

# Cabinet Office

## Introduction

This Supplementary Estimate is required for the following purposes:

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Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
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### Resource DEL

#### Budget Cover Transfers

i. (Section A1): A transfer to Support to the Cabinet, PM and Deputy PM from Department for Communities and Local Government (DCLG) to cover staff costs in the Cities Policy Unit	100,000		
ii. (Section C4): A transfer to National Security from Security and Intelligence Agencies to cover the management of an information assurance programme	3,164,000		
iii. (Section C1): A transfer to National Security from Security and Intelligence Agencies to cover staff costs for managing the Cyber Security Programme	200,000		
iv. (Section C4): A transfer to National Security from Security and Intelligence Agencies to cover funding for the payments made to the National Archives.	174,000		
v. (Section C4): A transfer to National Security from Security and Intelligence Agencies to cover funding for Civil Contingencies.	100,000		
vi. (Section D4): A transfer to Efficiency and Reform from Security and Intelligence Agencies to cover Public Services Network Cyber Security	2,623,000		
vii. (Section D1): A transfer to Efficiency and Reform from the Department for International Development as a contribution to the cross government Whitehall accommodation review	11,700,000		

viii. (Section D4): A transfer to Government Digital Service from Security and Intelligence Agencies to cover ID Assurance	5,500,000	
ix. (Section D4): A transfer to Efficiency and Reform Unit from the Department of Health to cover the Dementia Project	300,000	
x. (Section F1): A transfer to Corporate Services for the Implementation Unit from HM Treasury to cover accommodation costs	400,000	
xi. (Section C4): A budget cover transfer from Foreign and Commonwealth Office to provide funding for the Joint Intelligence Organisation to subscribe to commercial Open Source analytical data.	67,000	
<b><u>Transfers</u></b>		
xii. (Sections C1:C4): transfer from Administration to programme within National Security	1,249,000	-1,249,000
xiii. (Sections D4:D7): A transfer from RDEL programme to CDEL to cover the capitalisation of costs related to the development of gov.uk		-2,750,000
xiv. (Sections D4:F7): A transfer from RDEL programme to Capital DEL to cover capital expenditure on modernising the Cabinet Office freehold estate		-3,050,000
xv. (Sections F1:F7): A transfer from administration within resource DEL to capital DEL to cover additional capital expenditure on modernising the Cabinet Office freehold estate		-1,000,000
xvi. (Sections D4:D7): A transfer from RDEL programme to Capital DEL to cover capitalisation of costs related to the development of gov.uk		-450,000
xvii. (Sections F1:B4): A transfer from administration within Corporate Services Group to Programme within Political and Constitutional Reform to cover delegated budget within RDEL	316,000	-316,000
xviii. (Sections F1:D4): A transfer from administration within Corporate Services Group to Programme within Efficiency and Reform to cover delegated budgets within RDEL	6,312,000	-6,312,000

xix. (Sections F1:D4): A transfer from administration Corporate Services Group to programme in Efficiency and Reform to cover depreciation costs in programme	2,100,000	-2,100,000
xx. (Sections F1:A4): A transfer from administration Corporate Services Group to programme Support to the Cabinet, the PM and the Deputy PM to cover GREAT programme	500,000	-500,000
xxi. (Sections H4:A4): A transfer from Non Voted resource DEL Consolidated Fund Standing Services to Voted resource DEL to cover the costs of the GREAT programme	1,000,000	
xxii. (Sections F1:C4): A transfer from within Corporate Services Group administration to cover funding for Civil Contingencies within National Security programme.	140,000	-140,000

### **Neutral changes**

### **Increase in income offset by increase in expenditure**

xxiii. (Sections A1:A2): A reduction in administration income offset by administration expenditure	1,152,000	-1,152,000
xxiv. (Sections B1:B2): A reduction in administration income for recovery of secondee costs offset by administration expenditure	210,000	-210,000
xxv. (Sections C1:C2): A decrease in income offset by expenditure within the administration budget	1,322,000	-1,322,000
xxvi. (Sections D1:D2): An increase in administration expenditure offset administration by income to cover mainly Next Generation HR	3,585,000	-3,585,000
xxvii. (Sections E1:E2): An increase in administration income offset by administration expenditure	38,000	-38,000
xxviii. (Sections F1:F2): An increase in administration income offset by administration expenditure relating mainly to the management of the Principal Civil Service Pension Scheme	29,776,000	-29,776,000

xxix. (Sections C4:C5): An increase in programme income offset by programme expenditure relating to recovery of secondee costs	625,000	-625,000
xxx. (Sections D4:D5): An increase in programme income offset by programme expenditure relates mainly to ICT resource pool	3,890,000	-3,890,000
xxxi. (Sections E4:E5): An increase in programme income offset by programme expenditure relating to Iraq and Detainee Inquiries	1,554,000	-1,554,000
xxxii. (Sections F1:A1): A transfer within administration from Corporate Services Group to Support to the Cabinet, the PM and the Deputy PM to cover the costs of the Implementation Unit	2,000,000	-2,000,000
xxxiii. (Sections A4:D4): A transfer within programme to bring budgets in line with internal delegations	1,379,000	-1,379,000
xxxiv. (Sections F1:A1): A transfer within administration to bring budgets in line with internal delegations	3,752,000	-3,752,000
xxxv. (Sections F1:B1): A transfer within administration to bring budgets in line with internal delegations	214,000	-214,000
xxxvi. (Sections C4:B4): A transfer within programme RDEL to bring in line with internal delegated budgets issued	582,000	-582,000
xxxvii. (Sections C4:E4): A transfer within programme to bring in line with internally delegated budgets issued	100,000	-100,000
xxxviii. (Sections C4:D4): A transfer within programme RDEL to bring budgets in line with internal delegated budget issued	3,584,000	-3,584,000
xxxix. (Sections F1:E1): A transfer within administration to bring budgets in line with internal delegated budget issued.	36,000	-36,000
xl. (Sections D1:F1): A transfer within RDEL administration to bring budget in line with internal delegations	29,664,000	-29,664,000

xli. (Sections F1:C1): A transfer within administration to bring budgets in line with internal delegations	399,000	-399,000	
xlii. (Sections F1:E1): A transfer within administration to bring budgets in line with internally delegated budgets	422,000	-422,000	
xliii. (Sections F1:G1): A transfer within administration to bring budgets in line with internally delegated budgets	117,000	-117,000	
<b>Total change in Resource DEL (Voted)</b>	<b>120,346,000</b>	<b>-102,268,000</b>	<b>18,078,000</b>
xliv. (Sections H4:A4): A transfer from Non Voted resource DEL Consolidated Fund Standing Services to Voted resource DEL to cover the costs of the GREAT programme		-1,000,000	
<b>Total change in Resource DEL (Non-Voted)</b>		<b>-1,000,000</b>	<b>-1,000,000</b>

### **Capital DEL**

#### **Budget Cover Transfers**

i. (Section D7): A transfer from Security and Intelligence Agencies to cover capital expenditure for Public Services Network Cyber Security	692,000		
ii. (Section F7): A transfer from Security and Intelligence Agencies to cover capital expenditure for Cyber Security and Civil Contingencies	134,000		
iii. (Section F7): A transfer to Department for Energy and Climate Change to cover the repayment of an energy efficiency grant.		-228,000	
iv. (Section F7): A transfer to HM Treasury to cover Joint ICT projects		-5,300,000	

#### **Transfers**

v. (Sections D4:F7): A transfer from programme within Resource DEL to cover capital expenditure on modernising the Cabinet Office freehold estate	3,050,000		
vi. (Sections D4:D7): A transfer from programme within Resource DEL to cover capitalisation of costs related to the development of gov.uk	450,000		

vii. (Sections F1:F7): A transfer from administration within Resource DEL to cover capital expenditure on the modernising of the Cabinet Office Freehold Estate 1,000,000

viii. (Sections D4:D7): A transfer from programme within RDEL to CDEL to cover capitalisation costs related to the development of gov.uk 2,750,000

### **Neutral changes**

#### **Increases in income offset by increase in expenditure**

ix. (Sections F7:F8): An increase in income offset by expenditure to cover receipts received from Westminster City Council in relation to a rebate for Government Security Zone 19,000 -19,000

### **Reclassification changes**

x. (Sections F7:A7): A transfer within capital DEL from the Corporate Service Group to Support to the Cabinet, the PM and Deputy PM to bring in line capital expenditure with internal delegations 1,203,000 -1,203,000

<b>Total change in Capital DEL (Voted)</b>	<b>9,298,000</b>	<b>-6,750,000</b>	<b>2,548,000</b>
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i. Increase in Net Resource Requirement and Resource DEL. 17,078,000

ii. Increase in Net Capital Requirement and Capital DEL. 2,548,000

iii. Increase in accruals to cash adjustments primarily to settle creditors forecast to decrease since 31 March 2012. 20,054,000

iv. Decrease in non-voted budget items removed 1,000,000

<b>Total change in Net Cash Requirement</b>	<b>40,680,000</b>		<b>40,680,000</b>
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**Part I**

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	Voted	Non-Voted	Total
<b>Departmental Expenditure Limit</b>			
Resource	18,078,000	-1,000,000	17,078,000
Capital	2,548,000	-	2,548,000
<b>Annually Managed Expenditure</b>			
Resource	-	-	-
Capital	-	-	-
<b>Total Net Budget</b>			
Resource	18,078,000	-1,000,000	17,078,000
Capital	2,548,000	-	2,548,000
<b>Non-Budget Expenditure</b>	-		
<b>Net cash requirement</b>	<b>40,680,000</b>		

Supplementary amounts required in the year ending 31 March 2013 for expenditure by Cabinet Office on:

**Departmental Expenditure Limit:**Expenditure arising from:

Administration and operation of the department in connection with the following functions:

Providing the government's co-ordination function with an overarching purpose of making government work better and more efficiently;

Supporting the Prime Minister and Deputy Prime Minister - to define and deliver the government's objectives, implement political and constitutional reform, and drive forward from the centre particular cross-departmental priority issues;

Supporting the Cabinet - to drive the coherence, quality and delivery of policy and operations across departments; and

Strengthening the Civil Service - to ensure the Civil Service is organised effectively and efficiently and has the capability in terms of skills, values and leadership to deliver the government's objectives, including ensuring value for money to the taxpayer.

Working with the Treasury to drive efficiency and reform across the public sector.

Political and constitutional reform includes: costs in relation to constitutional offices; re-imburement of Lord Lieutenants' expenses; constitutional issues; electoral policy and administration, in particular costs in relation to the policy on the conduct of all UK Parliamentary and European elections and certain referendums in the UK, and the administration of payments to returning officers from the Consolidated Fund; payments relating to the Representation of the People Act 1983 and other electoral legislation; costs arising from the implementation of Individual Electoral Registration; policy on the financing and regulation of political parties; Parliamentary Boundary Commissions for England & Wales; research into constitution settlement/devolution, including costs of a Commission to consider the West Lothian Questions; costs associated with a programme of constitutional and political reform, including recall of MPs and a statutory register of lobbyists; costs associated with the House of Lords reform.

Costs in relation to the Privy Council Office.

Development and implementation of programmes to promote the building of the Big Society, including through direct support to civil society organisations and which includes development of the Big Society Bank, National Citizen Service, the Transition Fund, the Mutuals Support Programme and community based funding, across the UK.

Supporting not-for-profit bodies associated with the public service: Civil Service Benevolent Fund, Civil Service Retirement Fellowship, Civil Service Sports Council and the Chequers Trust.

Providing a professional procurement service to the public sector to enable organisations to deliver improved value for money in their commercial activities.

The management of the Government's property portfolio.

Shares in mutual joint ventures granted to employees and held within Employees Benefits Trusts on employees' behalf; issue of loans to mutual joint ventures and issue of financial guarantee contracts.

Expenditure incurred in providing marketing and communications services to Government, advising on marketing and communications policy and setting up a function to evaluate the impact of marketing on policy outcomes. Providing strategic advice to departments and agencies on achieving their communications objectives, and supplying directly those services that, for propriety or other reasons, can only be provided by a government organisation.

Expenditure by executive non-departmental public body, the Civil Service Commission. Expenditure by advisory non-departmental public bodies.

Payments to and relating to former Prime Ministers.

Special payments.

Expenditure on non-current assets including property and other financial assets, such as loans and investments, and the issue of capital grants in kind on transfer of assets to other government departments for nil consideration.

Depreciation and notional audit fee and associated non-cash items in DEL.



Income arising from:

Rental income and receipts from property and land, sales of goods and services, sale or the use of rights and assets, recoverable management costs of the Principal Civil Service Pension Scheme and income from employers participating in the Principal Civil Service Pension Scheme to cover administration of the scheme, secondment and loan payments, training courses, learning and development activities and related consultancy work, Honours and Appointments, Office for Civil Society programmes, repayment of grants and subsidies, sales of publications and consultancy services, interest receivable, shared services income, cost sharing arrangements, receipts of dividends, sales of capital and non-capital assets, and repayment of loan principal by the London Hostels Association and Bridges Social Entrepreneurs' Fund LP, income on receipt of donated assets, receipts from staff, rebates from suppliers, annual subscriptions from government departments and their Arms Length Bodies for the use of shared communications services in media monitoring, the provision of a regional news network, and for shared services in media planning, media buying and evaluation of the effectiveness of marketing spend, and sales of financial assets and proceeds on the sale of shares in mutual joint ventures to the private sector.

\* income on disposal of donated assets.

**Annually Managed Expenditure:**Expenditure arising from:

Provisions for early departures, dilapidations, onerous contracts and doubtful debts, write off of bad debt, revaluation of assets and depreciation on donated assets and associated non-cash items in AME.

**Cabinet Office** will account for this Estimate.

## Part II: Changes Proposed

£'000

Net Resources						Net Capital		
Present		Changes		Revised		Present	Changes	Revised
Admin	Prog	Admin	Prog	Admin	Prog			
1	2	3	4	5	6	7	8	9
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<b>Voted Expenditure</b>								
198,651	208,703	783	17,295	199,434	225,998	20,626	2,548	23,174
<i>Of which:</i>								
A Support to the Cabinet, the PM & the Deputy PM								
45,861	4,537	5,852	121	51,713	4,658	-	1,203	1,203
B Political & Constitutional Reform								
4,387	6,606	214	898	4,601	7,504	3,000	-	3,000
C National Security								
16,460	30,417	-650	628	15,810	31,045	-	-	-
D Efficiency and Reform								
59,121	167,143	-17,964	15,548	41,157	182,691	8,876	3,892	12,768
E Hosted Functions								
1,368	-	458	100	1,826	100	-	-	-
F Corporate Services Group								
70,371	-	12,756	-	83,127	-	8,750	-2,547	6,203
G eNDPBs (NET)								
1,083	-	117	-	1,200	-	-	-	-
<b>Non Voted Expenditure</b>								
-	3,143	-	-1,000	-	2,143	-	-	-
<i>Of which:</i>								
H Consolidated Fund Standing Services (CFSS)								
-	3,143	-	-1,000	-	2,143	-	-	-
<b>Total Spending in DEL</b>								
		<b>783</b>	<b>16,295</b>			<b>2,548</b>		
<b>Total for Estimate</b>								
		<b>783</b>	<b>16,295</b>			<b>2,548</b>		
<i>Of which:</i>								
<b>Voted Expenditure</b>								
		783	17,295			2,548		
<b>Non Voted Expenditure</b>								
		-	-1,000			-		

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	£'000		
	Present Plans	Changes	Revised Plans
<b>Net Cash Requirement</b>	<b>441,339</b>	<b>40,680</b>	<b>482,019</b>

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## Part II: Revised subhead detail including additional provision

£'000

<b>Revised Plans</b>								
<b>Resources</b>						<b>Capital</b>		
<b>Administration</b>			<b>Programme</b>					
<b>Gross</b>	<b>Income</b>	<b>Net</b>	<b>Gross</b>	<b>Income</b>	<b>Net</b>	<b>Gross</b>	<b>Income</b>	<b>Net</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<b>Voted expenditure</b>								
300,490	-101,056	199,434	239,090	-13,092	225,998	75,358	-52,184	23,174
<i>Of which:</i>								
A Support to the Cabinet, the PM & the Deputy PM								
60,044	-8,331	51,713	4,658	-	4,658	1,203	-	1,203
B Political & Constitutional Reform								
4,601	-	4,601	7,504	-	7,504	3,000	-	3,000
C National Security								
16,163	-353	15,810	32,556	-1,511	31,045	-	-	-
D Efficiency and Reform								
80,077	-38,920	41,157	192,718	-10,027	182,691	20,768	-8,000	12,768
E Hosted Functions								
1,864	-38	1,826	1,654	-1,554	100	-	-	-
F Corporate Services Group								
136,541	-53,414	83,127	-	-	-	50,387	-44,184	6,203
G eNDPBs (NET)								
1,200	-	1,200	-	-	-	-	-	-
<b>Non-voted expenditure</b>								
-	-	-	2,143	-	2,143	-	-	-
<i>Of which:</i>								
H Consolidated Fund Standing Services (CFSS)								
-	-	-	2,143	-	2,143	-	-	-
<b>Total Spending in DEL</b>								
<b>300,490</b>	<b>-101,056</b>	<b>199,434</b>	<b>241,233</b>	<b>-13,092</b>	<b>228,141</b>	<b>75,358</b>	<b>-52,184</b>	<b>23,174</b>

<b>Spending in Annually Managed Expenditure (AME)</b>									
<b>Voted expenditure</b>									
-	-	-	5,480	-	5,480	-	-	-	-
<i>Of which:</i>									
I Corporate Services Group (AME)									
-	-	-	5,480	-	5,480	-	-	-	-
<b>Total Spending in AME</b>									
-	-	-	5,480	-	5,480	-	-	-	-
<b>Total for Estimate</b>									
300,490	-101,056	199,434	246,713	-13,092	233,621	75,358	-52,184	23,174	
<i>Of which:</i>									
<b>Voted Expenditure</b>									
300,490	-101,056	199,434	244,570	-13,092	231,478	75,358	-52,184	23,174	
<b>Non Voted Expenditure</b>									
-	-	-	2,143	-	2,143	-	-	-	-

## Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
<b>Net Resource Requirement</b>	<b>415,977</b>	<b>17,078</b>	<b>433,055</b>
<b>Net Capital Requirement</b>	<b>20,626</b>	<b>2,548</b>	<b>23,174</b>
<b>Accruals to cash adjustments</b>	<b>7,879</b>	<b>21,254</b>	<b>29,133</b>
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-23,900	-2,550	-26,450
New provisions and adjustments to previous provisions	-	-1,295	-1,295
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-313	-612	-925
<i>Adjustment for NDPBs:</i>			
Remove voted resource and capital	-1,083	-117	-1,200
Add cash grant-in-aid	1,083	117	1,200
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-
Increase (-) / Decrease (+) in creditors	32,092	20,166	52,258
Use of provisions	-	4,345	4,345
<b>Removal of non-voted budget items</b>	<b>-3,143</b>	<b>1,000</b>	<b>-2,143</b>
<i>Of which:</i>			
Consolidated Fund Standing Services	-3,143	1,000	-2,143
Other adjustments	-	-	-
<b>Net Cash Requirement</b>	<b>441,339</b>	<b>40,680</b>	<b>482,019</b>

## Part III: Note A - Statement of Comprehensive Net Expenditure & Reconciliation Table

£'000

	Revised Plans
Gross Administration Costs	293,785
<i>Less:</i>	
Administration DEL Income	-101,056
<b>Net Administration Costs</b>	<b>192,729</b>
Gross Programme Costs	310,692
<i>Less:</i>	
Programme DEL Income	-21,111
Programme AME Income	-
Non-budget income	-
<b>Net Programme Costs</b>	<b>289,581</b>
<b>Total Net Operating Costs</b>	<b>482,310</b>
<i>Of which:</i>	
Resource DEL	418,727
Capital DEL	51,398
Resource AME	9,825
Capital AME	-
Non-budget	2,360
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-
<i>Adjustments to remove:</i>	
Capital in the SoCNE	-51,398
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	-
Other adjustments	2,143
<b>Total Resource Budget</b>	<b>433,055</b>
<i>Of which:</i>	
Resource DEL	427,575
Resource AME	5,480
<i>Adjustments to include:</i>	
Prior period adjustments	-
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
<b>Total Resource (Estimate)</b>	<b>433,055</b>

## Part III: Note B - Analysis of Departmental Income

£'000

Revised  
Plans

<b>Voted Resource DEL</b>	<b>-114,148</b>
<i>Of which:</i>	
Administration	
Sales of Goods and Services	-97,902
<i>Of which:</i>	
A Support to the Cabinet, the PM & the Deputy PM	-7,598
D Efficiency and Reform	-38,920
F Corporate Services Group	-51,384
Other Income	-3,154
<i>Of which:</i>	
A Support to the Cabinet, the PM & the Deputy PM	-733
C National Security	-353
E Hosted Functions	-38
F Corporate Services Group	-2,030
Total Administration	<u>-101,056</u>
 Programme	
Sales of Goods and Services	-10,571
<i>Of which:</i>	
C National Security	-1,511
D Efficiency and Reform	-7,506
E Hosted Functions	-1,554
Interest and Dividends	-2,521
<i>Of which:</i>	
D Efficiency and Reform	-2,521
Total Programme	<u>-13,092</u>
 <b>Total Voted Resource Income</b>	 <b><u>-114,148</u></b>



<b>Voted Capital DEL</b>	<b>-52,184</b>
<i>Of which:</i>	
Programme	
Sales of Assets	-44,145
<i>Of which:</i>	
F Corporate Services Group	-44,145
Other Grants	-8,019
<i>Of which:</i>	
D Efficiency and Reform	-8,000
F Corporate Services Group	-19
Repayments	-20
<i>Of which:</i>	
F Corporate Services Group	-20
Total Programme	<u>-52,184</u>
<b>Total Voted Capital Income</b>	<b><u>-52,184</u></b>

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### **Part III: Note C - Analysis of Consolidated Fund Extra Receipts**

No CFER income or receipts are expected in 2012-13.

## Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following individuals are responsible for the expenditure within this Estimate:

**Accounting Officer:** Richard Heaton

In accordance with Chapter 3 of Managing Public Money (issued by the Treasury), the following individuals are NDPB Accounting Officer appointments:

**ALB/NDPB Accounting Officers:**

Clare Salters Chief Executive, Civil Service Commission

Richard Heaton has personal responsibility for the proper presentation of the department's resource accounts and their transmission to the Comptroller & Auditor General, and is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities, particular regard is given to:

- observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the Financial Reporting Manual (FRoM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for regularity and propriety of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are also set out in Chapter 3 of Managing Public Money.

In accordance with Managing Public Money requirements, the relationship between the Principal Accounting Officer and Additional Accounting Officer(s), and with their Ministers, together with their respective responsibilities, is set out in writing. Similarly, the relationship between the Principal/Additional Accounting Officer and the NDPB Accounting Officer(s) is set out in writing.

**Part III: Note E - Non-Departmental Public Bodies**

£'000

<b>Section in Part II: Subhead Detail</b>	<b>Body</b>	<b>Resources</b>	<b>Capital</b>	<b>Grant-in-aid</b>
G1	Civil Service Commission	1,200	-	1,200
<b>Total</b>		<b>1,200</b>	<b>-</b>	<b>1,200</b>

## Part III: Note G - Expenditure resting on the sole authority of the Supply and Appropriation Act

The following subheads contain provision sought under the sole authority of Part I of the Estimate and of the confirming Supply and Appropriation Act

Section in Part II: Subhead Detail	Service	£'000
A4	Grants made by the Cabinet Office	727
D4	Grants made by the Cabinet Office	1,375
D4	Grants made by the Office for Civil Society	6,669

### **Part III: Note I - Gifts**

The Minister for the Cabinet Office has transferred all rights and obligations under the freehold and associated agreements for 22/26 Whitehall, London SW1A 2WH to The Secretary of State for International Development (DfID). This inter-departmental transfer of civil estate property took place at fair value and for £nil consideration. The Cabinet Office has issued a capital grant in kind to DfID equal to the fair value of the asset at the point of transfer and thus the transfer is budget neutral. The fair value of the property at the date of transfer was £44.145 million on the assumption that the property is sold as part of the continuing enterprise in occupation with vacant possession.

## Part III: Note K - Contingent Liabilities

Nature of liability	£'000
<p><b>1.</b> The Cabinet Office has signed an Agreement to Lease Admiralty Arch on a long lease for 99 years to a private sector developer, Prime Investors Capital Limited who will transform the property into an hotel. The Cabinet Office will retain the freehold of the property and the deal will raise £60 million for taxpayers.</p> <p>Consequently, a contingent liability has arisen in respect of the future crystallisation of an uninsured risk to the lessee who purchases the long lease. In the event that the building is lost (for example, through fire or terrorist act), the lessee may exercise a PUT option against the Cabinet Office as landlord to suspend the lease and reclaim the value of the unexpired portion of the lease payment. The property will then revert to the Cabinet Office. The Cabinet Office is putting in place contract management and partnership relationship mechanisms to ensure that the lessee does not allow unreasonable uninsured risks to arise.</p> <p>The estimated initial value of the contingent liability is £9.5 million being the unexpired portion of the lease payment; this will reduce as the lease progresses.</p>	9,500
<p><b>2.</b> The Cabinet Office has been approached by the Trustees of the Labour Party Superannuation Society in relation to a section 75 debt under the UK Pensions Act 1995 (s75 debt). Legislation provides when an employer ceases to participate in a pension scheme it is liable for its share of the deficiency at that time. The employees who have participated in the pension scheme were special advisors from 1997 up to the last general election and the debt relates to those special advisors employed by the Cabinet Office who were members of the Pension Scheme. The scheme claims that following the departure of the last two special advisors who were members of the scheme just before the general election, that under s75 debt, 'the crown' as the former employer must make a payment to cover any shortfall in the funding for the benefits built up in the society for its former employees. The Society's actuary Hewitt Associates Limited has confirmed a funding shortfall does exist in the society.</p>	1,000

The probable value of this 'contingent liability' is in the region of £0.5 million and £1 million.

