Indemnity for the Official Receiver

The government has indemnified the Official Receiver, appointed as liquidator of Carillion plc and certain other companies in its group, for actions he undertakes as Receiver in respect of any claims and proceedings that are made against him personally.

The indemnity does not extend to any costs which may legitimately be charged to the company or companies in liquidation. This will enable the Official Receiver to ensure the orderly winding up of the group's activities and in particular to safeguard the continuity of public services. The indemnity was provided on 15 January 2018.

This indemnity is assessed as an insurance contract in scope of IFRS 4. A liability adequacy test indicates a fair value of the insurance liability at the reporting date of £nil. No claims have yet been brought against the Official Receiver and the probability of future claims is considered remote. The financial impact of such claims is unquantifiable.

The fair value of the insurance liability is calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and is based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data. This includes a probability assessment of future claims arising provided by the insured party themselves.

The department manages its insurance risk owed to the Official Receiver by indemnifying only those activities that arise as a consequence of the carrying out the proper performance of their duties as liquidator of the companies; and the maintaining, securing and funding the ongoing operation of the companies' undertakings, and distributing the assets of the companies in the ordinary course of their duties as liquidator of the companies; requiring immediate notice of any such incident or claim which may potentially fall within the ambit of this indemnity; and by retaining the right to terminate this indemnity by giving not less than 14 day's notice.

Indemnity for the Commission for Racial Equality Pension and Life Assurance Scheme trustees

The government has indemnified the trustees of the Commission for Racial Equality Pension and Life Assurance Scheme (CREPLAS) against future personal liability claims in relation to their administration of the scheme.

This indemnity is assessed as an insurance contract in scope of IFRS 4. A liability adequacy test indicates a fair value of the insurance liability at the reporting date of £nil. No claims have yet been brought against the trustees and the probability of future claims is considered remote. The financial impact of such claims is unquantifiable.

The fair value of the insurance liability is calculated using Level 3 inputs within the IFRS 13 fair value hierarchy and is based on techniques that use inputs which have a significant effect on the recorded fair value and are not based on observable market data. This includes reference to the current value scheme surplus itself.

The department manages its insurance risk owed to the trustees in that the indemnity only applies to the extent that such personal liability claims exceed the scheme's surplus assets and the trustee's private insurance maximum benefit.

16 Provisions for liabilities and charges

£000	Specific dilapidations	Onerous lease	Other provisions	Total
	Departmental group	Departmental group	Departmental group	Departmental group
Balance at 1 April 2020	**68,511**	**-**	**71**	**68,582**
Provisions offset by receivables	5,158	-	-	5,158
Provided in the year	15,380	7,985	936	24,301
Provisions not required written back	(4,047)	-	(63)	(4,110)
Provisions utilised in the year	-	-	(3)	(3)
Borrowing costs	3	-	-	3
Balance at 31 March 2021	**85,005**	**7,985**	**941**	**93,931**
Provisions offset by receivables	19,814	-	-	19,814
Provided in the year	4,408	3,143	829	8,380
Provisions not required written back	(6,625)	(7,012)	(935)	(14,572)
Provisions utilised in the year	(2,916)	(512)	(1)	(3,429)
Borrowing costs	1	18	-	19
Balance at 31 March 2022	**99,687**	**3,622**	**834**	**104,143**
Of which:				
Core department and agency	99,344	3,622	834	103,800
Arm's length bodies	343	-	-	343
Balance at 31 March 2022	**99,687**	**3,622**	**834**	**104,143**
Core department and agency	84,777	7,985	941	93,703
Arm's length bodies	228	-	-	228
Balance at 31 March 2021	**85,005**	**7,985**	**941**	**93,931**
Core department and agency	68,331	-	71	68,402
Arm's length bodies	180	-	-	180
Balance at 1 April 2020	**68,511**	**-**	**71**	**68,582**
Of which:				
Current liability	6,307	2,126	828	9,261
Non-current liability	93,380	1,496	6	94,882
Balance at 31 March 2022	**99,687**	**3,622**	**834**	**104,143**
Of which:				
Current liability	12,700	1,818	936	15,454
Non-current liability	72,305	6,167	5	78,477
Balance at 31 March 2021	**85,005**	**7,985**	**941**	**93,931**
Of which:				
Current liability	2,608	-	66	2,674
Non-current liability	65,903	-	5	65,908
Balance at 1 April 2020	**68,511**	**-**	**71**	**68,582**

Analysis of expected timing of discounted flows – 2021-22

£000	Specific dilapidations	Onerous lease	Other provisions	Total
	Departmental group	Departmental group	Departmental group	Departmental group
Not later than one year	6,307	2,126	828	9,261
Later than one year and not later than five years	24,124	1,496	2	25,622
Later than five years	69,256	-	4	69,260
Balance at 31 March 2022	**99,687**	**3,622**	**834**	**104,143**

Analysis of expected timing of discounted flows – 2020-21

£000	Specific dilapidations	Onerous lease	Other provisions	Total
	Departmental group	Departmental group	Departmental group	Departmental group
Not later than one year	12,700	1,818	936	15,454
Later than one year and not later than five years	17,562	6,167	2	23,731
Later than five years	54,743	-	3	54,746
Balance at 31 March 2021	**85,005**	**7,985**	**941**	**93,931**

Specific dilapidations

A specific dilapidation provision is made where the department is required to bring a property into a good state of repair at the end of a lease. A provision is made for the estimated costs of these repairs based on a rate per square foot, which are subject to annual assessment and, where appropriate, valuation techniques to ensure that amounts recognised are appropriate, adhere to the relevant standard and are supportable. A provision is also written back when not required.

The majority of dilapidations relate to buildings managed by the GPA and occupied by tenants. Where appropriate, the charge is passed on to the occupying tenant and the GPA recognises a receivable balance in respect of these amounts – see note 14. The GPA considers these recharges to be virtually certain.

The department's provision for dilapidations is mostly calculated based on an estimated rate per square metre of floor space for each property, with more detailed physical inspections carried out for leases close to expiry. The rates used are estimated based on historic settlements of dilapidations on expired occupations of similar properties. While holding all other assumptions constant, if the average rate per square metre of floor space was 10% higher (lower), the department's dilapidation provision would increase (decrease) by £9.969 million.

Onerous lease

An onerous lease provision is created where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Amounts recognised are subject to annual assessment and, where appropriate, valuation techniques to ensure that amounts recognised are appropriate, adhere to the relevant standard and are supportable. Where appropriate, the charge is passed on to the occupying tenant and the GPA recognises a receivable balance in respect of these amounts as set out above, with the difference arising from voids being recognised in the CSoCNE.

Other provisions

One contract is in perpetuity, with £500 per year being paid to the Gresham Estate, and is provided for accordingly; the figure for amounts due later than five years is only provided for seven years and therefore reflected as such in the tables on the previous page.

The core department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date.

The department provides for early departure costs when the early retirement programme becomes binding on the department. The provision is discounted by HM Treasury's discount rates for post-employment benefits. All payments have been made against the provision by 31 March 2021.

The Cabinet Office has legal provisions subject to legal privilege for which details are not given to avoid prejudicing the position of the department, of which the likelihood of future outflow of economic resources is considered probable. The financial estimate of this liability has been reliably estimated at £0.828 million.

17 Contingent assets

Legally Privileged

The Cabinet Office has contingent assets subject to legal privilege for which details are not given to avoid prejudicing the position of the department, of which the likelihood of future inflow of economic resources is considered probable. The financial estimate of this inflow has been estimated at between £0.3 million and £0.4 million.

18 Contingent liabilities

IR35

Since April 2017, the responsibility for the assessment of employment status of contingent workers has rested with the department. It is responsible for deciding whether engagements are inside of the off-payroll working rules or not, and informing the fee-paying agency so appropriate deductions can be made.

Since 2019, HM Revenue and Customs has been undertaking compliance work on the Cabinet Office's determinations for workers engaged since April 2017. The department applied the off-payroll rules with care, and is working with HM Revenue and Customs to resolve queries about the assessments.

To date, the audit has found no fault, and the timing of the audit conclusion is unknown. We have disclosed an unquantifiable contingent liability, as the department may be deemed liable for any tax unpaid because of an incorrect determination passed to the fee-paying agency. This could potentially be a material figure to the department.

Legally privileged

The Cabinet Office has contingent liabilities subject to legal privilege for which details are not given to avoid prejudicing the position of the department, of which the likelihood of future outflow of economic resources is considered unlikely. The financial estimate of the maximum exposure under this liability is reliably estimated at less than £1 million.

19 Retirement benefit obligations

Pension liabilities comprise pension benefits for the former chair of the EHRC and former chairs and deputy chairs of legacy commissions. The benefits are provided under a scheme broadly by analogy with the PCSPS. The pension scheme is unfunded, with benefits being paid as they fall due and guaranteed by the commission. There is no fund and therefore no surplus, deficit or assets. The Government Actuary's Department has calculated the scheme liabilities at 31 March 2022.

£000	Total Core department and agency	Total Departmental group
Balance at 1 April 2020	**-**	**1,460**
Provisions utilised in the year	-	(99)
Net interest	-	25
Actuarial (gain) / loss	-	39
Balance at 31 March 2021	**-**	**1,425**
Provisions utilised in the year	-	(141)
Net interest	-	17
Actuarial (gain) / loss	-	120
Balance at 31 March 2022	**-**	**1,421**
Of which:		
Core department and agency	-	-
Arm's length bodies	-	1,421
Balance at 31 March 2022	**-**	**1,421**
Core department and agency	-	-
Arm's length bodies	-	1,425
Balance at 31 March 2021	**-**	**1,425**
Core department and agency	-	-
Arm's length bodies	-	1,460
Balance at 1 April 2020	**-**	**1,460**
Of which:		
Current liability	-	105
Non-current liability	-	1,316
Balance at 31 March 2022	**-**	**1,421**
Current liability	-	100
Non-current liability	-	1,325
Balance at 31 March 2021	**-**	**1,425**
Current liability	-	98
Non-current liability	-	1,362
Balance at 1 April 2020	**-**	**1,460**

Analysis of expected timing of discounted flows – 2021-22

£000	Retirement benefit obligations
	Departmental group
Not later than one year	105
Later than one year and not later than five years	422
Later than five years	894
Balance at 31 March 2022	**1,421**

Analysis of expected timing of discounted flows – 2020-21

£000	Retirement benefit obligations
	Departmental group
Not later than one year	100
Later than one year and not later than five years	410
Later than five years	915
Balance at 31 March 2021	**1,425**

20 Commitments under leases

20.1 Finance leases

There are no obligations under finance leases.

20.2 Operating leases

Operating leases where the Cabinet Office is the lessor

£000	2021-22		2020-21 restated	
	Core department and agency	Departmental group	Core department and agency	Departmental group
Land and buildings				
Not later than one year	193,760	193,478	111,015	110,624
Later than one year and not later than five years	669,801	669,388	365,317	364,682
Later than five years	1,240,071	1,240,071	380,890	380,890
Total	**2,103,632**	**2,102,937**	**857,222**	**856,196**

The GPA leases out all of its properties under operating leases for average lease terms of six years to expiry. The future aggregate minimum rentals excluding contingent rents receivable under non-cancellable leases are as above.

Prior year operating leases with clients have been restated to include leases which were in a rent free period at 31 March 2021.

Operating leases where the Cabinet Office is the lessee

£000	2021-22		2020-21 restated	
	Core department and agency	Departmental group	Core department and agency	Departmental group
Land and buildings				
Not later than one year	116,201	116,400	125,203	125,420
Later than one year and not later than five years	391,419	391,419	442,693	442,892
Later than five years	510,034	510,034	646,863	646,863
Other				
Not later than one year	8,976	8,976	8,932	8,932
Later than one year and not later than five years	34	34	8,862	8,862
Later than five years	-	-	-	-
Total	**1,026,664**	**1,026,863**	**1,232,553**	**1,232,969**

The GPA has various operating leases under non-cancellable operating lease agreements. The average lease term is six years and the majority have the ability to renew at the end of the term at a market rate. The future aggregate minimum payments are as above.

Prior year operating leases with landlords have been restated to include leases which were in a rent free period at 31 March 2021 and expired leases with rolling contract terms and minimum notice periods.

The GPA has arranged to lease a number of hub buildings in the future. As these are under construction and the commitment is currently of uncertain amount and timing, no commitment amounts have been included in the tables above for these hubs.

Included in other operating lease commitments is a dedicated wet lease transport aircraft service for the Prime Minister and ministerial air travel requirements.

21 Commitments under private finance initiative (PFI) contracts and other service concession arrangements

PFI contracts and other service concession arrangements held by the GPA

Property	Onboarded date	Original contract start date	Duration (years)	Description
London, 2 Marsham Street	1 August 2021	March 2002	29	PFI contract covering construction and maintenance of 2 Marsham Street. The contract is for 29 years, expiring in 2032. At the end of the concession period (2032), the Home Office/the GPA will pay the lower of £137.5 million (residual value) or the adjusted open-market value to acquire the long lease.
London, 1 Horse Guards Road	1 October 2021	March 2000	35	PFI contract covering refurbishment and maintenance of 1 Horse Guards Road. Initial contract with HM Treasury and PFI provider was signed in March 2000 for a 35-year term.
London, 100 Parliament Street	1 October 2021	December 2000	35	PFI contract covering refurbishment and maintenance of 100 Parliament Street. Initial contract with HM Revenue and Customs and PFI provider was signed in December 2000 for a 35-year term.

Commitments under PFI and other service concession contracts

Details of the imputed finance lease charges under PFI service concession arrangements recognised in the CSoFP are as follows.

£000	As at 31 March 2022	As at 31 March 2021
Rentals due not later than one year	58,325	-
Rentals due later than one year but not later than five years	219,716	-
Rentals due later than five years	584,844	-
Sub-total	**862,885**	**-**
Less interest element	(369,766)	-
Present value of obligations	**493,119**	**-**

The present value of liabilities under PFI service concession arrangements recognised in the CSoFP are as follows.

£000	As at 31 March 2022	As at 31 March 2021
Rentals due not later than one year	16,448	-
Rentals due later than one year but not later than five years	64,822	-
Rentals due later than five years	411,849	-
Present value of obligations	**493,119**	**-**

The increase in the present value of obligations is due to onboarding PFI liability transfers of £500.757 million in the year. See note 6.4.

Details of the minimum service charge under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

£000	As at 31 March 2022	As at 31 March 2021
Not later than one year	38,594	-
Later than one year but not later than five years	167,485	-
Later than five years	415,414	-
Total service element	**621,493**	**-**

Future commitments are estimates based on assumptions, using the best information available.

Charge to the CSoCNE

The total amount charged in the CSoCNE in respect of on-balance sheet PFI service concession arrangements was £59.8 million for the period to 31 March 2022 (2020-21: £nil). Of this total the fixed and variable service charge element was £24.5 million (2020-21: nil) and the interest charges were £29.7 million (2020-21: £nil). The remaining balance relates to non-contract specific costs.

22 Capital and other financial commitments

22.1 Capital commitments

Contracted capital commitments at 31 March for which no provision has been made and not otherwise included in these financial statements are as follows.

£000	2021-22		2020-21	
	Core department and agency	Departmental group	Core department and agency	Departmental group
Property, plant and equipment	36,615	36,661	8,558	8,891
Intangible assets[30]	18,821	18,821	-	59
Total	**55,436**	**55,482**	**8,558**	**8,950**

The department has entered into non-cancellable contracts (which are not leases or PFI contracts) for capital goods and services. The commitments relate to property modernisation and IT projects.

22.2 Other financial commitments

The total undiscounted future minimum payments to which the department is committed, analysed by the period during which the payments will be made, are as follows.

£000	2021-22		2020-21	
	Core department and agency	Departmental group	Core department and agency	Departmental group
Not later than one year	260,749	260,749	247,665	247,665
Later than one year and not later than five years	556,045	556,045	581,980	581,980
Later than five years	329,986	329,986	439,982	439,982
Total	**1,146,780**	**1,146,780**	**1,269,627**	**1,269,627**

The department has entered into contracts (which are not leases or PFI contracts) for a range of services. The commitments of greatest value relate to the Public Sector Geospatial Agreement, and facilities management, outsourced enterprise resource management and pension arrangements.

Some contracts incorporate performance related adjustments to minimum contractual payments or annual uplifts based on an index, typically the retail price index or consumer price index. These potential adjustments are not reflected in the figures disclosed above.

Other contracts contain usage variability payments to which the department is virtually certain to be committed. In such circumstances forecast usage is used to calculate the commitment and this is reflected in the figures disclosed above.

30 Intangible asset commitments relate to Cabinet Office IT and cross-government IT projects.

23 Related party transactions

The following bodies are regarded as related parties with which the Cabinet Office has had various material transactions during the year.

Within government, the main suppliers to the Cabinet Office were HM Revenue and Customs, the Foreign Commonwealth and Development Office, the Home Office, the Government Legal Department, HM Treasury and the Ministry of Defence.

The main customers of the Cabinet Office were the Ministry of Defence, the Crown Commercial Service, the Home Office, the Department of Health and Social Care, HM Revenue and Customs and the Foreign, Commonwealth and Development Office.

The Crown Commercial Service is an executive agency of the Cabinet Office, with trading fund status. It brings together policy, advice and direct buying, providing commercial services to the public sector and saving money for the taxpayer.

The Cabinet Office is a sponsor of the Civil Service Commission and the EHRC, executive non-departmental public bodies, and of the Registrar of Consultant Lobbyists, a corporation sole. Balances and transactions between the department and its arm's length bodies have been eliminated on consolidation and are not disclosed in this note. Neither the Registrar nor their staff have undertaken any material transactions with registered consultant lobbyists during the year.

The Cabinet Office had five associate companies during the year: SSCL, AXELOS, BIT, IDS and CHDC – see note 10.

The Cabinet Office sold its shares in three associate companies during the year: AXELOS, BIT and IDS.

Commencing November 2013, the Cabinet Office received payroll, HR, finance and procurement services from SSCL. The Cabinet Office's expenditure with SSCL during the 2021-22 financial year was £7.995 million (2020-21: £7.491 million) and it has future commitments with SSCL totalling £12.712 million (2020-21: £17.541 million).

CHDC provides public bodies with a physical space to host their computer servers and systems that are not in the cloud. Cabinet Office expenditure with CHDC during the 2021-22 financial year was £2.102 million (2020-21: £1.071 million).

The names and titles of all the ministers who had responsibilities for the department during the year are provided in the performance report. No minister, board member, key manager or other related party has undertaken any material transactions with the Cabinet Office during the year. Compensation due to key management personnel in the year has been disclosed in the remuneration report.

24 Entities within the departmental boundary

The departmental boundary in this context relates to the boundary of the departmental accounts. The departmental boundary is based on control criteria used by the Office for National Statistics to determine sector classification of the relevant sponsored bodies. Those which are classified to the central government sector are controlled for accountability purposes by one department and are designated for consolidation by that department under statutory instrument.

The following bodies have been designated for consolidation into the Cabinet Office estimates and accounts and are listed in the Designation and Amendment Orders presented to Parliament.

Advisory non-departmental public bodies

The Cabinet Office sponsors a number of advisory non-departmental public bodies that have links to the department but whose work does not contribute directly to the achievement of the department's objectives and whose funding arrangements can be separate.

These advisory non-departmental public bodies provide independent and expert advice to ministers on particular topics of interest. Advisory non-departmental public bodies of the Cabinet Office include:

- Advisory Committee on Business Appointments
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Security Vetting Appeals Panel
- Senior Salaries Review Body
- Social Mobility Commission

Expert committees

Expert committees provide independent and expert advice to the government and ministers. Expert committees of the Cabinet Office include:

- Main Honours Committee
- Geospatial Commission

Executive agency

Government Property Agency – supply financed

The GPA was established on 1 April 2018. It is an executive agency of the Cabinet Office which provides the centralised ownership, control and delivery infrastructure needed to unlock benefits across organisational boundaries. It further positions government to deliver workforce change and wider business transformation, delivering efficiencies and releasing land and property for productive use, including building new homes.

The agency publishes its own annual report and accounts. Further information can be found at: GOV.UK – Government Property Agency.

Non-departmental public bodies with executive powers

Civil Service Commission

The Civil Service Commission in its current form was established by the Constitutional Reform and Governance Act 2010, although the commission has existed as a non-statutory body since 1855. The Act assigns the commission two primary functions: providing assurance that recruitment to the Civil Service is on merit, on the basis of fair and open competition, and hearing and determining appeals made by civil servants under the

Civil Service Code, which sets out the values of the Civil Service – impartiality, objectivity, integrity and honesty – and forms part of the contractual relationship between civil servants and their employer.

As an independent, statutory body the Civil Service Commission publishes its own annual report. Further information can be found at: civilservicecommission.independent.gov.uk; and in the Civil Service Commission annual report and accounts.

Equality and Human Rights Commission

The EHRC is the independent regulator for equality, human rights and good relations in Britain, established by the Equality Act 2006. The commission operates independently and has been awarded an 'A' status as a national human rights institution by the United Nations. It uses unique powers to challenge discrimination, promote equality of opportunity and protect human rights while being ready to take tough action against those who abuse the rights of others.

As an independent, statutory body, the EHRC publishes its own annual report. Further information can be found at: equalityhumanrights.com; and in the EHRC annual report and accounts.

Statutory offices

The Office of the Registrar of Consultant Lobbyists

The Office of the Registrar of Consultant Lobbyists was set up following the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. The Registrar is an independent statutory office, established to keep and publish the register of consultant lobbyists, on which those who lobby on behalf of a third party are required to declare the names of their clients and whether or not they subscribe to a relevant code of conduct. Further information can be found at: GOV.UK – Office of the Registrar of Consultant Lobbyists.

The Office of the Commissioner for Public Appointments

The Office of the Commissioner for Public Appointments is not a non-departmental public body. However, its spending falls within the Cabinet Office budget and therefore it is listed in the Designation Order.

25 Events after the reporting period

In accordance with the requirements of ‘IAS 10: events after the reporting period’, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the accounting officer. This is interpreted as being the date of the certificate and report of the Comptroller and Auditor General to the House of Commons.

Machinery of government transfers

EU and Northern Ireland units to Foreign, Commonwealth and Development Office

In a written Prime Ministerial statement on 24 February 2022, it was announced that responsibility for the UK’s relationship with the European Union, including oversight of the implementation of the Trade and Cooperation Agreement and the Withdrawal Agreement, is being moved to the Foreign, Commonwealth and Development Office. The transfer of responsibilities to the Foreign, Commonwealth and Development Office aligns the UK’s European strategy and bilateral relationships with the department’s diplomatic expertise. The transfer is effective from 1 April 2022.

Brexit Opportunities Unit

In a written Prime Ministerial Statement on 11 October 2022, it was announced that responsibility for union and devolution policy will move to the Cabinet Office under the Chancellor of the Duchy of Lancaster, in his role as Minister for Intergovernmental Relations. It also announced that the Brexit Opportunities Unit will move from the Cabinet Office to sit under the Secretary of State for Business, Energy and Industrial Strategy. These machinery of government changes were due to take effect immediately.

Due to the change in leadership, it was subsequently announced that responsibility for union and devolution policy would remain in the Department for Levelling Up, Housing and Communities. However, the Brexit Opportunities Unit will continue to be transferred to the Department for Business, Energy and Industrial Strategy.

Indemnities

Liquidation of Virtual Infrastructure Group Limited and UKCloud Limited

The government has indemnified the Official Receiver, appointed as Liquidator of Virtual Infrastructure Group Limited and UK Cloud Limited or any related or affiliated companies for actions he undertakes as Receiver in respect of any claims and proceedings that are made against him personally. The indemnity does not extend to any costs which may legitimately be charged to the company or companies in liquidation. This will enable the Official Receiver to ensure the orderly winding up of the group’s activities and in particular safeguard the continuity of public services. The indemnity became effective on 25 October 2022 and may be terminated by government giving not less than 14 days’ notice.

Asset disposals

GOV.UK Platform as a Service

On 12 July 2022, the Chief Executive Officer of Government Digital Service announced that the GOV.UK Platform as a Service will be decommissioned over the next 18 months. The net book value of the intangible asset at the reporting date was £2.292 million.

Government Property Agency

Asset transfers

An inter-departmental freehold property transfer from the Maritime and Coastguard Agency of Spring Place, Southampton was issued in April 2022 with an effective transfer date of 1 April 2022. The net book value of the property on transfer is £10.5 million. Further leasehold improvement transfers have been received from the Ministry of Justice for 102 Petty France, London (£6.723 million); and from the Home Office for Soapworks, Salford (£5.901 million).

Annexes

Annex A: Regulatory reporting: core expenditure tables

An explanation of increases in expenditure and income relating to these tables can be found in the long term expenditure trends section in the performance report.

Table 1 – Cabinet Office total departmental spending 2017-18 to 2024-25

£000	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn[1]	Outturn[1]	Outturn[1]	Outturn[1]	Outturn	Plans	Plans	Plans
Resource DEL								
Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security	-	-	-	-	-	32,037	(8,600)	(8,000)
Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review	62,939	102,632	85,791	67,116	201,901	42,196	-	-
Advance equality of opportunity across the UK	-	-	-	-	-	13,474	-	-
Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions	189,961	206,930	254,081	788,130	377,938	411,473	-	-
Deliver the priorities of the Prime Minister and government	132,326	205,189	268,861	381,936	485,060	289,052	672,906	667,641
Ensure the effective running of the department and contribute to the government's cross-cutting priorities	216,421	82,075	49,096	150,376	124,819	-	-	-
GPA – Executive agency	-	23,165	25,114	33,913	27,992	101,677	-	-
Arm's length bodies (net)	13,305	1,817	19,492	19,205	19,535	17,859	-	-
UK members of the European Parliament[2]	2,038	2,116	2,832	2,232	2,161	-	-	-
Cabinet Office Consolidated Fund extra receipts	(131)	(140)	-			-	-	-

1 Prior year departmental spending has been restated for machinery of government transfers of function. Non-budget expenditure prior year adjustments have not been restated in these tables.
2 It is custom for HM Treasury to provide funding for Consolidated Fund standing services, in this case the salary and pension costs of the UK members of the European Parliament, on an annual basis rather than at Spending Review.

£000	2017-18 Outturn[1]	2018-19 Outturn[1]	2019-20 Outturn[1]	2020-21 Outturn[1]	2021-22 Outturn	2022-23 Plans	2023-24 Plans	2024-25 Plans
Total resource DEL	**616,859**	**623,784**	**705,267**	**1,442,908**	**1,239,406**	**907,768**	**664,306**	**659,641**
Of which:								
Staff costs[3]	337,775	409,723	590,566	662,274	705,653	756,560	775,733	753,716
Purchase of goods and services	227,056	567,294	268,982	1,292,504	1,192,733	1,450,683	683,442	665,693
Income from sales of goods and services[4]	(74,927)	(375,441)	(159,251)	(241,337)	(322,875)	(343,044)	(919,339)	(884,238)
Current grants to local government (net)	23,800	(15)	16,341	19,295	11,948	1,159	-	-
Current grants to persons and non-profit bodies (net)	3,811	1,225	1,876	8,701	2,797	-	-	-
Current grants abroad (net)	1,531	(493)	-	-	-	-	-	-
Rentals	30,650	(7,408)	(48,437)	10,629	8,368	(559,418)	-	-
Depreciation[5]	34,917	51,528	45,267	56,575	77,273	209,464	124,470	124,470
Other resource	32,246	(22,629)	(10,077)	(365,733)	(436,491)	(607,636)	-	-
Resource AME								
Cabinet Office AME	13,975	(1,411)	1,766	4,446	(3,537)	-	-	-
GPA – Executive agency – AME	-	(14,374)	(1,749)	105,851	76,975	-	-	-
Total resource AME	**13,975**	**(15,785)**	**17**	**110,297**	**73,438**	**-**	**-**	**-**
Of which:								
Depreciation[5]	(846)	(1,093)	(1,270)	80,000	93,300	-	-	-
Take-up of provisions	15,518	(14,197)	2,154	30,386	(16,261)	-	-	-
Release of provisions	(697)	(495)	(867)	(89)	(3,601)	-	-	-
Total resource budget	**630,834**	**607,999**	**705,284**	**1,553,205**	**1,312,844**	**907,768**	**664,306**	**659,641**
Of which:								
Depreciation[5]	34,071	50,435	43,997	136,575	170,573	209,464	124,470	124,470

3 In line with HM Treasury guidance, the department is not publishing future staffing and pay plans. These are included in 'purchase of goods and services'.
4 Income is also included against the rentals and other resource lines.
5 Includes impairments.

£000	2017-18 Outturn[1]	2018-19 Outturn[1]	2019-20 Outturn[1]	2020-21 Outturn[1]	2021-22 Outturn	2022-23 Plans	2023-24 Plans	2024-25 Plans
Capital DEL								
Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review	25,198	14,417	11,547	9,352	20,235	20,674	-	-
Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions	86,292	15,031	9,545	194,050	22,666	70,420	-	-
Deliver the priorities of the Prime Minister and government	77,198	90,890	82,028	147,953	126,532	143,600	464,310	485,649
Ensure the effective running of the department and contribute to the government's cross-cutting priorities	4,520	(7,194)	904	1,148	(10)	-	-	-
GPA – Executive agency	-	18,499	7,829	19,748	101,757	884,930	-	-
Arm's length bodies (net)	245	-	-	385	490	500	-	-
Total capital DEL	**193,453**	**131,643**	**111,853**	**372,636**	**271,670**	**1,120,124**	**464,310**	**485,649**
Of which:								
Staff costs (ESA10)[3]	110	-	-	-	-	-	-	-
Purchase of goods and services (ESA10)	75,344	88,391	74,459	191,623	118,844	128,000	-	-
Capital support for local government (net)	2,127	1,000	-	-	-	-	-	-
Capital grants to persons and non-profit bodies (net)	(9,052)	-	(48)	(6)	(9)	-	-	-
Capital receipts from private sector companies	-	(8,515)	-	-	-	-	-	-
Purchase of assets	124,955	64,778	39,809	580,306	168,227	992,124	464,310	485,649
Income from sales of assets	(31)	(7)	(39)	12,373	870,993	-	-	-
Other capital	-	(14,004)	(2,328)	(411,660)	(886,385)	-	-	-
Total capital budget	**193,453**	**131,643**	**111,853**	**372,636**	**271,670**	**1,120,124**	**464,310**	**485,649**
Total departmental spending[6]	**790,216**	**689,378**	**773,011**	**1,788,814**	**1,413,941**	**1,818,428**	**1,004,146**	**1,020,820**
Of which:								
Total DEL	775,395	703,899	771,853	1,758,969	1,433,803	1,818,428	1,004,146	1,020,820
Total AME	14,821	(14,692)	1,287	30,297	(19,862)	-	-	-

6 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Table 2 – Cabinet Office administration budget 2017-18 to 2024-25

£000	2017-18 Outturn[7]	2018-19 Outturn[7]	2019-20 Outturn[7]	2020-21 Outturn[7]	2021-22 Outturn	2022-23 Plans	2023-24 Plans	2024-25 Plans
Resource DEL								
Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security	-	-	-	-	-	5,873	(8,600)	(8,000)
Secure a safe, prosperous and resilient UK by coordinating national security and crisis response, realising strategic advantage through science and technology, and the implementation of the Integrated Review	27,780	30,687	34,172	12,985	24,982	25,878	-	-
Advance equality of opportunity across the UK	-	-	-	-	-	13,350	-	-
Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions	46,651	39,675	46,281	51,590	63,522	207,202	-	-
Deliver the priorities of the Prime Minister and government	104,220	126,724	138,004	134,101	352,258	104,487	413,868	403,868
Ensure the effective running of the department and contribute to the government's cross-cutting priorities	65,649	68,239	81,212	117,340	122,815	-	-	-
Government Property Agency – Executive agency	-	8,348	13,089	33,913	27,992	101,677	-	-
Arm's length bodies (net)	10,325	1,647	13,874	14,090	14,734	13,102	-	-
Total administration budget	**254,625**	**275,320**	**326,632**	**364,019**	**606,303**	**471,569**	**405,268**	**395,868**
Of which:								
Staff costs[8]	246,609	288,885	424,205	467,727	513,312	555,076	581,016	563,750
Purchase of goods and services	224,607	326,493	320,478	343,908	591,792	937,856	315,986	306,355
Income from sales of goods and services[9]	(56,027)	(332,856)	(111,964)	(141,406)	(210,634)	(303,331)	(576,252)	(558,755)
Current grants to local government (net)	-	-	-	400	-	-	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	516	-	-	-
Rentals	14,677	(10,521)	26,779	10,680	941	(559,418)	-	-
Depreciation[10]	12,985	20,528	18,937	17,874	43,641	155,586	84,518	84,518
Other resource	(188,226)	(17,209)	(351,803)	(335,164)	(333,265)	(314,200)	-	-

7 Prior year departmental spending has been restated for machinery of government transfers of function. Non-budget expenditure prior year adjustments have not been restated in these tables.
8 In line with HM Treasury guidance, the department is not publishing future staffing and pay plans. These are included in 'purchase of goods and services'.
9 Income is also included against the rentals and other resource lines.
10 Includes impairments.

Annex B: Report on the use of powers under section 70 of the Charities Act 2006

This report is presented pursuant to the Charities Act 2006, section 70, which enables a minister to align the provision of financial assistance to charitable, benevolent or philanthropic institutions.

As with all grant funding in the Cabinet Office, emphasis is placed on providing value for money. Grants paid under the Charities Act are monitored to ensure that recipients deliver the objectives of individual projects, as well as contributing to the strategic aims of the department.

Throughout 2021-22, the Cabinet Office has made grants totalling £0.981 million (2020-21: £0.266 million) to organisations under the provisions of the Charities Act 2006. In all cases, the funding matched the aims and objectives of the Cabinet Office, as well as those of the recipients. This spending does not represent the total amount of grant funding provided to the voluntary and community sector, as some other grants have been paid to this sector under the powers conferred by alternative legislation. The most significant grants were paid to the organisations mentioned below.

A grant of £0.475 million was paid to Cobseo – the Confederation of Service Charities. The purpose of the grant is to develop and implement a digital and data strategy to support and improve the public services available to the veteran community.

A grant of £0.250 million was paid to the Royal British Legion Industries Limited. The purpose of the grant is to contribute to the delivery of the Veterans Gateway Service. This is a non-political service providing a first point of contact for veterans and their families seeking advice and support.

A grant of £0.110 million was paid to the Charity for Civil Servants. The purpose of the grant is to assist the charity to alleviate hardship among serving and former civil servants, their families and dependents, through the provision of financial assistance and other support and wellbeing services in accordance with the charity's objectives.

A grant of £0.100 million was paid to the Civil Service Sports Council to encourage and co-ordinate the pursuit by all its affiliated organisations of all forms of sport and recreation throughout the Civil Service in accordance with the rules of the Civil Service Sports Council.

A grant of £0.030 million was paid to the Food, Farming and Countryside Commission to assist with delivering the national land and data programme to improve access to location data for land use decisions.

A grant of £0.010 million was paid to the Gender and Development Network to facilitate the delivery of the W7 Summit in April 2021, including speaker fees and note takers. This supported the production of the W7's recommendations to the G7.

A grant of £0.004 million was paid to the British Irish Association. The purpose of the grant is to contribute to the costs associated with hosting the British Irish Association annual conference.

Annex C: Reporting of information on arm's length bodies

The department is required to report total operating income, total operating expenditure and net expenditure for the year and staff numbers and costs for each component arm's length body.

				Permanently employed staff		Other staff	
	Total operating expenditure	Total operating income	Net expenditure for the year	Number of employees	Staff costs	Number of employees	Staff costs[11]
	£000	£000	£000	Number	£000	Number	£000
Core department	1,796,556	(589,354)	1,207,202	9,554	636,489	454	50,899
Executive agency – GPA	1,030,735	(1,233,936)	(203,201)	246	16,581	28	6,771
Arm's length body – EHRC	17,512	(145)	17,367	191	11,876	25	323
Arm's length body – Civil Service Commission	2,179	-	2,179	22	1,150	-	-
Arm's length body – Registrar of Consultant Lobbyists	283	(177)	106	3	143	-	-
Group eliminations	(79,348)	63,371	(15,977)	-	26	-	(2,413)
Total	**2,767,917**	**(1,760,241)**	**1,007,676**	**10,016**	**666,265**	**507**	**55,580**

11 Other staff includes temporary and agency staff costs. Temporary and agency staff are not included in the number of employees.

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