
Cabinet Office

Annual Report and Accounts
2011-12
(For the year ended 31 March 2012)

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

*Annual Report presented to the House of Commons by Command of Her
Majesty*

*Ordered by the House of Commons to be printed on
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This is part of a series of Annual Reports and Accounts which, along with the Main Estimates 2012-13 and the document Public Expenditure: Statistical Analyses 2011, present the Government's outturn and planned expenditure for 2012-13.

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FOREWORD BY RT. HON FRANCIS MAUDE MP, MINISTER FOR THE CABINET OFFICE

During 2011-12 the Cabinet Office solidified its role right at the centre of the Government, driving the efficiency and reform agenda across Whitehall, leading the programme of Civil Service Reform, building a bigger society, and protecting our national security.

The Efficiency and Reform Group – with a primary mission of saving the taxpayer money – has already achieved a great deal. This Government inherited the biggest budget deficit in Britain’s peacetime history and we had no choice but to radically reform the way that Government operates. Our work on procurement, property and ICT, through to Major Projects Authority and Fraud, Error and Debt is ensuring we achieve the savings required. So far we have supported departments in making unprecedented savings. In the first ten months made £3.75 billion of cash savings and last year this was at least £5 billion.

But despite these successes and our important contribution towards tackling the deficit, there remains much more to do. We are expanding our ambitions about the savings we can achieve for taxpayers. This Government will not repeat the mistakes of the past, throwing good money after bad on poorly managed projects, disconnected operational functions, wasteful IT, uncollected debt, unaddressed fraud and out-dated processes. The Cabinet Office is crucial to driving this agenda of efficiency and reform.

Our Department is leading the way in ensuring that Whitehall learns from the best practice of business. We are improving the Government’s Management Information – making it more consistent, more reliable and more comparable to drive efficiency savings and inform decision making. Without accurate Management Information, Ministers and Officials are left comparing one Department’s apples with another’s oranges. Worse still if metrics change every year this year’s apples don’t even equate to last year’s.

But our reforms aren’t just about saving money. We are also introducing reforms which will improve the public services on which we all rely. One part of the Cabinet Office is helping the United Kingdom realise the potential of digital service delivery, another part is supporting nurses, social workers and other frontline workers create mutuals to better serve their customers. And the Cabinet Office is coordinating our Open Data and transparency agenda. Britain is at the fore of a global movement towards increasing access to data – to open up government, build growth and inform choice over public services.

All of our work on efficiency and reform is complemented by the sterling work of the secretariats, which has continued to make Cabinet Office the hub of government’s capacity to deal with complex challenges, and deliver accountable, implementable decision-making for Cabinet. Meanwhile the Department is working on reforming our political system, strengthening our civil contingencies, the pilots of the National Citizen Service, and protecting our cyber security.

The challenges we face are ongoing but I am sure that the Cabinet Office will rise to these challenges with the same determination, skill and commitment that characterise its work.



The Rt Hon. Francis Maude MP

ABOUT THIS REPORT

This report covers the period from 1 April 2011 until 31 March 2012; an update giving more recent information is provided wherever possible. It describes the Cabinet Office's performance and achievements against the Departmental Business Plan and the associated Structural Reform Plan (SRP). The document also provides a comprehensive account of the Cabinet Office's use of resources. It includes:

Cabinet Office's functions and objectives

A year in the Cabinet Office

Business plan update – Includes a summary of performance against the SRP actions and milestones for each of the Cabinet Office's five priorities and provides data against the impact and input indicators identified within the business plan.

Better regulation – Details the role the Cabinet Office plays in helping to promote the better regulation agenda, which aims to eliminate the unnecessary burdens of regulation without reducing vital regulatory protections and controls.

Sustainability report

Corporate information – Includes our corporate reporting requirements such as transparency, correspondence and human resources.

Cabinet Office

The specific aims, objectives, responsibilities and structure of the Cabinet Office evolve over time, and in response to new priorities. What remains constant is the Department's two main roles: To act, alongside HM Treasury, as the strategic centre of Government, providing leadership to and oversight of the rest of government. In the current context, that means supporting the Prime Minister and Deputy Prime Minister in ensuring that the Coalition Government's Programme for Government is delivered successfully. In doing this, we:

- Co-ordinate policy and delivery across government, building consensus and coherence and smoothing conflicts.
- Support capability-building across government, and challenge Departments to achieve more.

To deliver specific priorities for the Prime Minister, Deputy Prime Minister and Cabinet Office Ministers; in the current context, efficiency and reform, the Big Society and political and constitutional reform.

In support of our core functions, Cabinet Office has eight strategic objectives which are set out below.

To make government more efficient and effective

The Efficiency and Reform Group (ERG) leads work across government to deliver substantial improvements in effectiveness, and major efficiency savings, thereby contributing to reducing the deficit and promoting growth.

Through publishing more, better information more frequently, to ensure that taxpayers can better hold public bodies to account.

The Minister for the Cabinet Office has described data as the 'new capital of the 21st century, a highly valuable resource that is creating jobs and building whole new commercial markets'. ERG leads on work across government to publish more information about the activities public bodies undertake, and to

improve the quality of that information, so that the public can better understand what they do and how they do it, and challenge this if necessary. The information also helps people working in the public sector to identify and secure potential efficiencies. A report last year estimated the current total direct and indirect economic value of public sector information at 140 billion Euros per year for the EU27 (Vickery /EU Commission, 2011). This suggests that similar information in the UK is already worth in the region of £16 billion per year.

Transparency drives productivity and effectiveness because it provides providers and commissioners of services with immediately valuable business intelligence and consumers with tools with which to make choices.

To strengthen the performance of the Civil Service

Every part of the Civil Service will experience substantial change over the next few years as departments reduce further in size and oversee and implement reform in services they support. The Civil Service is already smaller than at any time since the Second World War, and has reduced in size by 23% since May 2010. This has been supported by the new Civil Service compensation scheme, huge workforce restructuring by major departments and the continuing recruitment freeze.

Sir Bob Kerslake, Sir Jeremy Heywood and the Minister for the Cabinet Office have published the Civil Service reform plan in June 2012.

To set the framework and principles for public service reform

The Prime Minister has commissioned Oliver Letwin, the Minister for Government Policy, and Danny Alexander, the Chief Secretary to the Treasury, to lead work to set the framework and principles for public service reform, a cross-government objective that will have an impact on every part of the public sector. ERG supports Ministers in driving this work forward. The *Open Public Services* White Paper, published in July 2011, identified the main problem as being an outdated, centralised approach to services and set the overall aim of providing high-quality, accessible public services that keep up with rising public expectations and produce better social outcomes within fiscal consolidation targets.

The aim is therefore, by 2015, to open up service provision to a range of providers operating at as local a level as possible and to give people more direct choice and control over the services they use. Government's role will be primarily to fund, regulate and commission public services, ensuring quality and fair access for all.

To help the Big Society to grow

Big Society is about the type of country we want to live in: a society in which people have more power and responsibility over their lives, the local community and the services they use. Action to turn that vision into reality is built on three pillars:

Promoting social action – encouraging and enabling people to play a more active part in society.

Decentralisation – giving local councils and neighbourhoods more power to take decisions and shape their area.

Opening up public services/growing the social economy – enabling charities, social enterprises, private companies and employee-owned co-operatives to compete to offer people high-quality services.

Work on this objective and related ones (for example, constitutional and public service reform projects) can overlap and produce shared benefits.

Ultimately, growth of the Big Society is a responsibility shared between civil society, the private and the public sectors. The Cabinet Office is helping to catalyse action across government, support civil society and deliver specific flagship policies to support a more empowered and active society. Other government departments' policies and programmes also support this agenda. For example, the Department for Communities and Local Government leads a significant amount of work on decentralisation and localism.

To decentralise power throughout the UK's political and constitutional system and secure greater democratic accountability

The Political and Constitutional Reform Group supports Nick Clegg, the Deputy Prime Minister, and Mark Harper, the Minister for Political and Constitutional Reform, in delivering the wide-ranging political and constitutional reform agenda set out in the Coalition's Programme for Government. Its work aims to redistribute power and accountability back to community level, thereby reinvigorating local accountability, democracy and participation and providing greater freedoms and flexibility to local government. The Group also works to maintain and develop the constitutional structure and move towards restoring the rights of individuals in keeping with traditions of freedom and fairness.

To maintain a secure and resilient UK and to help shape a stable world

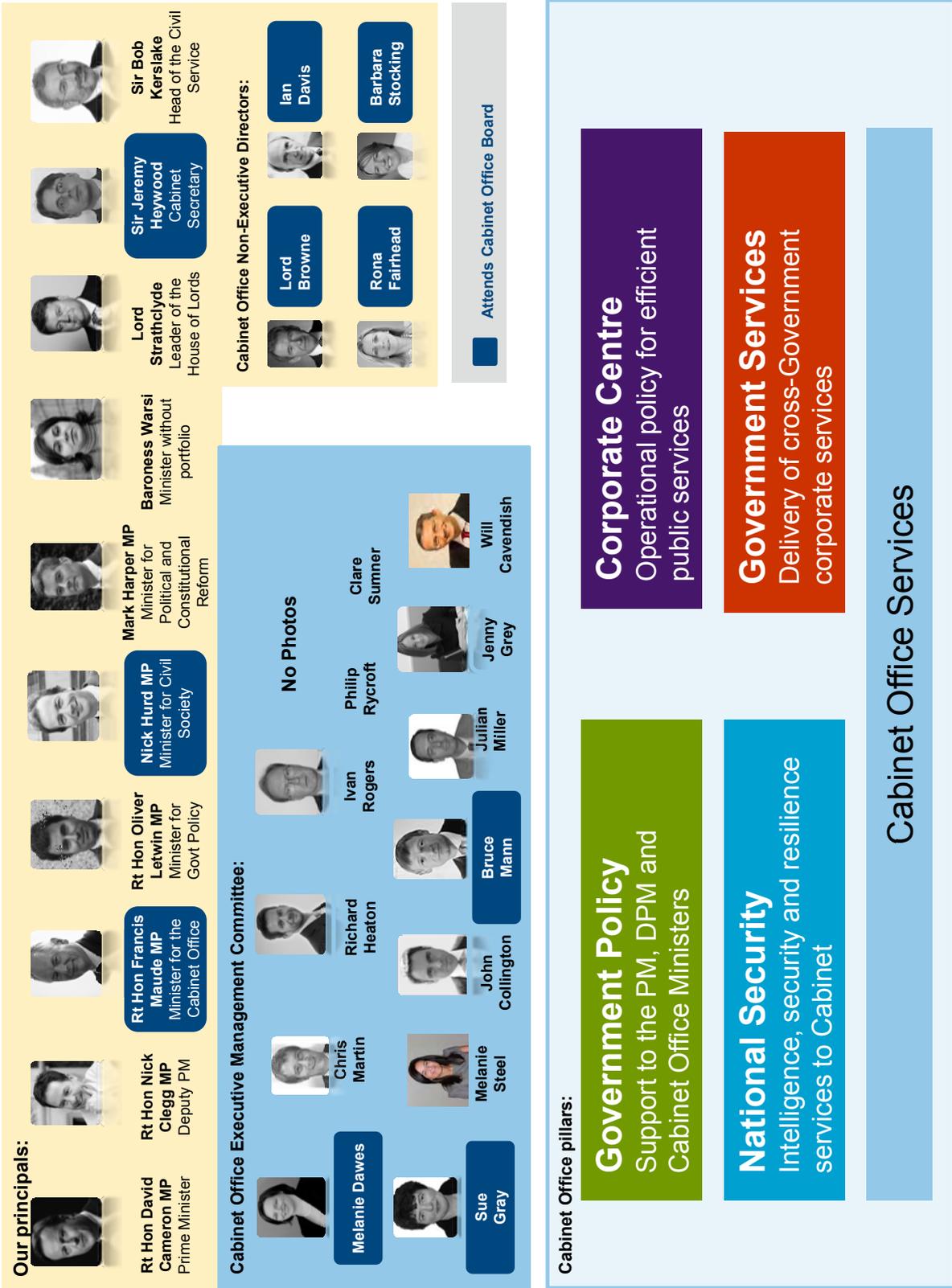
The National Security Council (NSC), a Cabinet committee attended by Ministers and senior officials, is the main forum for collective discussion of the government's objectives for national security and about how best to deliver them. Sir Kim Darroch is the National Security Adviser and Head of the National Security Secretariat (NSS), which supports the NSC and the Prime Minister on the full range of national security issues across government.

The NSC is also supported by the Joint Intelligence Organisation (JIO), headed by Jon Day, the Chair of the Joint Intelligence Committee. The JIO works closely with the NSS to ensure that the government's decisions on foreign, defence and security policy are informed by timely, accurate and objectively evaluated, all-source intelligence assessments.

At all times, to provide effective and professional support for Government business

This objective covers a wide range of activity, including providing advice and support to the Prime Minister, Deputy Prime Minister (including providing support in his role driving forward action on social mobility) and Cabinet, particularly about co-ordinating and implementing domestic, economic, European and international policies; supporting the Government's legislative programme and other Parliamentary business; operating the systems for honours and public appointments; and providing support for Cabinet Office Ministers through their private offices.

CABINET OFFICE STRUCTURE (AT JUNE 2012)



A YEAR IN THE CABINET OFFICE

Timeline of key events - April 2011 to March 2012

The work in Cabinet Office spans a number of policy areas ranging from national security, constitutional reform, efficiency and reform, transparency, honours and appointments, domestic policy, drafting Government legislation, cabinet committees and a number of other areas. The timeline below details some of the Cabinet Office achievements in 2011-12.

2011

April

The Major Projects Authority commenced operations.

The Cabinet Office transformed Buying Solutions into the Government Procurement Service and made it the engine room of new, centralised procurement for government, and Minister for the Cabinet Office Francis Maude (MCO) announced John Collington's appointment as the first Chief Procurement Officer for the whole of government.

The cross-Whitehall Red Tape Challenge programme launched, with a website inviting business, civil society organisations and challenging the public to identify and challenge unnecessary and burdensome regulations. Plans were announced to transform My Civil Service Pension (My CSP), which administers the Civil Service Pension schemes, into a ground-breaking, mutual, joint venture.

Opening Doors, Breaking Barriers: A Strategy for Social Mobility published, establishing improving social mobility as the Government's principal social policy goal

May

A referendum on the voting system was held and proposals for a reformed House of Lords were published.

Francis Maude announced the recruitment of 100,000 Big Society 'Digital Champions' by UK Digital Champion, Martha Lane Fox. The local volunteers will support millions of adults online by the time the Olympics comes to Britain.

Launch of the new Government Construction Strategy to reduce costs.

Unshackling Good Neighbours, a report by Lord Hodgson, was published, outlining recommendations on how to reduce bureaucracy for volunteers and Voluntary, Community and Safety Enterprise (VCSE) organisations.

June

The Queen's Birthday Honours List was published.

Fraud Taskforce pilots were launched.

Publication of White Paper on individual electoral registration.

In the third round of Transition Fund payments, £81m was distributed to 727 VCSE organisations to help them adjust to a new funding environment and make the most of new opportunities to deliver public services. Overall, £107m has been shared between more than 1,000 organisations.

July

The MCO announced that the Government had achieved £3.75bn cash savings in just ten months (from May 2010 to March 2011).

The *Open Public Services* White Paper was issued, outlining the Government's approach to reforming public services and increasing choice.

The Prime Minister's target to reduce carbon emissions from government buildings by 10% in 12 months was met across government. The Cabinet Office reduced its emissions by 13.8%.

The Government launched its first centralised contract for office supplies, saving over £18m a year.

A £10m fund was launched for charities and social enterprises to help them develop the skills and infrastructure to win more capital investment and public service contracts.

Pilots of a National Citizen Service ran over the summer of 2011 and 8,000 young people took part. The board of Big Society Capital (Big Society Bank) and first social investment using dormant bank accounts was announced. Investments of £3.5m from dormant accounts were announced in 2011.

The Government Property Unit joined the Cabinet Office from BIS.

First Whitehall Internship Programme scheme piloted.

August

The Government announced a major trial of Social Impact Bonds—an innovative way to fund intensive help for families blighted by anti-social behaviour, crime, addiction and poor education.

Launch of the new Executive Talent Management Strategy to help ensure the recruitment, retention and development of senior leaders.

September

A Bill to establish fixed-term Parliaments was passed.

The MCO attended the launch of the Open Government Partnership. The UK is a founding member along with seven other states.

The Government published the independent Transparency and Privacy Review.

The Prime Minister commissioned the Major Projects Authority (MPA) to investigate a national programme for information technology in the Department of Health.

The Innovation in Giving Fund was launched, a £10m fund to find and back new ideas for increasing volunteering and charitable giving. The Social Action Fund was also launched with £20m to support the scaling-up of proven models of social action.

October

The Cabinet Office reintroduced the British Empire Medal.

Francis Maude won the 'Better Information from Government' award from top UK companies.

The *Justice and Security* Green Paper was published.

The Prime Minister announced that the National Citizen Service will be tripled in size by 2014 to offer places to 90,000 young people.

Tell us How was launched to canvas ideas from the Civil Service on improving operational efficiency.

Publication of the Information and Communications Technology (ICT) Strategic Implementation Plan laying out the roadmap for delivery of the ICT Strategy published in March 2011.

Completion of the first set of quality-assured information on debt owed to central government.

The Cabinet Secretary Gus O'Donnell announced his retirement. His role was divided: Ian Watmore was announced as the new Permanent Secretary at the Cabinet Office and Jeremy Heywood was appointed the new Cabinet Secretary. A competition for a new Head of the Civil Service was launched. The post of Permanent Secretary to Number 10 Downing Street was abolished. Ivan Rogers was made the new Head of European and Global Issues.

November

At the Crown Suppliers Event, the MCO launched the Government's first pipeline of future business, totalling £50bn, to support UK growth.

A new cyber-security strategy was published.

A total of £17.8m was awarded to 301 not-for-profit organisations that provide free advice to the public.

Launch of *'Get Ready for Winter'* campaign – more than 50,000 hits on DirectGov from communities and individuals interested in improving their resilience.

Transparency and open data measures were announced in the Chancellor's Autumn Statement, including the establishment of the Public Data Group and a Data Strategy Board, the setting up of the world's first Open Data Institute, and commitments to publish further datasets.

The Government Procurement Service launched a new, pan-government travel services contract, which was partly won by an SME, that will handle over £1bn of government travel spending.

The Cabinet Office announced plans to dispose of Admiralty Arch.

Red Tape Challenge announced major reductions to employment law bureaucracy, including an overhaul of employment tribunals which will save employer costs of over £40m per year.

Sir Bob Kerslake was appointed as the new Head of the Civil Service and Richard Heaton was announced as the new First Parliamentary Counsel.

December

The New Year's Honours List was published.

The final meeting of the National Security Council sub-committee on Libya was held.

The Charities Bill and The Public Bodies Act 2011 received Royal Assent.

The Government proposed to introduce a power of recall, allowing voters to force a by-election where an MP is found to have engaged in serious wrongdoing.

The Mutual Support Programme was launched – a £10m programme to support fledgling mutuals seeking to develop and grow. Over 350 people every week are accessing information from the Mutuals Information Service website.

The Mutuals Taskforce, led by Professor Julian Le Grand, published its report, *'Our Mutual Friend'*, on the benefits of employee ownership.

The Government Digital Service was officially launched under the leadership of Mike Bracken, to help drive a new generation of digital public services.

2012

January

The MCO announced that the Government anticipates £5bn in cash savings by the end of the year.

A consultation was launched on a statutory register of lobbyists.

A new £30m Big Society fund, helped 74 local areas to modernise and develop their support to charities, voluntary groups and social enterprises.

First publication of benchmarking and cost reduction trajectories for government construction.

New Lean standard operating procedures were launched with a target of training 1,000 procurement professionals from across government by the end of 2012-13.

The Prime Minister announced an initiative to open up Government business incubators to support entrepreneurs and SMEs. Mark Prisk, Minister for Business and Enterprise, will lead the initiative, working with the Government Property Unit in the Cabinet Office. The MCO also announced that the Government had saved more than £100m in property costs.

Andy Nelson was announced as the Government's new Chief Information Officer and Sir Kim Darroch became the new National Security Adviser to the Prime Minister.

Social Mobility Business Compact reaches over 100 business signatories, with a combined turnover of more than £500 billion and more than 2 million employees, committing to take real action to do their bit to spread opportunities across society

February

The National Audit Office published a report confirming that the ERG had made savings of £3.75bn in the financial year 2010-11.

A new contract was launched for Civil Service learning and development.

The MCO announced that CloudStore, the online app store of the Government's G-Cloud framework for cloud-based ICT services, is open for business.

The Queen's Diamond Jubilee Volunteering Award 2012 opened for nominations.

The Implementation Unit became part of the Cabinet Office.

The Fraud, Error and Debt Taskforce published two reports: an interim report setting out four key principles on tackling debt owed to government and a report setting out a programme of activity to reduce fraud and error in government. These reports were launched at the first government Fraud, Error and Debt conference, attended by over 400 people.

March

The MCO announced that the Government was on track to double expenditure with SMEs from £3bn to £6bn and that suppliers will be able to advertise government sub-contracting opportunities on the Contracts Finder website.

The first cohort of the Major Project Leadership Academy enrolled at Oxford Saïd Business School.

Of the 21 Mutuals Pathfinders being tracked and supported by ERG, 8 were now operational.

The MCO announced a new deal with one of the government's biggest IT services suppliers, Capgemini, which will help lead to more than £200m savings. A deal was also announced with Oracle, delivering approximately £75m in savings by 2015.

Closure of the Central Office of Information was completed, and a new model for government communications was launched, including the Shared Communications Service in the Cabinet Office and hubs across Whitehall.

The Government set up the Open Data User Group to provide expert advice to government on prioritising and spending on open data.

As part of the Diamond Jubilee celebrations the Queen granted city status to three new cities (Chelmsford, Perth and St Asaph) and a Lord Mayoralty to Armagh.

The 2012 Fast Stream external competition attracted 30,000 applications and over 550 appointments were made.

Red Tape Challenge announced reforms to environmental regulation that will save business at least £1bn over five years while keeping important protections, and that 84% of health and safety regulations will be scrapped or improved.

Open Public Services 2012 was published, updating the *Open Public Services* White Paper.

Jon Day was announced as the new Chair of the Joint Intelligence Committee.

BUSINESS PLAN UPDATE

Our Performance

The Cabinet Office's Business Plan incorporates its Structural Reform Plan (SRP) which focuses on five priorities. The plan sets out a detailed set of actions to be delivered against each priority. In line with the Government's commitment, we published a refreshed Business Plan in May 2011; this can be found at [//www.cabinetoffice.gov.uk/resource-library/cabinet-office-business-plan](http://www.cabinetoffice.gov.uk/resource-library/cabinet-office-business-plan)

The Plan sets out a list of input and impact indicators. The Cabinet Office reports progress against these indicators to help the public scrutinise its performance. The following tables break down these actions and milestones by coalition priority. Where actions have not been completed on time an explanation for the delay has been included.

The Cabinet Office achieved 79% of its plans activities on time.

Priority 1: Drive Efficiency and Effectiveness in Government

Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number missed by more than 2 months
39	31	-	3	1

Actions not completed on time:

First quarterly data released on number of central government websites:

delayed in order to publish together with the annual report on websites. (Published in July 2011, two months late)

Publish plan to help former civil servants find work with proposals to support them to move into the private sector and into self-employment, including options on franchises:

completion of a comprehensive and feasible plan took longer than anticipated (Published in August 2011, three months late)

Launch mutuals support programme:

although programme funds were in place contractual negotiations and completion of website development delayed the implementation of the Mutuals Information Service and thereby the launch of the programme. (Completed in December 2011, two months late)

Publish first progress report on implementation of Digital Strategy:

delayed due to the appointment of a new executive director who undertook a comprehensive review and restructure of digital services. A summary of the revised digital vision and strategy was published alongside the launch of the new Government Digital service (Completed in December 2011, two months late)

Action/s overdue at year end: 4

Modernise contractual offer for new entrants/promotions and transfers:

the Terms and Conditions for inclusion have been agreed, and work on planning implementation is still underway.

Publish first annual report on government-funded major projects:

its major projects should be published after a full year's operation of the Major Projects Authority

(MPA) (which was launched on 1 April 2011). This will enable the report to reflect on the work of the MPA and to provide a more meaningful, transparent and comprehensive assessment of the performance of the government's most important projects based on twelve months' data.

Publish an action plan to deliver the aspiration that by the end of this Parliament, at least half of all new appointees to the Boards of public bodies are women:

the Government is currently developing its action plan to support this aspiration taking into account the recent publication by the Commissioner for Public Appointments and the recommendations of the House of Commons' Liaison Committee. We are working closely with the Home Office, which has responsibility within Government for Equality issues and other government departments.

Publish first annual report on ICT strategy implementation:*

publication delayed to run further integrity checks on metrics and savings data.

(*This action completed in May 2012)

Priority 2: Increase Transparency in the Public Sector

Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number missed by more than 2 months
5	5	-	-	-
All actions were met				

Priority 3: Reform Our Political and Constitutional System

Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number missed by more than 2 months
10	8	-	1	-

Action/s not completed on time: 1

Establish a commission to consider the 'West Lothian question':

The Government announced its outline plans for the establishment of the Commission in September 2011. Formal establishment was delayed whilst details were finalised.

Action/s overdue at year end: 1

Final legislation on Individual Electoral Registration will be introduced in Parliament:

pre-legislative scrutiny has been concluded and responded to, but introduction of legislation will be at start of second session. There is no change to the overall timetable

(*This action completed in May 2012)

Priority 4: Build the Big Society

Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number missed by more than 2 months
16	11	1	2	1

Actions not completed on time:

First group of community organisers begins training:

delays in recruiting community organisers delayed the start of training. (completed in September 2011, four months late)

Set up the Communities First fund to support the creation of neighbourhood groups with small grants and endowments:

delays in the tendering process held up completion (Completed in June 2011, one month late)

Complete final payment of £100m Transition Fund to support the transition of civil society organisations:

delayed while grant recipients submitted required documentation as required. (Completed in July 2011, two months late)

Big Society Banks Organisations incorporated and investment strategy and protocols, full business plan and financial model in place:

the investment strategy and protocols, full business plan and financial model were in place on time. Incorporation of the Bank could not take place until agreement by Merlin Banks (Completed in November 2011, two months late)

Number of action/s overdue at year end: 1

800 Community Organisers trained. This action was missed but the target to train 5,000 Community Organisers by the end of the programme in 2015 is still on course. The Cabinet Office are re-profiling the interim targets for the rest of the programme

Priority 5: Promote Social Mobility

Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number missed by more than 2 months
1	1	-	-	-
All action/s was/were met				

Table 2.1: Structural reform actions, annual figures as replicated in the quarterly data summary

Input indicators	2011-12	2010-11
1. The central government cost for every person participating in National Citizen Service	Q1 2012-13	N/A
2. Average cost of training a Community Organiser (Senior Community Organisers; Mid-level Community Organisers (£) (Current = 2011-12)	676 ¹ ; 190 ²	N/A
3. The cost of each type of Cabinet Office moratorium (Current = 2011-12)	ICT – £320,000, Property – £220,000, Advertising and marketing – £180,000, Procurement – £110,000, Recruitment – £10,000	N/A
4. For every pound spent by government departments the cost of running a central procurement function to buy common, standard government supplies and equipment (Current = 2011-12)	34p for every £100 spent	N/A
5. The cost of managing the relationship with government suppliers per pound spent on buying supplies and equipment government supplies and equipment (Current = 2011-12)	7.9p for every £100 spent	N/A

Impact indicators	2011-12	2010-11
1. The number of mutuals supported by the Mutuals Support Programme; the number of public service areas in which mutuals are supported (mutual and service areas)	60; 21 ³	N/A
2. Level of volunteering in the last 12 months, by age group		N/A

¹[FCO|Footnote Reference1|FCC] Cost of training senior Community Organisers

²[FCO|Footnote Reference2|FCC] Cost of training mid-level Organisers

³[FCO|Footnote Reference3|FCC] Since the Programme's launch in December 2011, 60 organisations have been or are currently supported by hotline, triage and the one-to-one support procured by the Cabinet Office. In addition, the online resource has received over 4,000 visits.

(Current = 2011-12);		
• Of people aged 16 to 24 years old	28.5%	
• Of people aged 25 to 44 years old	21.9%	
• Of people aged 45 to 64 years old	25%	
• Of people aged 65 to 74 years old	27.8%	
• Of people aged 75+ years old	19.5%	
3a. Cost of the total staffing resources supporting the work of government	£4.4bn	
3b. Size of the total staffing resources supporting the work of government	488,000	
3c. Proportion of HR staff to all staff	1/80	
3d. Cost of HR function per employee	£174	
4. Total central government spending on advertising, management consulting and identified 'overhead commodities' (such as office stationery and IT commodities) (Current = 2011-12)	£1,846m	N/A
5. Total savings made by improved management of relationships with key government suppliers (Current = 2011-12)	£806m	N/A
6. Cost of holding the General Election as provided by the Fixed Term Parliament Act, changes to constituency boundaries and individual electoral registration	N/A	N/A
Other datasets	2011-12	2010-11
1. Number of participants in National Citizen Service (Current = 2011-12)	8,434	N/A
2. Funding to be released from Big Society Bank	Q1 2012-13	N/A
3. Number of interns on new Whitehall internship programme (Current = 2011-12)	171	N/A
4. Number of public bodies in central government (Current = 2011-12)	851	N/A
Total Structural Reform Plan actions	2011-12	N/A
Total number of actions completed during the year	65	N/A
Total number of actions overdue at the end of the year	6	N/A
Number of overdue actions that are attributable to external factors	0	N/A
Total number of actions ongoing	8	N/A

BETTER REGULATION

Working in partnership in with the Better Regulation Executive in the Department for Business Innovation and Skills, the Cabinet Office aims to promote Better Regulation across government and runs the cross-Whitehall Red Tape Challenge programme. Reducing the burden of regulation on business is essential to economic growth. The goal of Red Tape Challenge is therefore to reduce (by scrapping) and reform (by improving and/or simplifying) the existing stock of regulations on the UK statute book, remove or simplify existing regulations, reduce the volume of new regulation by introducing regulation only as a last resort, improve the quality of new regulation and move to less onerous and less bureaucratic enforcement regimes.

Cabinet Office provides and manages the Red Tape Challenge website (launched on 7th April 2011) that is used across government to ask organisations and the public for ideas comments on what regulations should be kept, amended or scrapped. During 2011-12 over 12,000 regulations were put forward for review, of these almost 1500 have completed the challenge and decision-making process, and Ministers have announced that over 50% would be are being scrapped or improved, including 84 obsolete Trading with the Enemy regulations are being repealed in order to reduce regulatory burden, Government policy is to not introduce new domestic regulation with a net cost to business or civil society organisations unless other regulatory costs have been removed by scrapping unnecessary regulation.

All measures implemented from the beginning of the 2010 Parliament are subject to the 'one-in, one-out' rule. This rule covers any new primary or secondary UK legislation that imposes an annual net cost on business. For any net cost imposed on business ('ins'), existing regulations with an equivalent value must be identified and recast or repealed ('outs'). During 2011-12 BIS published the second and third *One-in, One-out: Statements of New Regulation* on its website at www.bis.gov.uk/policies/bre/one-in-one-out/statement-of-new-regulation

New Cabinet Office regulation is published on its website at www.cabinetoffice.gov.uk/content/statement-new-regulation

Under the one-in one-out commitment Cabinet Office has introduced no regulation with a net cost to business but in August 2011 introduced one measure having zero net cost, which was included in the second *One-in, One-out Statement*:

Charities Act 2006 – Exempt Charities: To appoint a principal regulator for academies, sixth-form colleges, and foundation and voluntary schools; to re-confer exempt charity status on sixth-form colleges and voluntary and foundation schools to avoid their having to register with the Charity Commission and becoming subject to dual regulation.

This measure will be reviewed three years from its commencement.

The table below provides a summary of Cabinet Office regulation within the scope of the one-in, one-out rule so far.

Table 3.1: Cabinet Office 'one-in, one-out' position						
Volume of measures				Cost of measures		
Statement of New Regulation (SNR) 1+2 (January–June 2011 and July–December 2011)						
In	Zero net cost	Out	Total	In	Out	Total/net
0	1	0	1	£0.00	£0.00	£0.00
Statement of New Regulation (SNR) 3 (January–June 2012)						
0	0	0	0	£0.00	£0.00	£0.00
Cumulative (SNR1 + SNR2 + SNR3)						
0	1	0	1	£0.00	£0.00	£0.00

The Regulatory Policy Committee (RPC) provides an external and independent challenge to the evidence and analysis presented in Impact Assessments (IAs) supporting the development of new regulatory measures proposed by the Government. By the end of 2011, the RPC had examined in detail and issued Opinions on 767 IAs. The RPC publishes annual reports detailing its findings and observations, available at <http://regulatorypolicycommittee.independent.gov.uk/>

The Cabinet Office submitted five IAs to RPC in 2011-12. The measures and results are shown in the table below:

Table 3.2: RPC rating of Cabinet Office IAs 2011-12		
Title of Impact Assessment	Stage	Rating
The Civil Contingencies Act 2004 (Contingency Planning) (Amendment) Regulations 2012	Consultation	Amber ('fit for purpose')
Exempt Charities – Academies	Final	Amber
Exempt Charities – Sixth Form Colleges	Final	Amber
Exempt Charities – Foundation and Voluntary Schools	Final	Amber
Proposals to introduce a Statutory Register of Lobbyists	Consultation	Red ('not fit for purpose')

Ongoing dialogue between the Cabinet Office and stakeholders is an essential part of the policy-making process. When developing a new policy or considering a change to existing policies, processes or practices, Cabinet Office policy-makers often conduct both formal and informal consultation exercises.

During 2011-12, the Cabinet Office carried out seven consultations and one call for evidence.

Consultations

Big Lottery Fund – proposed policy directions – Office for Civil Society

Making open data real: a public consultation – Transparency Team, ERG

Data policy for a public data corporation – Transparency Team, ERG

Civil Contingencies Act Enhancement Programme: Phase 2 – consultation on revised chapters of Emergency Preparedness – Civil Contingencies Secretariat

Keeping the country running: natural hazards and infrastructure – Civil Contingencies Secretariat

Open standards consultation – Government ICT, ERG

Proposals for statutory register of lobbyists – Constitutional Reform

Call for Evidence

Social Mobility and Child Poverty Review – Independent Reviewer for Social Mobility and Child Poverty

Cabinet Office consultations are available at www.cabinetoffice.gov.uk/content/cabinet-office-consultations

SUSTAINABILITY REPORT - mainstreaming sustainable development

Overview

The Cabinet Office continues to work to embed sustainability in the very heart of the Department's activities. Over the past 12 months we have seen the completion of a number of key projects that will help to achieve this goal and significant improvement in the Department's performance against the majority of the Greening Government commitments.

The Department has been successful in driving down its carbon footprint: this has reduced by 26% from its 2009-10 baseline through a combination of improved housekeeping, investment in energy reduction measures and the implementation of an ambitious and extensive estate rationalisation and efficiency project. As the Department continues to drive forward with these measures, we anticipate seeing this good performance continue.

The Department's annual waste arising continues to fall and has now reduced to 34% below 2009-10. This has primarily come about as result of better streaming and waste separation at the processing plant. The Department has signed up to the closed-loop paper contract along with other central government departments. We envisage that this initiative will contribute further positive gains in future.

The Department recognises that there has been an increase in its water consumption since the baseline year of around 5%. One of the potential factors behind this increase is the commissioning and testing of the new sustainable cooling system being introduced at one of the Department's main office locations. Reducing this figure and improving the Department's performance against the water benchmarks will be a key priority for the sustainable operation of our estate over the coming year.

Activities

The Cabinet Office has been working to promote sustainable development across government as a whole. The Implementation Unit has introduced sustainability considerations as a mandatory requirement in all departmental business plans. The Department also recently hosted a cross-government meeting with sustainability and governance officials on taking this key piece of work forward.

In future, the Cabinet Office will work with the Department for Rural Affairs (DEFRA) to identify the Department's key priorities in this area and to further develop a comprehensive sustainable development programme. We anticipate that this will look at the governance arrangements within the Cabinet Office as well as ensuring that the Cabinet Office's work includes consideration of matters such as climate change adaptation and rural proofing. The Department will also look to see how its role in providing assurance can be best used to promote this agenda.

Climate change adaptation

The Cabinet Office has a role to play in ensuring adaptation to the risks and opportunities presented by climate change. To this end, the Office has taken a number of steps to ensure that these considerations are reflected in relevant planning and strategies. For example:

Climate change has been identified as a key threat in the national Risk Register of Civil Emergencies.¹

The security implications of climate change have been embedded in the National Security Strategy.²

The Cabinet Office does not have any responsibility for any policy areas which impact on rural proofing.

¹ |FCO|Footnote Reference1|FCC| |FCO|Available at www.cabinetoffice.gov.uk/resource-library/national-risk-register.|FCC|

² |FCO|Footnote Reference2|FCC|

|FCO|Available at www.cabinetoffice.gov.uk/resource-library/national-security-strategy-strong-britain-age-uncertainty.|FCC|

Notes

Data for Q4 is not available for the National School for Government due to its closure. Expenditure information for this body is has also been omitted for the same reason.

Paper data for the core Department is unavailable for quarters 3 and 4 owing to a change in supplier. This is reflected in the large reduction shown in the figures.

Figure 4.1: Carbon reduction

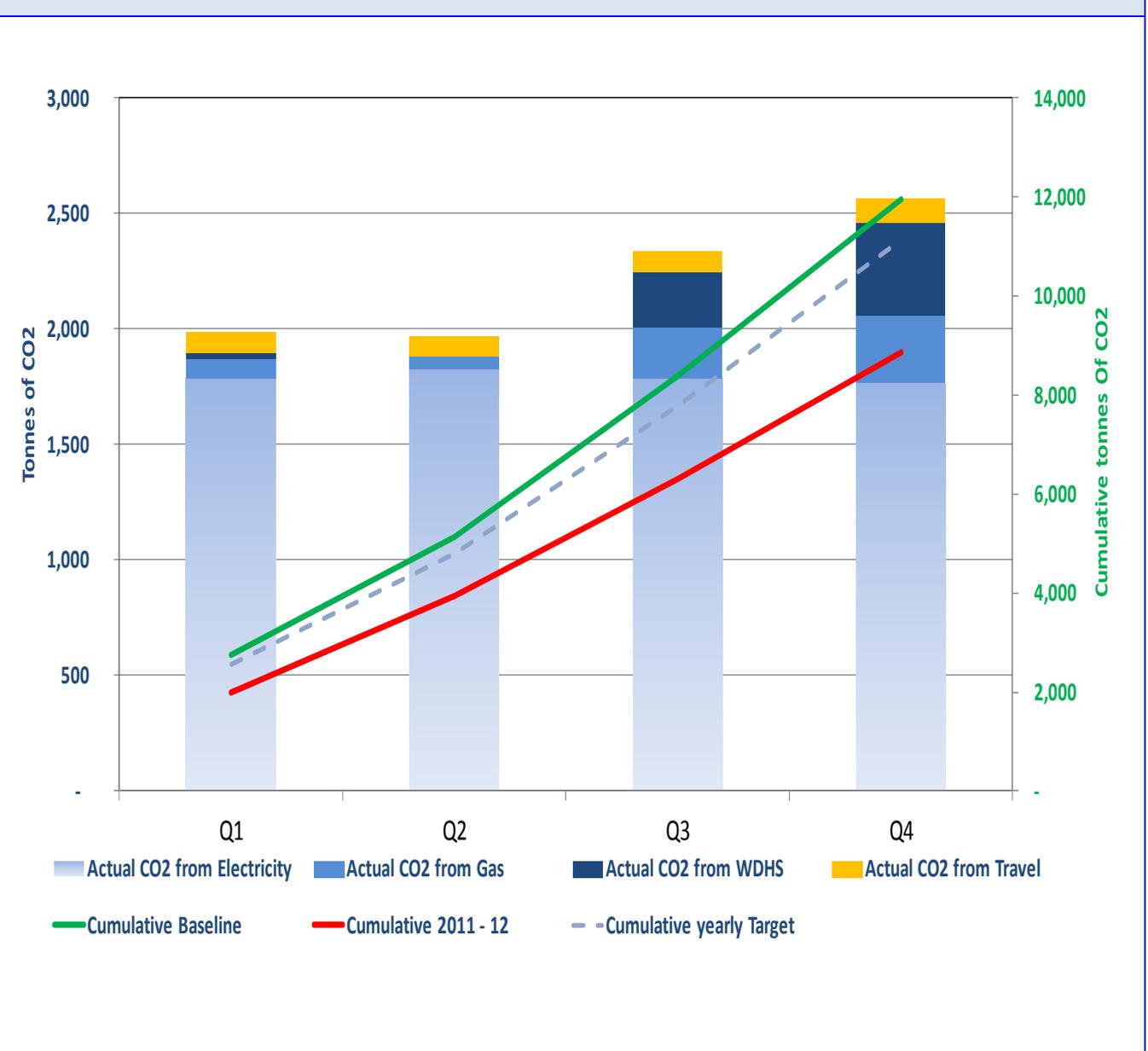


Table 4.1: Energy consumption

Scope 1 Emissions (tonnes)	Scope 2 Emissions (tonnes)	Scope 3 Emissions (tonnes)
648	7,832	1,002

Energy type	Consumption (kWh)	CO ₂ emissions (tonnes)	Expenditure (£,000)
Electricity	13,657,633	7,165	1,286
Gas	3,529,905	648	128
Whitehall District Heating System (WDHS)	2,749,556	667	638
TOTAL	19,937,093	8,480	2,052

Mode of Transport	Mileage	CO ₂ emissions (tonnes)	Expenditure (£,000)
Air – domestic	283,806	82	63
Air – long haul	2,628,628	567	788
Air – short haul	354,314	61	125
UK rail	2,593,254	236	683
Taxi	43,263	11	N/K
Hire car	55,736	19	N/K
Operational vehicles	82,283	26	N/A
TOTAL	6,041,284	1,002	1,659

1. Reduce greenhouse gas emissions by 25% from a 2009-10 baseline across the whole estate and (domestic) business-related transport:			
a. cut carbon emissions from central government offices by 10% in 2010-11 and all ministerial HQs to publish online, real-time energy use information			
b. by 2015 cut domestic business travel flights by 20% from a 2009-10 baseline.			
Target area	2009-10 baseline	2011-12 emissions	% change
Carbon emissions (tonnes)	11,962	8,853	-26.0%

Figure 4.2: Waste reduction

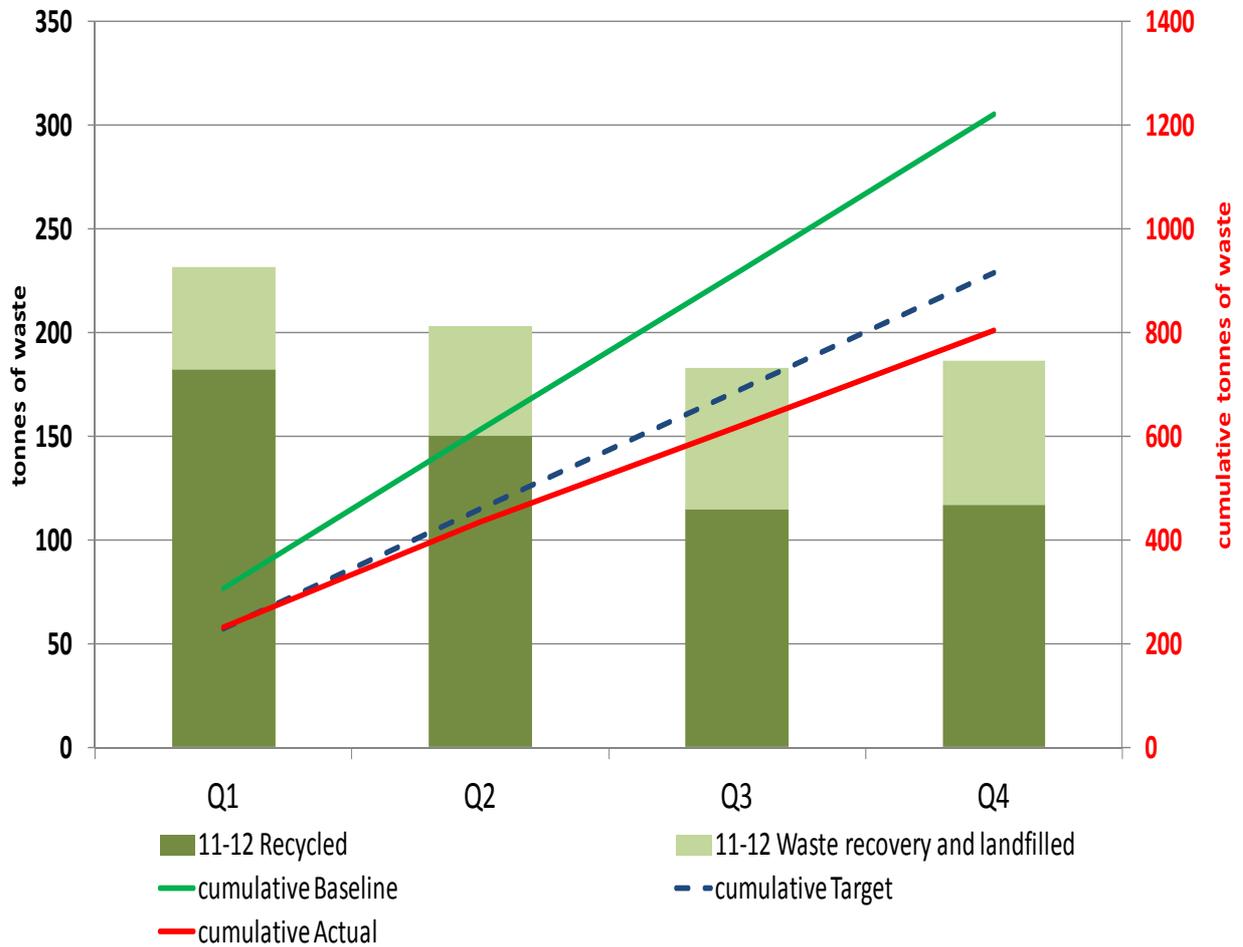


Table 4.4: Waste performance

Total waste arising (tonnes)	812
Total recycling (tonnes)	582
Percentage recycled	71.7%
Waste disposal costs (£,000)	118

Table 4.5: Greening Government commitments

1. Reduce the amount of waste we generate by 25% from a 2009-10 baseline:

- a. cut our paper use by 10% in 2011-12
- b. Government will go to market with a requirement for 'closed-loop' recycled paper in 2011, subject to approval from the Government's Procurement Executive Board
- c. ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled.

Target area	2009-10 baseline	2011-12 results	% change
Total waste (tonnes)	1,222	812	-33.6%
Paper (equivalent reams of A4)	56,396	22,322	-60.4%

Figure 4.3: Change in water usage

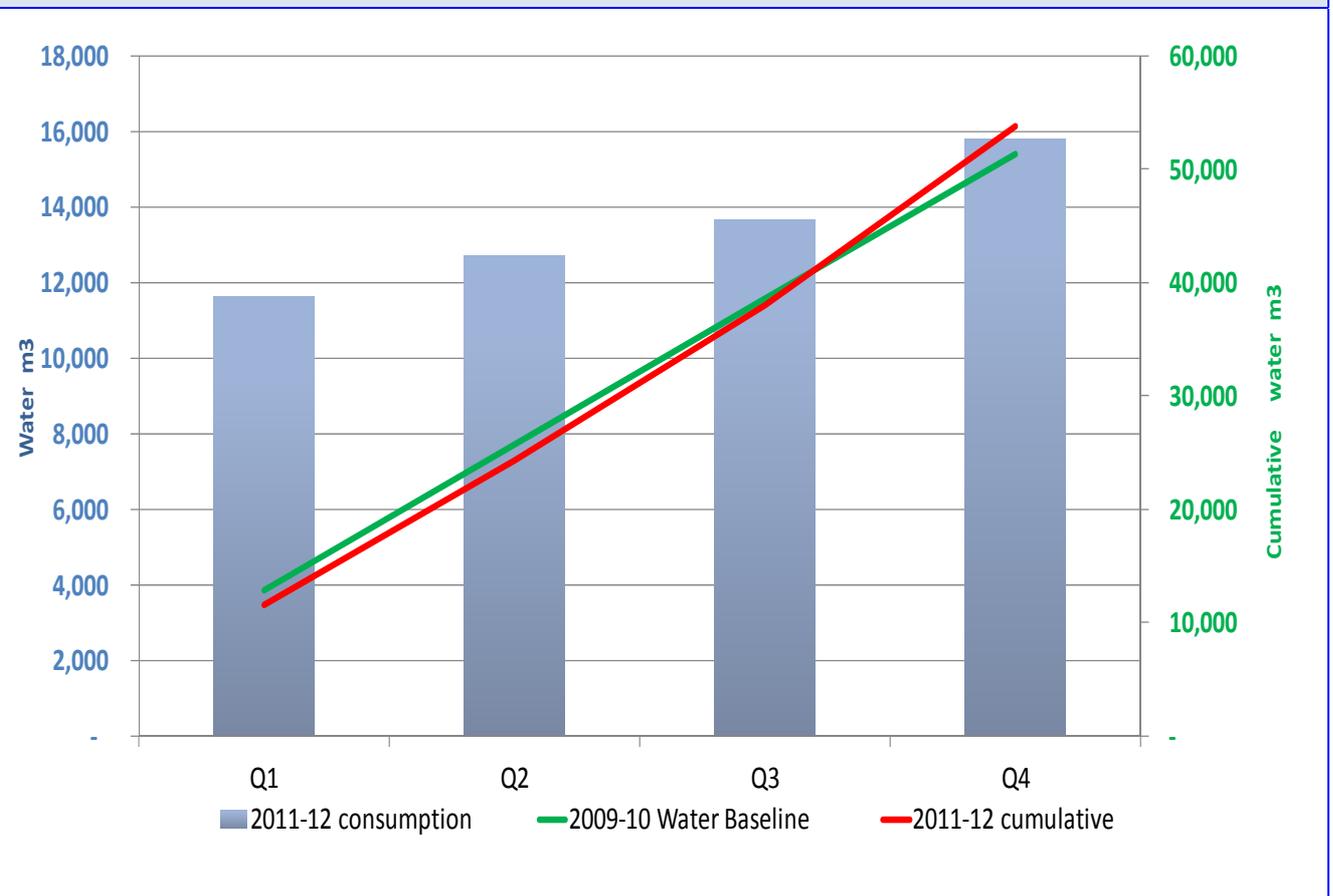


Table 4.6: Water performance

Water consumption (m ³)	53,777
Supply costs (£,000)	66

Table 4.7: Greening Government commitments**1. Reduce water consumption from a 2009-10 baseline, and report on office water use against best practice benchmarks:**

- a. $\geq 6 \text{ m}^3$ water consumption per FTE poor practice
- b. 4 m^3 to 6 m^3 per full-time equivalent (FTE) good practice
- c. $\leq 4 \text{ m}^3$ per FTE best practice
- d. % offices meeting best/good/poor practice benchmark.

Target Area	2009-10 baseline	2011-12 consumption	% change
Water consumption (m^3)	51,373	53,777	4.68%
Best practice	Good practice	Poor practice	Not applicable
4%	7%	54%	25%

CORPORATE INFORMATION

Transparency

In line with the Government's commitment to help achieve greater transparency in its procurement activities, the Cabinet Office publishes online its tenders and contracts valued at more than £10,000. By 31 March 2012, 89% of tenders issued and contracts awarded had been published on the Contracts Finder database.

The Cabinet Office also publishes monthly data on items of its expenditure that exceed £25,000 and items spent via the Government Procurement Card that exceed £500. This information can be found at www.cabinetoffice.gov.uk/resource-library/cabinet-office-spend-data

People

Monitoring spending on consultancy and temporary staff

Measures to control spending were introduced after the freeze on consultancy and interim managers and other temporary staff announced by the Chancellor of the Exchequer in May 2010. These measures have had a significant impact on the Cabinet Office's use of external resources, despite variations in classification and the Cabinet Office gaining extra business functions from other departments following the formation of the Coalition Government.

Annual expenditure by the Cabinet Office on consultancy has fallen dramatically in 2011-12 and 2010-11 and is around one-third of 2009-10 spending and expenditure on temporary staff reduced by more than 40%.

Recruitment practice

All civil service recruitment within the Cabinet Office is carried out in accordance with relevant employment legislation and within the framework laid down by the Constitutional Reform and Governance 2010 and the Recruitment Principles issued under it by the Civil Service Commission.

For the period 1 April 2010 to 31 March 2011, the total number of vacancies was 153. In 2011-12, the total rose to 293, including an increase in external recruitment campaigns. This was due to a high requirement for expertise to be brought in from Government Departments, other parts of the public sector, and in some cases the private sector, to work on changing priorities.

Number of vacancies	Senior civil servant or equivalent		Non-senior civil servant		Total	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Internal	15	44	134	128	149	172
External	4	5	0	116	4	121
Total	19	49	134	244	153	293

The Department continued to offer young people the opportunity to enhance their employability through the Apprenticeships programme and, intern and work experience opportunities. In 2011-12, 10 apprentices joined the Department; and 27 opportunities for undergraduate and graduate internships were filled all as exceptions to the freeze on recruitment from outside the Civil Service. In addition, 23 work experience opportunities were successfully filled for unemployed young people.

Public appointments and reappointments

As at 31 March 2012, the Cabinet Office sponsored ten non-departmental public bodies (NDPBs) one executive NDPB and nine advisory NDPBs.

Between 1 April 2011 to 31st March 2012, 22 appointments were made, of which 10 were new. The largest number of appointments was seven to the Big Lottery followed by two to the Boundary Commission for Wales. Re-appointments made were to the Senior Salaries Review body, the Big Lottery, the Committee for Standards in Public Life and the Main Honours Advisory Committee.

For comparison, in 2010-11 there were 8 new appointments including the Advisory Committee on Business Appointments, the Committee on Standards in Public Life and the Main Honours Advisory Committee. There were 11 re-appointments – 8 to the Civil Service Appeal Board, 2 to the Committee on Standards in Public Life and 1 to the Security Vetting Appeals Panel. In addition, the Committee on Standards in Public Life made 3 extensions.

Employee Consultation

The Cabinet Office recognises the importance of sustaining good employee relations to achieve its objectives and consultation with employees and their representatives is central to that work.

Regular communication and consultation continue to take place with all staff through a variety of channels, including intranet, staff bulletins and team briefings. More formal consultation exercises also take place with staff and unions on matters such as organisational change and changes to staff terms and conditions.

The Department formally recognises the FDA, the Public and Commercial Services Union and Prospect. It has a partnership agreement with the trade unions and senior managers meet regularly to discuss a shared agenda. There are also regular meetings to negotiate pay awards and other informal meetings to discuss trade union concerns both at corporate and local levels.

In 2011 the Cabinet Office adopted a revised Employee Relations Strategy which established monthly TU/HR meetings and quarterly meetings with senior corporate service leads.

There are also staff networks that represent particular groups of employees, including women, people with disabilities, staff with dyslexia, lesbian, gay, bisexual or transgender employees and carers.

The Cabinet Office runs an annual people survey which captures employees' views on a number of issues. The results of the survey are used to measure levels of engagement at local and corporate levels.

Sickness and Absence

As at 31 March 2012, the Cabinet Office sickness absence currently stands at an average of 2.9¹ working days. This rate is 0.5 days less than for the same period last year and there continues to be a reducing trend over the longer term. The Cabinet Office continues to remain one of the lowest rates across Government departments and is 5.1 working days less than the average cross all departments. The highest number of days were lost through Mental disorders which include stress anxiety and depression and musculoskeletal disorders, such as back pain.

¹This figure excludes COI which closed on 31 March for which separate closing accounts will be issued.

Diversity and inclusion policy

The Cabinet Office is committed to:

- eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and
- fostering good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Cabinet Office aims to be an organisation where everyone is:

- treated with fairness and respect
- able to contribute and develop and
- confident about how to ensure that the work they do supports equality of outcomes for everyone in society.

The Cabinet Office's people management policies and practices reflect the Cabinet Office and Civil Service Management Codes. They build on the legal obligations under national and European law.

However, diversity for the Cabinet Office covers more than just those elements covered by legislation and enshrines true diversity of thought, skills, background and experience. It does not tolerate any form of unfair discriminatory behaviour, harassment, bullying or victimisation and the Office will do all it can to ensure that all such allegations are dealt with sensitively and fairly.

Equality data about the workforce population can be found on the Cabinet Office website at www.cabinetoffice.gov.uk/content/public-sector-equality-duty

Table 4.9: People			
Whole department family – workforce size		31 March 2012	31 March 2011
Payroll staff	Department and agencies	See Core Table 5	
	NDPBs		
	Department family (includes Cabinet Office and it's Non Departmental Public Bodies (NDPB))		
Average staff costs			
Contingent labour (includes temporary staff, interim managers and specialist contractors)	Department and agencies	See Core Table 5	
	NDPBs		
	Department family (includes Cabinet Office and it's Non Departmental Public Bodies (NDPB))		
Department and agencies only		Year ended 31 March 2012	Year ended 31 March 2011
Workforce shape	Administrative Assistants and Administrative Officers	12.1	12.3
	Executive Officers	16.6	17.1

	Higher and Senior Executive Officers	31.8	31.8
	Grades 6 and 7	28.8	28.4
	Senior civil servants	10.7	10.4
	Part-time	4.8	5.4
Workforce dynamics	Recruitment exceptions (number of occasions when recruitment has been permitted)	131	32
	Annual turnover rate	30.7%	30.7%
Workforce diversity	Black and minority ethnic	13.6%	13.7%
	Women	51.0%	51.4%
	Disabled	5.1%	5.7%
Workforce diversity (senior civil servants only)	Black and minority ethnic	5.3%	6.2%
	Women	42.7%	43.1%
	Women (top management posts)	37.5%	39.2%
	Disabled	3.5%	3.9%
Attendance (average working days lost) Annual figures	Actual	4.7	4.0
	Standardised	8.2	7.4
Department only; people survey metrics		2011 survey	2010 survey
Engagement index (%)		58	57
Theme scores (%)	Leadership and managing change	38	33
	My work	76	74
	My line manager	65	65
	Organisational objectives and purpose	70	65

Health and safety

The Cabinet Office accepts its responsibilities under the provisions of the Health and Safety at Work etc Act 1974 and all other associated legislation. The Department undertakes, so far as is reasonably practicable, to meet its legal obligations regarding the health, safety and welfare of its staff and others who may be affected by the Department's activities.

In financial year 2011-12, 13 members of staff were injured as a result of slip, trip and fall accidents. Four incidents were reported to the Health and Safety Executive as required under The Reporting of Injuries, Diseases, Dangerous Occurrences Regulations. Three were in regards to accidents that resulted in more than three days absence and one was regarding the diagnosis of a Repetitive Strain Injury.

Other reporting requirements

Correspondence

With Members of Parliament and Peers

The target set for reply is 15 working days. Between 31 March 2011 and 31 March 2012 the Cabinet Office received 3,988 letters from MPs and Peers, and replied to 63% within 15 days.

Freedom of Information requests

Statistics on Freedom of Information implementation in central government are published quarterly by the Ministry of Justice at www.justice.gov.uk/statistics/foi/implementation

In March 2012, the Information Commissioner announced that the Cabinet Office had succeeded in improving its performance in responding to requests

Complaints to the Parliamentary and Health Ombudsman

The role of the Parliamentary and Health Service Ombudsman is to consider and investigate complaints against a wide range of government departments and other public bodies, or the actions of organisations acting on their behalf. In response to a recommendation from the Public Administration Select Committee, departments are required to publish information complaints in their Annual Reports and Accounts.

In 2010-11, the Cabinet Office received 13 complaints from the Parliamentary and Health Ombudsman.

The Ombudsman referred 13 complaints to CO. None of these complaints required further intervention by the Ombudsman and were resolved directly by CO with the complainants.

Parliamentary Questions

The Government has committed to providing departmental Parliamentary Question statistics to the Procedure Committee of the House of Commons on a sessional basis. Cabinet Office statistics for the 2011-12 session are expected to be available on the Committee's website in due course.

*Reporting of incidents relating to personal data***TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2011-12**

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
March 2012	<p>Accidental disclosure of information caused by a web-build error to a software plugin to the Red Tape Challenge website.</p> <p>This affected people who had made comments on the website over the previous ten months.</p>	E-mail addresses.	Up to 28,000.	<p>Immediate mitigating action was taken to disable the plugin function, and to secure the data.</p> <p>Similar Government websites were also checked for the same plugin fault (with a nil return).</p> <p>The ICO were notified of the incident and nature of data involved.</p> <p>The Cabinet Office also conducted a thorough internal investigation of this incident, which assessed the risk of harm to individuals as low and concluded no further notification was required.</p> <p>Recommendations have been made and implemented to upgrade the security of the website, and reduce the potential for any repetition of this type of incident.</p>
Further action on information risk	The Department will continue to monitor and assess its information risks, in light of the events noted above, in order to identify and address any weakness and ensure continuous improvement of its system.			

Publicity and advertising

In 2011-12 the Cabinet Office spent approx. £2,2m on publicity and £ 3m on advertising.

Common Areas of Spend (as per the Quarterly Data Summaries)

Budget		£million		Common Areas of Spend		2011-12	2010-11		
		2011-12	2010-11						
Total Departmental Expenditure Limit (DEL)		See Core Table 1		Estate Costs	Total office estate	44,165 m2	39,145 m2		
of which Resource DEL (excl. Depreciation)					Total cost of office estate	£29.1m	£31.0m		
Up to top five contributory elements	Support to the Cabinet, Prime Minister and Deputy Prime Minister				Cost per FTE	£15,953	£17,460		
	Political and Constitutional Reform				Cost per m2	£658	£794		
	National Security								
Purchase of goods and services within Resource DEL						Procurement¹	Total Procurement Spend	£93.0m	£84.8m
Payroll within Resource DEL							Price of standard box of A4 white copier paper (2500 sheets)	£12.79	£9.38
Grants within Resource DEL							Average price of energy /KwH)	£0.056	£0.066
of which Capital DEL						IT	Total 3rd Party ICT Cost	£23.36m	£15.86m
Up to top 5 contributory elements	Non-Current Assets - Additions						Cost of desktop provision per FTE	£ 1,400	£1,400
	Capital Grants			Corporate Service Cost	Human Resources	£2.1m	£2.46m		
	NDPB's Capital Grants				Finance	£3.88m	£4.31m		
					Procurement	£0.49m	£0.63m		
Total Annually Managed Expenditure (AME)				Legal	£ 2.68m	£2.39m			
Up to top 5 contributory elements	A; New Provisions			Communications	£9.15m	£6.86m			
	B: Utilisation of Provisions			Fraud, Error, Debt	Total Identified Fraud (£m)	0	0		
	C: Impairment of Fixed Assets				Total known Errors (£m)	0	0		
					Total Debt (£m)	0	0		
					Debtor Days	0	0		
				Voluntary and community sector (VCS)/Small and medium enterprises (SME)	Procurement spend² with SME	£11.18m	£5.98m		
					Procurement spend³ with VCS	Data not available	£4.5m		
					Grants to VCS	£144m ⁴	£169.8m		
				Major Projects (Top 5)⁵			Cost		
				Project A: Individual Electoral Registration			£108m ⁶		
				Project B: National Cyber Security Programme			£83.50m ⁷		
				Project C: National Citizen Service			£65.9m ⁸		
				£ million whole life cost of ALL major projects			£257.4m		
Financial Indicators		2011-12	2010-11						
Accuracy of Cash Forecasting (+/- %)		48.03	31.62						
Working Capital Forecast (% variance of Actual v Forecast)		-446	0.0						
Net Book Value (% variance of Actual v Forecast)		-9	0.0						

- 1 Procurement spend figures, including SME and VCSE spend, exclude the Government Procurement Service and the Central Office of Information
- 2 Price benchmarking data reflects prices paid by the Government Service and the Central Office of Information.
- 3 Spend data include expenditure with third party suppliers only and excludes VAT.
- 4 Expenditure has reduced in 2011-12 as over £30m was paid via NDPBs. Although the NDPBs pass the funding on to the voluntary and community sector they are not classified as part of the sector themselves.
- 5 Previously reported in the 2010-11 QDS Annual Report as Project C: Public Services Network - The Programme is part of the cross-Government CIO Portfolio and delivered across a number of Departments. The SRO for the Programme is based in the Ministry of Defence. The Programme is therefore no longer reported in the Cabinet Office QDS.
- 6 The cost increased during 2011-12 from the £99M reported in the 2010-11 QDS Annual Report (the HMT settlement figure) to £108M due to the Cabinet Office contribution towards the funding which includes additional amounts for staffing and research.
- 7 The cost of the Cabinet Office element of the Programme increased to £83.5M (from £77.1M reported in the 2010-11 QDS Annual Report) as a result of
 - (1) the existing Cabinet Office Identity Assurance Programme and its £10M funding being included within the NCSP Programme
 - (2) the forecast cost of the Office for Cyber Security and Information Assurance (OCSIA) reducing by £3.5M since the NCSP Programme was initiated.
- 8 The CO element of the Programme's cost increased by £2.9m from the figure reported in the 2010-11 QDS Annual Report (£63million) due to additional funding for 2012-2015 to develop NCS alumni, promote participation through the development of a graduate cadre and the NCS journey, and impact evaluation.

CONSOLIDATED ACCOUNTS 2011-12

I am pleased to present the Cabinet Office Accounts 2011-12 which have been authorised by me as Accounting Officer and audited and certified by the Comptroller and Auditor General. They include:

- Corporate Governance
- Statement of Lead Non-Executive – Assessment of Cabinet Office Performance
- Cabinet Office Finances – Management Commentary
- Remuneration Report which details the salary, pension and compensation of Ministers and senior management
- Statement of Accounting Officer's Responsibilities which sets out my responsibilities for preparing the Accounts and for ensuring the regularity of financial transactions
- Governance Statement which is compliant with HM Treasury guidance
- Certificate and Report of the Comptroller and Auditor General to the House of Commons
- audited consolidated financial statements.

BASIS OF ACCOUNTS

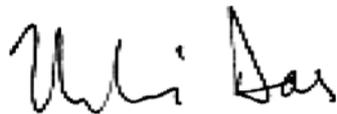
The Cabinet Office Accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with generic Accounts Directions issued to departments by HM Treasury under section 5 (2) of the Government Resources and Accounts Act 2000.

AUDITORS

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Notes 8 and 9 to the Accounts. During the reporting year no payment was made to the auditors for non-audit work (2010-11: £Nil).

STATEMENT ON THE DISCLOSURE OF RELEVANT AUDIT INFORMATION

I hereby confirm that so far as I am aware, there is no relevant audit information of which the Cabinet Office's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the Cabinet Office's auditors are aware of that information.



Melanie Dawes

Principal Accounting Officer and
Interim Permanent Secretary

12 July 2012

CORPORATE GOVERNANCE

INTRODUCTION

Corporate Governance covers the structure of governance and the risks and performance of governance. The risks and performance details are reported upon within the Governance Statement. The structure of governance is set out below.

Ministers lead departments and are responsible for and accountable to Parliament for the actions and policies of their departments. Boards, within the strategic framework set by the Minister, support the head of the department by advising ministers and taking ownership of the department's performance. Ministers and Board members are broadly responsible for corporate governance that defines the rights and responsibilities among different stakeholders, determines rules and procedures for making decisions, and includes the process through which the department's objectives are set and monitored.

MINISTERIAL RESPONSIBILITIES AND MINISTERIAL CHANGES

During the financial year 2011-12, there were no changes to the Cabinet Office's Ministerial team. Changes in ministerial responsibilities resulting from machinery of government transfers of function are set out below.

MACHINERY OF GOVERNMENT TRANSFERS OF FUNCTION INTO THE CABINET OFFICE

National School of Government

On 1 April 2011 the National School of Government was brought into the Cabinet Office and ceased to be a separate non-ministerial department. It subsequently closed on 31 March 2012.

Central Office of Information

On 23 June 2011 the Minister for the Cabinet Office announced a range of reforms to the organisation of government communication which led to the closure of the Central Office of Information, a non-ministerial department on 31 March 2012. The assets and liabilities of its trading fund have been absorbed into the Cabinet Office during the year.

Government Property Unit

On 18 July 2011, the Prime Minister announced that the Government Property Unit would transfer from the Department of Business, Innovation and Skills and become part of the Efficiency and Reform Group in the Cabinet Office, reporting directly to the Minister for the Cabinet Office.

CLOSURE OF EXECUTIVE NON-DEPARTMENTAL PUBLIC BODIES

Capacity Builders (UK) Limited

As a result of the review of public bodies, announced by the Minister for the Cabinet Office on 14 October 2010, Capacity Builders (UK) Limited was closed down at the end of 31 March 2011. On 1 April 2011 its assets and liabilities were novated to the Cabinet Office. Any future programmes will be taken forward via other bodies.

Commission for the Compact Limited

As a result of the review of public bodies announced by the Minister for the Cabinet Office on 14 October 2010, the Commission for the Compact was closed down at the end of 31 March 2011. On 1 April 2011 its assets and liabilities were novated to the Cabinet Office. The Office for Civil Society now promotes the Compact within government and Compact Voice promotes it to the voluntary and community sector. With the closing of the Commission for the Compact, this promotional role now rests solely on those two organisations.

MINISTERS

The Ministers who sat within the Cabinet Office during the year were:

The Rt Hon. Nick Clegg MP	Deputy Prime Minister and Lord President of the Council
The Rt Hon. Francis Maude MP	Minister for the Cabinet Office, Paymaster General
The Rt Hon. Oliver Letwin MP	Minister for Government Policy
Nick Hurd MP	Minister for Civil Society and Parliamentary Secretary
Mark Harper MP	Minister for Political and Constitutional Reform and Parliamentary Secretary
The Rt Hon. Lord Strathclyde	Leader of the House of Lords and Chancellor of the Duchy of Lancaster
The Rt Hon. Sir George Young Bt MP	Leader of the House of Commons and Lord Privy Seal
David Heath CBE MP	Deputy Leader of the House of Commons and Parliamentary Secretary not remunerated
The Rt Hon. Baroness Warsi	Minister without Portfolio (Minister of State) not remunerated

Ministers' remuneration is disclosed within the Remuneration Report.

CABINET SECRETARY AND PERMANENT SECRETARY

The Cabinet Office has expanded and taken on new responsibilities since the election and following the retirement of Sir Gus O'Donnell, it has taken the opportunity to restructure roles at the top. In recognition of this, the Cabinet Office is led by dedicated Permanent and Cabinet Secretaries. The role of Head of the Civil Service was taken on by one of the current departmental Permanent Secretaries, Sir Bob Kerlake, who will provide leadership to the civil service alongside his existing departmental responsibilities. The posts of Cabinet Secretary and Permanent Secretary were held during the year by:

Sir Gus O'Donnell GCB	Secretary of the Cabinet, Head of the Home Civil Service and Principal Accounting Officer <i>until 31 December 2011</i>
Sir Jeremy Heywood KCB, CVO	Cabinet Secretary <i>from 1 January 2012</i>
Ian Watmore	Permanent Secretary for the Cabinet Office and Principal Accounting Officer <i>from 1 January 2012</i>

On 30 June 2012, Ian Watmore retired. Melanie Dawes was appointed Interim Permanent Secretary, assuming the role of Principal Accounting Officer from 22 June 2012.

CABINET OFFICE BOARD

The Cabinet Office Board forms the collective strategic and operational leadership of the Department, bringing together its Ministerial and Civil Service leaders with senior non-executives from outside government. It is responsible for:

- **Planning and Performance** – agreeing the Departmental Plan, especially the department's strategic aims and objectives and the allocation of human and financial resources to achieving them, and their public expression in the Business Plan; monitoring and steering performance against the Plan; scrutinising the performance of sponsored bodies; and setting the Department's standards and values.
- **Strategy and Learning** – setting the vision / mission and ensuring all activities contribute towards it, either directly or through establishing a credible 'licence to operate'; long-term capability and horizon scanning, ensuring that strategic decisions are based on a collective understanding of policy issues; using expertise and outside perspectives to hold the Department to account on its interaction with the 'real world'.
- **Resources and Change** – signing off large projects or programmes, or scrutinising those above the department's financial delegation prior to submission to the Treasury; drawing on advice from the Audit and Risk Committee, ensuring sound financial management including the operation of delegations and internal controls; ensuring that organisational design supports the attainment of strategic objectives; evaluation of the Board and its members, and succession planning.
- **Capability** – ensuring the Department has the capability to deliver and to plan to meet current and future needs.
- **Risk** – drawing on advice from the Audit and Risk Committee, setting the Department's risk appetite and ensuring that effective and proportionate controls are in place to manage risk.

The Board is chaired by the Cabinet Office Minister, Francis Maude and met five times this year.

During the year the Board reviewed a number of key priorities for the department. The Board highlighted the need for greater clarity in the Vision about the department's role and about the nature of its joint role with HM Treasury as the strategic centre of government.

The Board agreed the department's strategic objectives and a framework which set out how the various components of the strategic planning and performance management process would fit together. A key area for the Board has been reviewing a number of the strategic objectives, ensuring there was a clear focus on what was to be achieved by 2015, how success would be measured and how progress would be tracked.

Following the announcement in March 2011 that MyCSP would be the first of a number of Civil Service entities to be transformed into mutual joint ventures as part of the government's objective of widening employee ownership, the Board reviewed preparedness for each stage of the process to establish MyCSP as a mutual company, and then as a mutual joint venture. The Board asked the Audit and Risk Committee to provide advice on potential risks and how they could be mitigated.

The Board has also been instrumental in improving the quality of information included in the performance report.

INDEPENDENT NON-EXECUTIVE MEMBERSHIP

The role of the Non-Executive Members of the Board is set out in the *'Enhanced Departmental Boards: Protocol'* which is published on the Cabinet Office website.

The Non-Executive Members of the Board (NEBM) exercise their role through influence and advice, supporting as well as challenging the executive. They will advise on performance (including agreeing key performance indicators), operational issues (including the operational/delivery implications of policy proposals), and on the effective management of the Department. They also provide support, guidance and challenge on the progress and implementation of the business plan, and are involved in recruiting, appraising and ensuring appropriate succession planning of senior executives. They will form committees responsible for audit, risk and remuneration. To share best practice and to ensure that Departments learn from the successes and failures of comparable organizations, they will meet regularly with other non-executives across government. Departments will support this work by providing appropriate management information and direct access to officials outside Board meetings.

PUBLIC INTEREST

The Cabinet Office maintains a Register of Board Members' Interests with details of company directorships and other significant interests held by Board members. Copies of the register are available on request. A copy will be laid in the House of Commons Library.

Register of Members' financial interest can be found at the link:

<http://www.publications.parliament.uk/pa/cm/cmregmem/contents.htm>

Register of Lords' Interests can be found at the link:

<http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/?letter=S>

Senior management remuneration is disclosed within the Remuneration Report.

CABINET OFFICE AUDIT AND RISK COMMITTEE

Purpose

The Cabinet Office Audit and Risk Committee (COARC) supports the Cabinet Office Board and Principal Accounting Officer by providing an independent view of the department's risk control and corporate governance arrangements, and assessing the comprehensiveness, reliability and integrity of those assurances.

Scope

The Cabinet Office Audit and Risk Committee's remit covers the Cabinet Office, Cabinet Office: Civil Superannuation and Returning Officers' Expenses for England and Wales. Separate Accounts are published for each of these, and each is audited separately, but all three have the same Principal Accounting Officer.

Terms of reference

COARC will advise the Board and Principal Accounting Officer on:

- Corporate governance processes inside the department, especially:
 - the identification of operational, financial and compliance risks
 - the development and effective application of proportionate internal controls at each level to mitigate and manage those risks
 - the development of the Governance Statement.
- the accounting policies, the accounts, and the Annual Report of the Cabinet Office, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- the planned activity and results of both internal and external audit
- the adequacy of management's response to issues identified by audit activity, including external audit's management letter
- assurances relating to the corporate governance requirements for the organisation
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
- the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Cabinet Office Board.

Meetings

- The Audit and Risk Committee will meet four times a year. The Chair may convene additional meetings, as the Committee deems necessary.
- A minimum of two members of the Committee will be present for the meeting to be deemed quorate.
- The Committee will formally report in writing to the Board and Principal Accounting Officer after each of its meetings.
- The Committee may co-opt additional members for a period not exceeding one year to provide specialist skills, knowledge and expertise.
- Audit and Risk Committee meetings will normally be attended by the Finance Director and Head of Corporate Risk and Assurance, the Head of Internal Audit, and a representative of External Audit.
- The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Committee.
- The Committee may ask any other officials to attend to assist it with its discussions on any particular matter.
- The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
- The Board or the Principal Accounting Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- The Board will be supported by a secretariat function which will provide Board members with the information and analysis they require to carry out their duties effectively.

The Cabinet Office Audit and Risk Committee is chaired by Rona Fairhead and has met eight times this year. The meeting comprises a minimum of two members of the Committee to be deemed quorate. The terms of reference require that COARC members' attendances are published in the Cabinet Office Annual Report and Accounts. COARC meetings were attended by all members except for the following:

Date of COARC meeting	Apologies
24 June 2011	Dame Barbara Stocking Non-Executive Board Member
8 July 2011	Ian Davis Non-Executive Board Member
1 February 2012	Ian Davis Non-Executive Board Member
23 March 2012	Dame Barbara Stocking Non-Executive Board Member

NOMINATIONS AND GOVERNANCE COMMITTEE

The purpose of the Nominations and Governance Committee (NGC) is to review the quality of leadership of the department, evaluate the performance of the Board and plan for succession as necessary. The Nominations and Governance Committee is responsible for:

- evaluation of the board and its senior members
- providing input to processes on the assessment of directors general and above in the department
- reviewing and making recommendations on performance management assessment processes in the department
- reviewing and making recommendations on succession planning processes in the department.

The Nominations and Governance Committee chaired by Lord Browne, Lead Non-Executive for the Cabinet Office was not convened in 2011-12.

EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee (EMC) is responsible for the executive management of the department within the strategic framework established by ministers and the Cabinet Office Board. The EMC is responsible for supporting the Cabinet Office Board by considering detailed issues of the management of the department, including:

- planning
- budgeting
- performance
- people
- corporate services.

The EMC was chaired by Sir Gus O'Donnell, Cabinet Secretary, Head of the Home Civil Service and Accounting Officer for the Cabinet Office until the end of 2011. Since January 2012, the EMC has been chaired by Ian Watmore, Permanent Secretary and the Principal Accounting Officer of the Cabinet Office.

APPROVALS BOARD

The Approvals Board is a sub-committee of the Cabinet Office Board. The Approvals Board will oversee the achievement by the Cabinet Office of its contribution to the government's objective of creating strong financial discipline at all levels of government and ensuring that public servants manage taxpayers' money wisely.

The Approvals Board will scrutinise proposals for the significant deployment of the human and financial resources of the department to ensure that:

- in an era of constrained resources, they are aligned with the highest priorities of the government and of the department

- they secure best value-for-money
- where relevant, they exploit the knowledge and skills available not only within the department but also across Whitehall, especially where drawing in wider experience would enable the better achievement of objectives at lower cost
- they draw on best practice in relevant fields.

To that end, the Approvals Board will scrutinise and approve against the tests set out above:

- all new items of proposed expenditure (resource, including administrative, programme and grant expenditure, and capital) of more than £100,000
- proposals for the filling of all vacancies and new posts, whether by redeployment within the department or by external recruitment
- all proposals exceeding £20,000 in value (VAT inclusive where relevant) for the employment of external resources of whatever nature, including consultancy, fee-paid contracts, legal advice, specialist contractors, systems delivery (including ICT systems) and interim managers and agency staff
- all projects subject to OGC Programme and Project Management (PPM) disciplines
- all new supply and service contracts with a lifetime value of greater than £1 million.

Very significant cases, or those raising issues of propriety and regularity, would go to Ian Watmore as Permanent Secretary and Principal Accounting Officer of the Cabinet Office, in advance of consideration by the Approvals Board. The Cabinet Office Board will be invited to:

- approve investments of £5 million or above
- scrutinise and recommend to HM Treasury for approval investments above delegated thresholds.

The Approvals Board is chaired by the Minister for the Cabinet Office, Francis Maude.

FINANCE AND INVESTMENT COMMITTEE

Cabinet Office Finance and Investment Committee supports the Cabinet Office Board and the Executive Management Committee by acting on their behalf on all issues of business planning and performance management.

The Finance and Investment Committee is responsible for:

- ensuring financial policies, systems and processes are transparent, effective, efficient and consistently applied
- measuring performance against the Departmental Plan, and considering corrective action
- ensuring effective financial and risk management arrangements and controls are in place across the department

- undertaking scrutiny of the Cabinet Office's general finances and financial management
- as appropriate, undertaking scrutiny and making recommendations on major investments and major contract renewals/extensions
- ensuring high quality business planning.

The Finance and Investment Committee is chaired by Bruce Mann, Finance Director, who is also a member of the Board.

THE HR ADVISORY PANEL

The purpose of the HR Advisory Panel is to ensure that the implementation of the People Strategy is business-focused, enhances business performance and contributes to the development of staff. The HR Advisory Panel is responsible for:

- advising the Executive Management Committee on the People Strategy and People Plan
- providing input on unit people priorities, the impact of HR policies and how they can achieve maximum impact on business performance
- supporting HR in delivering the People Strategy across the Cabinet Office.

The HR Panel is chaired by Janette Durbin, Director of Human Resources until the end of March 2012.

ENGAGEMENT GROUP

The purpose of the Engagement Group is to devise and implement a strategy for staff engagement that creates the right conditions for improved staff productivity and departmental performance.

The Engagement Group is responsible for:

- developing understanding of research into engagement
- ensuring that the Department focuses its approach on the factors that make the most difference
- driving change focused on engagement in the Department
- ensuring that action is taken at local level and sharing examples of best practice.

The Engagement Group was chaired by Chris Wormald, Director General of the Deputy Prime Minister's Office until the end of March 2012.

INFORMATION STRATEGY BOARD

The Information Strategy Board is a formal sub-committee of the Executive Management Committee, empowered to pursue the alignment of the information needs of the Department with the ICT systems used to deliver these requirements. The ISB owns the Cabinet Office's Information Strategy and oversees that the delivery of ICT, information management, Intranet and Internal Communication services to the business is in a manner consistent with that Strategy.

The Information Strategy Board (ISB) is responsible for ensuring that the information requirements of the Cabinet Office (including the Prime Minister's Office) are met.

The ISB takes a strategic overview of the way in which the department collects, stores, uses and publishes information to ensure that all such activities:

- are essential to actively promote the business of the department
- are in accordance with the principles expressed in the '*Government ICT Strategy*'
- promote collaborative working within the Department and across Government
- comply with IS Security Policy best practices.

ISB was chaired by Alex Allan, Chairman of the Joint Intelligence Committee, until 30 September 2011.

THE CABINET OFFICE BOARD

CHAIR

The Rt Hon. Francis Maude MP	Minister for the Cabinet Office, Paymaster General
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EXECUTIVE MEMBERSHIP

Nick Hurd MP	Minister for Civil Society
Sir Gus O'Donnell GCB	Secretary of the Cabinet, Head of the Home Civil Service and Principal Accounting Officer <i>until 31 December 2011</i>
Sir Jeremy Heywood KCB,CVO	Cabinet Secretary <i>from 1 January 2012</i>
Ian Watmore	Permanent Secretary for the Cabinet Office and Principal Accounting Officer <i>from 1 January 2012</i>
Chris Wormald	Director General, Deputy Prime Minister's Office
Sue Gray	Head of Propriety and Ethics and Director of Private Offices Group
Melanie Dawes	Director General of Economic & Domestic Affairs Secretariat <i>from 1 January 2012</i>
Bruce Mann	Finance Director, Board Secretary

NON-EXECUTIVE MEMBERSHIP

Lord Browne of Madingley ¹	Lead Non-Executive Director for the Cabinet Office
Ian Davis	Non-Executive Board Member and Member of the Audit and Risk Committee
Rona Fairhead CBE	Non-Executive Board Member and Chair of the Audit and Risk Committee
Dame Barbara Stocking DBE	Non-Executive Board Member and Member of the Audit and Risk Committee

¹ Lord Browne of Madingley is also the Government Lead Non-Executive Director

BIOGRAPHIES

CHAIR



The Rt Hon. Francis Maude MP
Minister for the Cabinet Office, Paymaster General

Francis Maude is Member of Parliament for Horsham, West Sussex.

In Opposition, the Minister was Shadow Minister for the Cabinet Office and Shadow Chancellor of the Duchy of Lancaster (June 2007 to May 2010). He was Chairman of the Conservative Party (May 2005 to June 2007), Shadow Foreign Secretary (February 2000 to September 2001), Shadow Chancellor of the Exchequer (June 1998 - February 2000), Shadow Secretary of State for Culture, Media and Sport (June 1997 to June 1998).

As a member of the previous Conservative government, the Minister was Financial Secretary to the Treasury (1990-1992), Minister of State at the Foreign and Commonwealth Office (1989-1990), Minister for Corporate and Consumer Affairs at the Department of Trade and Industry (1987-1989), Government Whip (1985-1987) and Parliamentary Private Secretary to the then Minister for Employment, Peter Morrison.

He served as the MP for North Warwickshire (1983-1992) and was elected MP for Horsham in the 1997 General Election.

The Minister has also been Vice-Chairman of the All Party Parliamentary Group on AIDS and co-founded the Policy Exchange think tank in 2002.

He studied at the University of Cambridge and The College of Law, practising criminal law. This led him to an initial career at the criminal bar (1977-1985), followed by six years as a councillor for the City of Westminster. Other jobs taken outside politics include non-executive director of ASDA Group; director at Salomon Brothers; and Managing Director of Morgan Stanley & Co.

EXECUTIVE MEMBERSHIP



Nick Hurd MP
Minister for Civil Society

Nick Hurd is the Member of Parliament for Ruislip, Northwood and Pinner in Middlesex. The Minister was previously Shadow Minister for Charity, Social Enterprise and Volunteering (October 2008 - May 2010). He also served as an Opposition Whip and member of the Shadow teams for Justice, Communities and Local Government (2007-2008). The Minister previously served on the Environment Audit Committee. He was on the Board of the Conservative Party's Quality of Life Policy Commission, chairing the Climate Change group (2005-2007) and served on the Joint Parliamentary Committee that scrutinised the draft Climate Change Bill.

In 2006, Nick successfully took through Parliament a Private Members Bill, the Sustainable Communities Act, which was supported by over ninety national organisations. He was awarded the PRASEG Parliamentarian of the Year Award in 2007 in recognition of his work on the Act. He has also served on cross party enquiries into the adequacy of epilepsy services and the link between childhood leukaemia and high voltage power lines, several Bill Committees - including the Criminal Justice Bill, Housing and Regeneration Bill and NHS Redress Bill - and the All Party Parliamentary Groups for Small Business, Penal Reform and Brazil.

Before his career in politics he spent 18 years in business including five years representing a British bank in Brazil. The Minister is the fourth generation in his family to enter the House of Commons. He has been a Trustee of the Greenhouse Schools charity; and currently serves as a Governor of Coteford Junior School and as a Trustee of the Hillingdon Partnership Trust.



Sir Gus O'Donnell GCB
Secretary of the Cabinet, Head of the Home Civil Service and
Principal Accounting Officer

until 31 December 2011

Sir Gus O'Donnell was the Cabinet Secretary from 1 August 2005. Prior to that, he was Permanent Secretary to HM Treasury (2002-2005). Before that he had been Managing Director, Macroeconomic Policy and International Finance since 1999. From 1998-99 he was Director of Macroeconomic Policy and Prospects, and from 1997-98 was the UK's Executive Director to the IMF and World Bank. Gus studied economics at the University of Warwick and Nuffield College, Oxford. He joined the Treasury as an economist in 1979, having spent four years as an economics lecturer at the University of Glasgow. Subsequent posts in government included Press Secretary to John Major as the Chancellor of the Exchequer (1989-90) and Prime Minister (1990-94). He was Head of the Government Economics Service, the UK's largest employer of professional economists, from 1998 to 2003.



Sir Jeremy Heywood KCB, CVO
Cabinet Secretary

from 1 January 2012

Jeremy Heywood was appointed Cabinet Secretary following the announcement of Sir Gus O'Donnell's retirement in December 2011. Prior to that, Jeremy Heywood was Permanent Secretary to two successive Prime Ministers at 10 Downing Street. He also spent over three years as a Managing Director including as co-head of the UK Investment Banking Division at Morgan Stanley. Before joining Morgan Stanley, Jeremy Heywood occupied a range of senior civil service roles, including as Principal Private Secretary to the Prime Minister (1999–2003). Prior to that, he had a variety of senior roles at HM Treasury including, Head of Securities and Markets Policy and Head of Corporate and Management Change, where he led the department's Fundamental Expenditure Review in the mid 1990s. He also served as Principal Private Secretary to Chancellors Norman Lamont and Kenneth Clarke.



Ian Watmore
Permanent Secretary for the Cabinet Office and Principal Accounting Officer

from 1 January 2012

Ian Watmore is the Permanent Secretary in the Cabinet Office, operating as the Government's Chief Operating Officer, overseeing the Government's Efficiency and Reform agenda for Francis Maude, the Cabinet Office Minister, and Danny Alexander, Chief Secretary to the Treasury. He rejoined the Civil Service after a year as the Chief Executive of the Football Association where, in particular, he prioritised the grass roots of football development, championed the women's game, and created an internet FATV channel. He also steered the FA through severe financial problems resulting from the bankruptcy of Setanta and ring-fenced an appropriate budget for the 2018 bid.

Prior to this, he was the Permanent Secretary of the Department now known as Business, Innovation and Skills. He was in Number 10 where he worked directly for Tony Blair as the head of the Prime Minister's Delivery Unit and in the Cabinet Office as the Government's Chief Information Officer. He joined the Civil Service after a twenty four year business career in IT and consulting, culminating as Accenture's UK Managing Director from 2000 to 2004 and President of the Management Consultants Association in 2003. In 2005 he received the computing industry's award for his Outstanding Contribution to UK IT and in 2009 received an honorary degree from the University of Westminster for public service management.

He was educated in mathematics and management studies at Trinity College, Cambridge.



Chris Wormald
Director General, Deputy Prime Minister's Office

Chris Wormald joined the Civil Service in 1991 as a fast streamer at the (then) Department of Education and Science and is currently Director General, Deputy Prime Minister's Office at the Cabinet Office, having joined the Department in February 2009. His remit covers all aspects of the Deputy Prime Minister's responsibilities, including cross Government issues, constitutional and political reform and devolution. His previous roles in Cabinet Office include a spell as Head of the Economic and Domestic Secretariat and as Director General, Public Service Reform. Before joining Cabinet Office, Chris was (since 2006) Director General for Local Government and Regeneration at the Department for Communities and Local Government. Prior to 2006, Chris worked in a range of posts on education policy, including spells as Principal Private Secretary to Estelle Morris and then Charles Clarke and as Director of Academies and Schools Capital.



Sue Gray
Head of Propriety and Ethics and Director of Private Offices Group

Sue joined the Cabinet Office in the late 1990s. Before joining the Cabinet Office, Sue worked in Transport, Health and DWP covering a range of roles which included both policy and front line delivery. She also took a career break to run a pub in Newry, Northern Ireland.



Melanie Dawes
Director General of Economic and Domestic Affairs Secretariat

from 1 January 2012

Melanie took up post as the head of the Economic & Domestic Affairs Secretariat (EDS) at the Cabinet Office on 10 October 2011.

Before that she was at HMRC for five years, including as Director General for Business Tax from November 2007. This involved responsibility for all the business taxes and duties, leadership of the department's relationships with big business and from 2009, the development of HMRC's overall strategy as a department.

Prior to joining HMRC, Melanie spent fifteen years at the Treasury, including as Europe Director from 2002 to 2006. She started her career as an economist and has worked on public spending, tax and tax credit policy, macroeconomics, monetary policy and the euro.

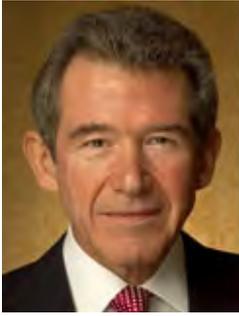


Bruce Mann
Finance Director, Board Secretary

Bruce joined the Ministry of Defence in 1979. After early work in policy roles (especially nuclear issues), the Falklands and Gulf conflicts, a secondment to the Cabinet Office and Private Secretary to the MoD's Permanent Secretary, he was appointed Director, Defence Policy in 1994, taking further forward the post-Cold War transition of defence policy and force structures. He then became Director, European Policy leading on NATO enlargement and developing work on EU defence policy and capabilities. After an assignment to the RAF component of the MoD's logistics organisation, with responsibilities for finance and other corporate services, he was seconded to NATO for the Kosovo conflict, before returning to MoD to carry out both financial management and planning roles as successively Director, Resources and Plans and then Director General Financial Management. He was seconded to the Cabinet Office again in February 2004 to act as Secretary to Lord Butler's Review of Intelligence on Weapons of Mass Destruction, before moving on to be Director of Civil Contingencies in the Cabinet Office, leading on work on the UK's preparedness for and response to major emergencies.

Bruce, who is a member of CIPFA, became the Cabinet Office's Finance Director in December 2009.

INDEPENDENT NON-EXECUTIVE MEMBERSHIP



Lord Browne of Madingley

Lead Non-Executive Director and Government Lead Non-Executive Director

John Lord Browne of Madingley was born in 1948. He joined BP in 1966 as a university apprentice. He holds a degree in Physics from Cambridge University and a MS (Master of Science) Business from Stanford University, California. He is a Fellow of the Royal Society, the American Academy of Arts and Sciences and the Royal Academy of Engineering. He has numerous honorary degrees, fellowships and awards.

He joined the Board of BP in 1992 and became its Group Chief Executive in 1995 until 2007. He has been the Chairman of the Advisory Board of Apax Partners LLC (2006-7), non-executive director of Intel (1997-2006), DaimlerChrysler AG (1996-2001), Goldman Sachs (1997-2007) and SmithKline Beecham (1996-1999). He was voted Most Admired CEO by Management Today from 1999 -2002. He was knighted in 1998 and made a life peer in 2001.

He is presently a Partner of Riverstone Holdings LLC, a company which invests in renewable and conventional energy. He is Chairman of the Board of Trustees of Tate, Chairman of the Trustees of the Queen Elizabeth II Prize for Engineering, and Chairman of the International Advisory Board of the Blavatnik School of Government at Oxford University, and a member of a variety of other advisory boards.



Ian Davis

Non-Executive Board member and Member of the Audit and Risk Committee

Ian Davis is an independent non-executive director of BP plc, Johnson and Johnson Inc., Big Society Trust and Teach for All. He is also a senior advisor to Apax Partners LLP and an Advisory Director of King Abdullah Petroleum Studies and Research Centre.

He was a partner of McKinsey & Company for 31 years and served as Chairman and Worldwide Managing Director between 2003 and 2009.

He was educated at Charterhouse and Balliol College, Oxford.



Rona Fairhead CBE

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

Rona has been Chairman and Chief Executive of the Financial Times Group since June 2006. She sits on the Pearson Board and is also a member of the Pearson Management Committee. In March 2008 Rona also became responsible for Pearson VUE, Pearson's vocational and professional certification business, and for building Pearson's involvement in professional and vocational education worldwide.

Rona joined Pearson plc in October 2001, became a Pearson director in 2002 and served as Pearson Group's CFO from June 2002.

Rona served as Chairman of Interactive Data Corporation's Board of Directors from September 2007 to July 2010.

Rona is a non-executive director of HSBC Holdings Plc where she chairs the HSBC Group Risk Committee and is a member of Group Audit and Nominations Committees.

Before joining Pearson, Rona was Executive Vice President, Strategy and Group Financial Control and a member of the Executive Board at ICI plc, the international specialty chemicals and paints company. Prior to her six years at ICI, she was a senior executive in the aerospace industry, working for Bombardier/Shorts Aerospace. In her early career she worked for Bain & Co and Morgan Stanley. Rona has a law degree from Cambridge University and an MBA from Harvard Business School.



Dame Barbara Stocking DBE

Non-Executive Board Member and Member of the Audit and Risk Committee

Barbara Stocking joined Oxfam GB as Chief Executive in May 2001. Oxfam GB is a major international non-government organisation whose mission is “to work with others to overcome poverty and suffering”.

Oxfam brings together humanitarian and long term development work as well as campaigning on the causes of poverty. Barbara has led major humanitarian responses most recently, the Horn of Africa and now West Africa food crises, as well as the Haiti earthquake, Pakistan floods and Tsunami. On campaigning Barbara led Oxfam’s work on Make Poverty History and more recently on climate change and the current Grow campaign on food justice in a resource constrained world. Barbara regularly speaks at major global meetings for example at the UN, in New York and Rome and at Davos.

Previously a member of the top management team of the National Health Service, in her eight years with the NHS, Barbara worked as regional director for the South East of England, and then as the founding Director of the NHS Modernisation Agency. Barbara has a Masters degree in physiology, and has broad experience of healthcare systems, policy and practice, including periods at the National Academy of Sciences in the USA and with the World Health Organisation in West Africa.

She was awarded a CBE for health services in 2000 and a Dame Commander of the British Empire (DBE) for humanitarian services in the 2008.

CABINET OFFICE LEAD NON-EXECUTIVE STATEMENT - ASSESSMENT OF CABINET OFFICE PERFORMANCE

The Cabinet Office Board has made progress over the past year. It has an increased focus on prioritisation, conducts a more thorough assessment of risks around its major projects and is receiving excellent support from its Audit and Risk Committee. Francis Maude is an effective Chair and sets an open culture for the Board. My fellow Non-Executives offer a breadth of experience, providing effective challenge and support to Ministers and officials. All Board members are committed and are building productive working relationships, responding well to challenge.

The Board has been directly involved in improving performance. Its work extends beyond formal Board meetings, into specific Board Committees, and focus on specific projects. For example, Rona Fairhead has been closely involved in scrutinising the My Civil Service Pension mutualisation. This has helped to drive improvements in the quality of management information the Department uses to back up decisions. Ian Davis has brought his huge experience of working with major organisations in his consultancy roles to bear on thinking about the civil service as an organisation. The Board has also been pivotal in the creation of the Major Projects Leadership Academy. With support from the Non-Executives, the Academy was set up following rapid delivery of a highly efficient LEAN procurement process.

The Board has met five times in 2011-12, having been in operation for 18 months. At this stage I would not expect it to be functioning at peak performance. This will build over time. There is specific work to do in each of the five main areas for improvement identified by Non-Executives across Whitehall.

Strategic Clarity

There is insufficient strategic clarity. More work needs to be done to define the scope and role of the Cabinet Office, in particular with respect to Departments affected by its decisions. Whilst the Board is having increasing influence over implementation decisions and delivery of policy, there is scope to make more effective use of the Board by seeking its advice on key issues before announcements are made. The role of the Board in relation to other subsidiary Boards within the Cabinet Office should be further clarified.

Commercial Sense

The Cabinet Office has a strong base of commercial skills to draw on from within the Efficiency and Reform Group. There is more to do to develop a sustainable cadre of commercially aware people. Achieving best value for public money sometimes involves taking calculated risk. We need to better define our appetite for risk to ensure that our commercial professionals have the scope to innovate and take risks.

Talented People

Involvement of staff in the development of the new Cabinet Office Vision and Values has been valuable, but we can do more to ensure Cabinet Office staff understand the overarching role of the Department. We need to articulate the offer to staff better, particularly given the current level of change. The Board has a role in this, and in supporting the delivery of the reforms set out in the Civil Service reform plan. We could do more to engage staff directly. There is also a need for more Board level discussion of Cabinet Office leadership development and training.

Results Focus

There needs to be increased focus on the linkage between strategy and outcomes. The business planning process needs to better reflect the needs of the Department and drive cross-Whitehall working. Measurement of the performance and risk management of Arm's Length Bodies also needs to be improved.

Management Information

In the past year there have been improvements in the financial information included in performance reports. Nevertheless, the overall quality of management information presented to the Board could better enable the Board to advise on key issues. Information packs are too lengthy and dense; they contain lots of data but not enough information to allow targeted challenge and support. This is of particular importance as we prepare for future challenging spending reviews.

In my role beyond Cabinet Office as Government Lead Non-Executive, I have been working with Non-Executives, Ministers and officials to collectively implement a set of significant reforms to the way Whitehall departments are governed. Cabinet Office should be leading by example in its implementation of these reforms. There is further to go before Cabinet Office catches up with the best-performing and best-supported boards in Whitehall.

To this end, we have carried out a Board effectiveness evaluation and are taking forward a range of actions as a result. The Board will meet more frequently from now on – ideally every six weeks, including more informal time for strategic discussions and relationship building, including through bi-annual awaydays. The Cabinet Office has not previously had a Nominations and Governance Committee, and such a Committee will now be established, with strong Non-Executive membership and Barbara Stocking as Chair. A Board Operating Framework has been agreed and will be published. We also expect the level of support the Board receives from the Department to improve to reflect best practice across Whitehall – for example, papers will be circulated earlier ahead of meetings.

Our priorities for the year ahead include articulating and communicating clearly the role of the corporate centre of Government, which we intend to review at least annually. The Cabinet Office will be at the forefront of the first wave of Departmental Improvement Plans, and the Board will be instrumental in assessing the Department's capability to tackle the challenging agenda ahead. The Board will also take a more strategic view of forward agendas to ensure that we are focusing appropriately on the key issues where we can add value, including the Cabinet Office's contribution to the vitally important Government growth agenda.

It is a loss to the Board and the Department that Ian Watmore has chosen to leave the Civil Service. Ian provided strong leadership as Government's Chief Operating Officer and then Permanent Secretary of the Cabinet Office. I look forward to working with Melanie Dawes, Director General of Economic and Domestic Affairs, who has joined the Board as interim Permanent Secretary until a permanent successor is appointed.

CABINET OFFICE FINANCES – MANAGEMENT COMMENTARY

OVERVIEW

This section explains the framework for managing public money and reviews financial performance and includes the following content:

- Cabinet Office core business
- In-year machinery of government and other changes
- Managing public money framework explains the relationship between Estimates, accounts and budgets
- Financial Review 2011-12 compares actuals in the accounts for 2011-12 against prior year 2010-11
- Performance against Parliamentary Control Totals explains outturn against budget for 2012
- Public Expenditure Data 2006-07 to 2014-15 explains outturn data and spending plans
- Other Information sets out additional disclosures.

CABINET OFFICE CORE BUSINESS

The Cabinet Office's core business consists of three main areas of expenditure:

- supporting the Prime Minister and Deputy Prime Minister
- supporting the Cabinet
- strengthening the Civil Service.

MACHINERY OF GOVERNMENT TRANSFERS OF FUNCTION

During the year the following machinery of government and other changes took place.

National School of Government

The National School of Government was brought into the Efficiency and Reform Group within the Cabinet Office on 1st April 2011 and ceased to be a separate non-ministerial department. (Hansard: 1 April 2011 Column 44WS). The impact on the budgets is to increase RDEL administration expenditure and income by £22.6 million. The National School of Government ceased operations on 31st March 2012.

Central Office of Information

The Central Office of Information was brought into the Cabinet Office and has ceased to be a separate non-ministerial department. The Central Office of Information provided market and communications services to Government and to other clients in the public sector and advised on marketing and communications policy and had a function to evaluate the impact of marketing on policy outcomes. The impact on budgets is to increase RDEL programme expenditure by £0.301 million. Its Trading Fund ceased operation on 30th December 2011.

Government Property Unit

The Government Property Unit was transferred into the Efficiency and Reform Group within the Cabinet Office from the Department for Business, Innovation and Skills. The function of the Government Property Unit is to manage the Government's property portfolio. The impact on budgets is to increase RDEL administration expenditure by £0.200 million and to increase programme expenditure by £7 million.

OTHER CHANGES

Political and Constitutional Reform

The Political and Constitutional Reform Group was transferred from the Ministry of Justice in the Winter Supplementary Estimate 2010-11 and outstanding elements of this transfer were completed during the Single Supplementary Estimate 2011-12.

MANAGING PUBLIC MONEY FRAMEWORK

Parliament gives statutory authority for the use of resources and funds through the Supply Estimates in order that the Cabinet Office may meet its expenditure and, in turn, the Department is accountable to Parliament for the use of those resources and funds as reported in its annual accounts. The Cabinet Office, like other government departments, needs to report its financial performance in a number of ways. These are identified below.

Estimate (Estimates Boundary)

The Estimate is a statement presented by HM Treasury to the House of Commons in which the Cabinet Office seeks approval for its estimated spending for the coming financial year. The Estimate summarises both the resources and the cash required for the year, and the Cabinet Office actual outturn against Estimate is reported in the Statement of Parliamentary Supply within the accounts. This is a statement which only applies to central government and has no equivalent statement in IFRS (International Financial Reporting Standards) based accounts.

Accounts (Accounting Boundary)

The accounts are prepared annually and present the financial results of the Cabinet Office. They are prepared in accordance with the 2011-12 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Taxpayers' Equity have been adapted for central government from their commercial equivalents.

The accounting boundary includes the financial results for the Cabinet Office together with its advisory non-departmental public bodies (ANDPBs) and executive non-departmental public bodies (eNDPBs). Advisory non-departmental public bodies are bodies which the Cabinet Office sponsors and which 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. Executive non-departmental public bodies carry out administrative, regulatory and commercial functions. They employ their own staff, are allocated their own budgets, are self-accounting and produce their own accounts.

Further detail regarding the departmental boundary can be found at Note 32 to the accounts.

Budgets (Budgeting Boundary)

Resource budgeting involves using accounting information as the basis for planning and controlling public expenditure. It introduces new concepts such as capital consumption and requires the Cabinet Office to match costs to the period in which the economic activity takes place.

Cabinet Office spending is controlled through the use of Departmental Expenditure Limits (DEL). Within DEL limits resource spending and capital spending are controlled separately. The Cabinet Office manages its in-year spending on this basis. The Cabinet Office's DEL includes the full resource and capital DEL spending of the eNDPBs as opposed to the grant-in-aid provided by the Cabinet Office to finance the activities of eNDPBs.

DEL is spending within the Department's direct control, and can therefore be planned over an extended period. This includes items such as administration payments, payments to third parties including grants to the private sector and to Local Authorities. It also includes expenditure incurred by its eNDPB which is funded through Supply Estimates as a grant in aid payment. Capital budget spending is controlled because net investment increases net borrowing and hence the level of debt.

The Department is expected to manage its resource and capital budgets within DEL and a breach will result in an offsetting reduction in DEL for the year, following the year of the breach and the Accounting Officer may be invited to appear before the Public Administration Select Committee to explain why the breach occurred.

An HM Treasury budgetary control on the resources, AME spending forms part of Total Managed Expenditure (TME) and includes that expenditure which is generally less predictable and controllable than expenditure in DEL. Under the new HM Treasury rules all provisions in budget terms will be classified as Annually Managed Expenditure as well as impairments caused by write downs to open market value, catastrophe and unforeseen obsolescence. The Cabinet Office has made provision to cover the costs of early departures, specific property dilapidations and doubtful debts and has impaired some capital assets.

Administration budgets help drive economy and efficiency and are controlled to ensure that as much money as practicable is available for front-line services and programmes. The administration budget is a control on resources consumed directly by departments and agencies in providing services which are not directly associated with front-line service delivery and the programme budget is a control on the costs of direct front-line service provision or support activities that are directly associated with front-line delivery. The main components of expenditure in administration budgets are employee costs, accommodation, office services, contracted out services, depreciation and consultancy.

Relationship between Estimates and Accounts and Budgets

The difference between the Cabinet Office's Estimate and accounts and budgets arises in the following instances.

Consolidated Fund Standing Services

Budgets include payments from the Consolidated Fund in relation to the salaries and pension costs of the UK Members of the European Parliament (MEPs). These are included in the Estimates but do not form part of the net cash requirement since they are paid directly from the Consolidated Fund as a standing service. The MEP salaries are not included in accounts, since the Cabinet Office does not benefit directly from MEPs' services and cannot re-deploy the funds.

Election expenses for 2010 UK Parliamentary General Election are included in budgets and accounts but not in Estimates since they are classified as Consolidated Fund Standing Services which are funded directly from the Consolidated Fund at Treasury and therefore do not form part of Supply net cash requirement.

Capital grant income and expenditure

The department's accounts differ from budgets in respect of capital grants which are classified as resource in Estimates and accounts and yet are classified as capital in budgets to reflect the creation of assets in the wider economy.

Grant in aid to eNDPBs

Grant in aid to eNDPBs is included in the accounts as resource expenditure and in Estimates as part of net cash requirement but is excluded from budgets which instead include the resource and capital expenditure incurred by the eNDPB.

Provisions

New provisions are recognised in the Statement of Comprehensive Net Expenditure and in resource AME budget and the utilisation of provisions is dual reported in budgets as a charge against resource DEL and as a benefit to resource AME.

PFI contracts recorded as service concessions

PFI contracts recorded as service concessions are dual reported; in budgets as an operating lease and in accounts as a finance lease. Further information is set out below under the section on IFRS.

Reconciliation between Estimates, Accounts and Budget

Reconciliations between Estimates, accounts and budgets for both resource and capital are set out at Figure 2 in the section Performance against Parliamentary Control Totals.

International Financial Reporting Standards (IFRS)

With the introduction of International Financial Reporting Standards (IFRS) departmental budgets have diverged from the financial statements in respect of the treatment of service concession arrangements and, as a result, the budgetary framework remains consistent with the framework under which the Office for National Statistics prepares the National Accounts.

The Cabinet Office has a service concession arrangement upon which it is required to dual report for accounts and budgets. For accounts purposes, under IFRS, it is determined that the Department has control of the associated assets and these are held on the Statement of Financial Position. For budget purposes and for the purposes of the National Accounts, it is determined that the risks and rewards of the asset rest with the provider and therefore the assets are held off the Statement of Financial Position. Adjustments are made to net resource outturn and net voted capital to remove assets and related capital charges from budget outturn; see Figure 2.

Clear Line of Sight (Alignment) Project

The Clear Line of Sight (Alignment) Project aims to reduce differences between the scope and definitions of expenditure for the purposes of Treasury budgetary controls, parliamentary Supply Estimates and departmental accounts. These differences reflect the various international standards within which the control mechanisms are operating. Budgets reflect the European System of Accounts and accounts reflect the International Financial Reporting Standards.

Key changes resulting from the Alignment Project are as follows. Parliamentary controls over government spending are aligned with Treasury's budgeting controls. Parliament now votes resource and capital departmental and annually managed expenditure and net cash requirement. All non-voted expenditure and income within budgets is brought within the coverage of Estimates. Parliamentary controls in Estimates are on a net (rather than both gross and net) basis to line up with budgetary controls. The Estimates and accounting boundaries are extended to consolidate non-departmental public bodies and other bodies classified to the central government sector. Estimate ambits are now function based and cover voted expenditure describing those activities on which expenditure authorised through the Estimate is to be incurred or on which income set out in the Estimate is expected to be generated.

Key control limits

Parliament exercises control over expenditure by applying limits contained in Supply legislation which are:

- Voted Resource DEL
- Voted Capital DEL
- Voted Resource AME
- Voted Capital AME
- Voted Non-budget Expenditure Limit

- Voted Net Cash Requirement

Additionally, although not a voted limit, the department must not breach its Administration Budget nor incur expenditure and income that is not within the Ambit of the Estimate; the Ambit being a description of the purposes of income and expenditure.

FINANCIAL REVIEW 2011-12

This section details the financial performance of the Department in the context of a year-on-year comparison in order to identify the main drivers of change as reflected in the primary financial statements which comprise:

- Statement of Parliamentary Supply
- Consolidated Statement of Comprehensive Net Expenditure
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Taxpayers' Equity.

STATEMENT OF PARLIAMENTARY SUPPLY

This is the accountability statement for Parliamentary reporting purposes. It records the net resource and capital outturn compared to Estimate. It also records the net cash requirement and net administration costs outturn compared to Estimate.

The net resource and capital requirement are voted by Parliament and reflect the maximum amount of expenditure which may be financed from the Estimate.

The net cash requirement limit is voted by Parliament and reflects the maximum amount of cash that can be released from HM Treasury's Consolidated Fund (the government's general bank account at the Bank of England) to a department in order that it may carry out its functions.

The net administration budget is a control on resources consumed directly by departments and agencies in providing services which are not directly associated with front-line service delivery.

The Department's net resource outturn decreased by £43.470 million from £497.394 million in 2010-11 to £453.924 million in 2011-12. Explanations are set out below in the Consolidated Statement of Comprehensive Net Expenditure variance analysis.

The Department's net capital outturn decreased by £69.457 million from £86.898 million in 2010-11 to £17.441 million in 2011-12. Explanations are set out below in the Consolidated Statement of Comprehensive Net Expenditure and Consolidated Statement of Financial Position variance analyses.

Net cash requirement increased by £2.892 million from £435.463 million in 2010-11 to £438.355 million in 2011-12. Explanations are set out below in the Performance against Parliamentary Control Total variance analysis.

Net administration costs decreased by £15.512 million from £202.251 million in 2010-11 to £186.739 million in 2011-12. Explanations are set out below in the Consolidated Statement of Comprehensive Net Expenditure staff costs variance analysis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

The Consolidated Statement of Comprehensive Net Expenditure is similar to an income and expenditure statement and includes all operating income and expenditure relating to the Department on an accruals

accounting basis, including items which sit outside of the Estimate, and components of other comprehensive income. The differences between Comprehensive Net Expenditure (Accounts) and net resource outturn (Estimates) are explained in the section above *Managing Public Money Framework* and are reported at Note 4.1 to the Accounts.

The Department's Consolidated Statement of Comprehensive Net Expenditure decreased by £108.750 million from £571.257 million in 2010-11 to £462.507 million in 2011-12. The main drivers of this variance are detailed below.

STAFF COSTS

Staff costs increased by £5.429 million from 2010-11 to 2011-2012. Explanations are detailed below in addition to the analysis set out at Note 7 to the accounts.

Wages and salaries include social security and other pension costs which decreased by £6.399 million from £123.551 million in 2010-11 to £117.152 million in 2011-12. This was mainly due to continuous efficiency savings to achieve staff reductions through an external recruitment freeze and, where possible, redeploying those staff without permanent roles into permanent positions when they become available.

Agency and temporary staff costs were reduced by £0.437 million from £8.967 million in 2010-11 to £8.530 million in 2011-12. This is one of the range of measures implemented to achieve efficiency savings by limiting the use of agency workers.

Termination benefits increased by £9.538 million from £11.628 million in 2010-11 to £21.166 million in 2011-12. This is mainly attributable to the voluntary and compulsory exit schemes as a result of the closure of the National School of Government and the Central Office of Information.

Inward secondments staff costs increased by £3.244 million from £5.012 million in 2010-11 to £8.256 million in 2011-12. Recoveries of outward secondments also increased by £0.517 million from £1.560 million in 2010-11 to £2.077 million in 2011-12. Both increases are the result of the machinery of government transfer of the National School of Government and the Central Office of Information.

There was a reduction of £16.400 million in Administration staff costs from £138.203 million in 2010-11 to £121.803 million in 2011-12 due to the Civil Service Capabilities and the Public Services Reform groups being moved into the Efficiency and Reform Group, and as a consequence being reclassified out of administration into programme during 2011-12.

There was an increase in programme staff costs of £21.829 million from £9.395 million in 2010-11 to £31.224 million in 2011-12 due to the above mentioned groups being moved into the Efficiency and Reform Group and being reclassified as programme which absorbed the Cabinet Office existing administration staff costs. In addition, the Cabinet Office absorbed the Central Office of Information staff costs and many of the staff who transferred were made redundant through compulsory and voluntary exit schemes which also contributed towards the increased programme staff costs.

OTHER ADMINISTRATION COSTS

Other administration costs increased by £6.544 million from the previous year which included a decrease of £2.354 million in non-cash items. Other increases of £8.898 million were mainly due to rentals under operating leases, PFI service charges and other expenditure. Explanations are detailed below in addition to the analysis set out at Note 8 to the Accounts.

There is a slight increase of £0.480 million in areas of rentals under operating leases for hire of plant and machinery and land and buildings costs for following reasons; an increase of £0.763 million for hire of plant and machinery which mainly relates to the termination of the reprographic equipment contract following the closure of National School of Government on 31 March 2012; a decrease of £0.283 million for land and buildings due to the move of the Cabinet Office to HM Treasury building, 1 Horse Guards Road.

Some of the main variances within the Other expenditure relate to accommodation and utilities, consultancy, professional services, supplies and services, other staff related costs and external lecturer fees and contracted out courses.

A reduction of £3.802 million in accommodation and utilities is due to the rationalisation of the Cabinet Office estate; the budgets were re-evaluated and reduced accordingly which led to a decrease in spend on the Facilities Management Contract on lifecycle and variable expenditure.

An increase of £4.969 million on consultancy is due primarily to the consultancy support for My Civil Service Pension (MyCSP) mutualisation. MyCSP administers the pensions of 1.5 million civil servants including staff in the Cabinet Office. As well as facing increased workloads this year with staff leaving the Civil Service through compulsory and voluntary exit schemes, MyCSP has been at the vanguard of work to create better business models for parts of central government. Over the past few months, as well as tackling business as usual, they have transformed themselves into an innovative mutual joint venture which is owned partly by employees, partly by government and partly by the private sector.

There was an increase of £16.303 million in professional services which was due mainly to the payments within the Next Generation HR programme - Civil Service HR (CSHR). This is a key part of the Government's Efficiency and Reform agenda. CSHR involves sharing HR expertise and maximising buying power across the Civil Service in a joined up and effective manner, to deliver a professional and more efficient service. This was offset by income; see Note 10 to the accounts.

There was a decrease of £3.151 million in supplies and services mainly related to BBC monitoring services. In 2010-11 an additional payment of £2.4 million was made to BBC to assist with the transition of the BBC monitoring service from an externally funded service which was met from one of the BBC core funding streams. This is the last year that the Cabinet Office will be contributing to the costs of BBC Monitoring service which will be funded by the BBC from 1 April 2013.

An decrease of £5.073 million in other staff related costs mainly due to transfer of functions of the Fast Stream team to HM Revenue and Customs from the Cabinet Office.

A decrease of £1.006 million in external lecturer fees and contracted out courses is due to the reduction in training courses delivered leading up to the closure of the National School of Government on 31 March 2012.

The decrease of £2.354 million in non-cash items is mainly attributable to a reduction in depreciation and an increase in amortisation relating to reclassification of IT software.

PROGRAMME COSTS

Programme costs year on year decreased by £52.242 million which included an increase of £6.722 million of non-cash items. Other items include a decrease in PFI service charge of £1.650 million, a decrease in other expenditure of £40.212 million and a major decrease of £17.514 million in grants. Explanations are detailed below in addition to the analysis set out at Notes 9 and 9.1 to the Accounts.

PFI Service Charge

A decrease of £1.650 million is due to a reduction in the costs of IT services across the Cabinet Office.

Other

There has been an overall decrease of £40.212 million in other programme costs which includes the following main variances.

Consultancy costs increased by £1.054 million due to continuation of the Public Service Network programme; the aim of which is to create a network of networks providing secure fixed and mobile communications operating to common standards. The Public Sector Network strategy will generate a single telecommunications service supporting email, telephony and other services (e.g. video conferencing) along with a supporting network.

An increase in accommodation and utilities of £2.364 million due to the machinery of government transfer of the Government Property Unit which was considered as programme. The Government Property Unit is responsible for working with Government Departments to create an efficient, flexible and sustainable estate.

There is a reduction in the year on year variance of £102.200 million in election expenditure. This relates to the UK Parliamentary general election 2010 held in 2010-11 and no equivalent elections took place in 2011-12.

A reduction of £3.421 million in grant fund management services due to the winding down of a number of Office for Civil Society out-sourced programmes. A range of new grant and investment programmes to build the Big Society have been established with significant savings generated on grant fund management services through enhanced procurement.

A rise of £8.851 million in IT costs is due to the increased capability of telecommunication security. The costs relate to the increased value of the service delivered for high integrity telecommunications security as the number of sites receiving the service rose.

There is an increase of £52.095 million in supplies and services. This is due to cost of sales relating to Central Office of Information residual activity carried out by the Cabinet Office. This is offset by income; see Note 10 to the accounts.

Grants

There was an overall decrease of £17.514 million in grants. Explanations are detailed below in addition to the analysis set out at Note 9 to the accounts.

Resource Grants

An overall increase of £51.179 million of resource grants is partially attributable to new grants and partially attributable to cessation of existing grants. In 2011-12 the Office for Civil Society delivered a number of new grant programmes to build the Big Society. Significant increases in grant expenditure were seen in the Transition Fund, investing around £89 million to support organisations to adapt to a changing funding environment. In addition, during 2011-12, the National Citizen Service programme delivered the first full year of the pilot programme through a series of grant agreements with providers. The Advice Services Fund of £17.770 million provided grants to organisations delivering not-for profit advice services.

Capital Grants

There was an overall decrease of £62.675 million in capital grants due to winding down of previous capital programmes, Futurebuilders and Grassroots Grants. In 2011-12 the Office for Civil Society

established the Community First programme, part of which is building an endowment to build a sustainable source of grants for civil society organisations.

Grants-in-Aid

There is an overall decrease of £11.651 million in Grants-in-Aid mainly due to the refocusing of the Office for Civil Society strategic grants programme in 2011-12.

Subsidy to Public Corporation

There is an increase of £5.633 million in Subsidy to Public Corporation. The Cabinet Office issued two subsidies to the Central Office of Information Trading Fund prior to its closure on 30 December 2011; one to fund its publicity and advisory service in the amount of £0.301 million and the other to meet its cash flow requirements prior to its closure.

Non-cash

There is an increase of £6.722 million in non-cash expenditure from 2010-11 to 2011-12 which is mainly attributable to provision provided for in year. This is due to new provisions for dilapidations which were made during the reporting year for three properties; Belgrave Road, Rosebery Court and Hercules House when they became the responsibility of the Cabinet Office through machinery of government transfers. See Note 21.2 for further information.

INCOME

The overall increase of £68.481 million in income comprises an increase of £3.275 million in administration and an increase of £65.206 million in programme. Explanations for main variances are detailed below in addition to the analysis set out at Note 10 to the Accounts.

ADMINISTRATION

Overall administration income increased over a number of income streams by £3.275 million from £73.633 million in 2010-11 to £76.908 million in 2011-12.

There is an increase of £3.777 million in the central management of Principal Civil Service Pension Scheme. The increase reflects new arrangements to strengthen the governance and management of the Civil Service Pension arrangements.

There is a decrease of £1.128 million in Civil Service Pensions Transformation Project. This is due to a reduction in costs related to implementing new delivery arrangements for Civil Service Pensions.

Income from the services of Office of the Parliamentary Counsel (OPC) reduced by £1.043 million. This was due to other government department's share of OPC charges which were based on OPC's reduced expenditure level during the year. In 2011-12, OPC's expenditure was significantly lower than in 2010-11 due to the reduction in the number of Senior Civil Servants which led to reduced staff costs and significant efficiency savings made across non pay expenditure in 2011-12.

There is a decrease of 9.988 million in Training seminars and consultancy income from £21.782 million in 2010-11 to £11.794 million in 2011-12. This is attributable to reduced training income; Core Learning Programme bringing no upfront funding from departments and an introduction of Civil Service Learning which centralised training commissioning for the Civil Service, from National School of Government following its closure on 31 March 2012.

There is an increase of £2.325 million in rental income from freehold properties due to the increased number of tenants of Rosebery Court and Hannington radio mast than in the previous year.

There is a reduction of £2.192 million in the Fast Stream income due to transfer of functions of the Fast Stream team to HM Revenue and Customs from the Cabinet Office.

There is a reduction of £2.360 million in Government Gateway Strategic Support Programme. This was originally funded by the Cabinet Office and the cost recouped from the stakeholders. The programme ended in 2011.

A sum of £18.916 million was recouped from Next Generation HR – Civil Service HR (CSHR). This is a key part of the Government's Efficiency and Reform agenda. CSHR involves sharing HR expertise and maximising buying power across the Civil Service in a joined up and effective manner, to deliver a professional and more efficient service. The programme operates on a cost sharing basis across the government departments and agencies participating in the programme.

PROGRAMME

Programme income increased by £65.206 million of which £58.676 million is attributable to the Central Office of Information Residual Activity.

Westminster City Council, who managed the programme of works for the Government Security Zone, has refunded the unspent monies allocated to this project in the amount of £1.875 million.

There was an income of £0.111 million in Capital Grant in Kind income under non-cash due to a change of accounting policy. The change in accounting treatment for donated assets is applied retrospectively. Donated assets are now recorded in the same way as assets purchased by means of a capital grant. Accordingly, donated assets additions to non-current assets are recognised with a corresponding credit against capital grant in kind income in the net operating cost and the general fund and no longer against the donated asset reserve.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statement of Financial Position recognises current and non-current assets and liabilities of the Department.

The Cabinet Office held net assets worth £138.337 million as at 31 March 2012 (2010-11 Restated: £160.589 million) comprising:

- non-current assets of £182.020 million (2010-11 Restated: £221.524 million)
- current assets (excluding cash) of £104.442 million (2010-11 Restated: £97.053 million)
- cash held of £38.978 million (2010-11 Restated: £42.370 million)
- current liabilities (excluding provisions) of £169.779 million (2010-11 Restated: £188.979 million)
- total provisions of £17.324 million (2010-11 Restated: £11.379 million).

The Department's net assets decreased by £22.252 million as set out below.

NON-CURRENT ASSETS

An overall decrease of £39.504 million in non-current assets comprises a decrease of £40.200 million in Property, Plant and Equipment, an increase of £0.557 million in Intangible Assets, an increase of £0.195 million in Other Financial Assets and a decrease of £0.056 million in Other Non-Current Assets.

Property, Plant and Equipment and Intangible Assets

There is a decrease of £40.200 million in Property, Plant and Equipment from £216.057 million in 2010-11 to £175.857 million in 2011-12.

The decrease arose through the reclassification of £44.145 million for 22-26 Whitehall to Assets to be transferred; the reclassification of £1.335 million IT software and software licences to intangible assets; the impairment of building property values of £1.289 million; and asset disposals of £1.872 million. The decrease was partly offset by asset acquisitions of £3.410 million (net of depreciation charged in year); increases in asset valuations of £4.070 million; and donated non-property assets (formerly used by the Central Office of Information) of £0.959 million.

Intangible Assets

An increase of £0.557 million in intangible assets comprises the reclassification of £1.335 million for IT software and software licences, an increase of £0.151 million in asset valuations and acquisitions valuing £1.097 million; offset by depreciation and impairment charges in year totalling £2.015 million, and disposals of £0.010 million.

Other financial assets

The Core Department holds investments which include loans to the London Hostels Association, LHA London Ltd, and to the Bridges Social Entrepreneurs Fund LP which invests in social enterprises and public dividend capital in the Central Office of Information Trading Fund which closed on 30 December 2011. The increase during 2011-12 was mainly due higher additions and lower impairments for Bridges Social Entrepreneurs Fund LP. The reason for the impairment is that some of the loans drawn down from the Cabinet Office have been used to pay for the Cabinet Office's share of the Fund's expenses (primarily the Priority Profit Share to the General Partner), partially offset by investment income being received into the Fund. See Note 14 to the accounts.

Other non-current assets

There was a decrease of £0.056 million. This represents £0.410 million classification to current of non-current part of PFI prepayments, milestone payments under a service concession arrangement to provide infrastructure assets for use in delivering public services. The decrease reflects the utilisation of the prepayments for the use of assets provided on a non-exclusive basis, such as servers.

There was a non-current part of a prepayment of £0.354 million which relates to costs incurred in 2011-12 for specialist support relating to the disposal by long-lease of Admiralty Arch. These costs will be recognised against the future receipts of the sale of the building. Further details on non-current assets can be found at Notes 11, 12, 13 and 14 to the Accounts.

CURRENT ASSETS

Asset to be transferred

During the reporting period 22/26 Whitehall was reclassified as assets to be transferred and was valued at £44.145 million. The Minister for the Cabinet Office will transfer all its 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). In autumn 2012 this inter-departmental transfer of civil estate property will take place at fair value and will be for £nil consideration. The Cabinet Office will issue a capital grant in kind to DfID equal to the fair value of the asset at the point of transfer and the transfer will be budget neutral. The fair value of the property at 31 March 2012 was £44.145 million on the assumption

that the property is sold as part of the continuing enterprise in occupation with vacant possession. See explanation under Note 16.

Inventories

There is a reduction of £0.285 million of inventories of Insignia. The payments for Insignia are the cost of the replacement of the awards issued by Buckingham palace as part of the Honours process. The costs are predominantly for the medals for the following: Commander of the Most Excellent Order of the British Empire (CBE), Officer of the Most Excellent Order of the British Empire (OBE), Member of the Most Excellent Order of the British Empire (MBE) and the Imperial Service Medal (ISM). There are also costs with the insignia associated with the orders of Knighthood.

Trade and other receivables

A downward movement of £36.262 million in Trade receivables and other assets is mainly attributable to a reduction in advances to Returning Officers - Elections and Trade receivables.

The level of outstanding advances which were provided to Returning Officers in respect of the 2010 UK Parliamentary election, UK Parliamentary by-elections and the 2009 European Parliamentary election decreased from £48.527 million as at 31 March 2011 to £7.238 million on 31 March 2012. The £41.289 million decrease follows the work which the Cabinet Office has taken forward with Returning Officers to ensure that 100% of claims have been received for both the 2009 European Parliamentary election and 2010 UK Parliamentary election with 99% of claims now being settled for the former poll and 89% for the latter. The overall sum of £7.238 million represents advances of £4.857 million outstanding from Acting Returning Officers in respect of the UK Parliamentary election held on 6 May 2010, advances of £0.463 million in respect of UK Parliamentary by-elections and advances of £1.918 million outstanding from Regional and Local Returning Officers in respect of the 2009 European Parliamentary election.

An increase of £8.074 million in Trade receivables is mainly due to the receivables balances transferred during the financial year following the closure of the Central Office of Information and the National School of Government.

Further details on Trade receivables and other assets movements can be found at Note 18 to the Accounts.

Other financial assets

There is a decrease of £0.265 million due to the repayment to HM Treasury of public dividend capital held in the Central Office of Information Trading Fund upon its closure on 30 December 2011.

Cash and cash equivalents

The balance of £38.978 million comprises an element remaining from Supply of £24.125 million and an element relating to Consolidated Fund Standing Services (CFSS) of £14.853 million.

The cash balance held by the Department decreased year on year by £3.392 million. The element remaining from Supply has increased year on year by £9.333 million and the element relating to elections has decreased year on year by £12.725 million.

The increase of £9.333 million comprises a cash balance absorbed upon of the closure of the Central Office of Information Trading Fund which by 31 March 2012 stood at £16.6 million and a year on year decrease in the balance relating to core Cabinet Office business.

The cash balance of £14.853 at 31 March 2012 for the 2010 UK Parliamentary election, UK Parliamentary by-elections and the 2009 European Parliamentary election decreased from £27.578 million as at 31 March 2011 to £14.853 million as at 31 March 2012. The £12.725 million decrease reflects the settlement of the majority of claims which were submitted to the Cabinet Office by Returning Officers for the 2010 UK Parliamentary and 2009 European Parliamentary elections. The cash balance of

£14.853 million represents £12.893 million in respect of the UK Parliamentary election held on 6 May 2010, £0.289 million in respect of UK Parliamentary by-elections and £1.671 million in respect of the 2009 European Parliamentary election. Of the £14.853 million cash balance, an amount of £8.928 million represents an under-spend on the 2010 UK Parliamentary elections £7.874 million, UK Parliamentary by-elections £0.003 million and the 2009 European Parliamentary election £1.051 million and has been classified as a non-voted receipt surrenderable to the Consolidated Fund. £2.925 million will be applied to settle remaining claims and £3 million will be returned to fund future UK Parliamentary by elections.

Further details on cash and cash equivalents can be found at Note 19 to the Accounts.

CURRENT LIABILITIES

Trade and other payables

Trade payables and other liabilities decreased by £19.200 million. Explanations for the main variances are set out below.

The supply creditor of £24.125 million is a factor of the closing cash balance which has decreased since 2010-11; see above explanation under cash and cash equivalents. The year on year decrease in trade payables and other liabilities excluding supply creditors amounts to £36.615 million. This is mainly attributable to the following.

An increase in year-end accruals and deferred income of £15.745 million is mainly attributable to the accruals relating to the closure of the Central Office of Information and additional accruals relating to the estate rationalisation programme, of which an agreement was made for the expenditure later in the financial year.

Other payables in respect of machinery of government transfer of functions into the Cabinet Office were reduced by £16.976 million. This is because the machinery of government transfers which took place during the reporting period were of a smaller scale compared to the previous reporting year.

There has been a decrease of £55.019 million in accruals relating to election expenses. Following the receipt and settlement of the majority of claims from the 2010 UK Parliamentary election held on May 6 2010 and the 2009 European Parliamentary election, the amount of accruals relating to election expenses has decreased from £68.182 million to £13.163 million. The balance of £13.163 million at 31 March 2012 comprises £9.876 million in respect of the UK Parliamentary election held on May 6 2010, £0.750 million in respect of UK Parliamentary by-elections and £2.537 million in respect of the 2009 European Parliamentary elections. In addition there is an amount of £3 million to cover the costs of any UK Parliamentary by-elections which take place before the next UK Parliamentary election in May 2015.

An amount of £8.928 million (2010-11: £5.547 million) represents an under-spend on the 2010 UK Parliamentary election £7.874 million, UK Parliamentary by-elections £0.003 million and the 2009 European Parliamentary election £1.051 million and has been classified as a non-voted receipt surrenderable to the Consolidated Fund.

There was an increase of £13.919 million in trade payables. The main reason for the variance is the Cabinet Office now has the accounts payable liability balances of the Central Office of Information and the National School of Government included within the trade payables balance after the machinery of government transfer of functions.

Further details on Trade payables and other liabilities movements can be found at Note 20 to the Accounts.

NON-CURRENT LIABILITIES

Provisions

The balance of provisions increased by £5.945 million from 2010-11 to 2011-12.

The early departures provision provides for the additional cost of benefits beyond the normal Principal Civil Service Pensions Scheme (PCSPS) when employees retire early. The balance of this provision increased by £1.031 million through the machinery of government transfer which was higher than the amount provided in year.

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 metre which is updated each year on advice from a facilities management company. A provision is also written back when not required. The provision increased by £4.746 million from £2.469 million in 2010-11 to £7.215 million in 2011-12 for the following reasons. During the reporting year, provision of £0.255 million was utilised in respect of 9 Whitehall and the element of £0.129 million no longer required was written back. New provisions totalling £5.130 million were required for three properties when they became the responsibility of the Cabinet Office; a sum of £0.643 million for Belgrave Road which the National School of Government occupied until its closure, a sum of £1.972 million for Rosebery Court following machinery of government transfer of the Office of Government Commerce from HM Treasury in 2010-11 and a sum of £2.515 million for Hercules House following the closure of the Central Office of Information Trading Fund on 30 December 2011. New provisions had to be created as the respective bodies had not provided for them in their respective accounts. The expiry dates of these remaining leases range from April 2011 to February 2027. It is anticipated that most of the expenditure will take place at the end of the lease. Further details on provisions can be found at Note 25 to the Accounts.

CONTINGENT LIABILITIES

In the 2010-11 accounts, the Cabinet Office reported that two separate unlimited indemnities had been provided to Returning Officers for the 2009 European Parliamentary and 2010 UK Parliamentary elections. During the periods when the indemnities (2009 European Parliamentary election; 12 May 2009 to 11 July 2010 and the 2010 UK Parliamentary elections; 22 March 2010 to 3 July 2011) were in place the Cabinet Office received one claim from the Local Returning Officer for the Isles of Scilly and the Regional Returning Officer for the South West Region for the reimbursement of legal costs following the 2009 European Parliamentary election. The claim was settled for £0.024 million in December 2011.

Following the settlement of this claim and the deadline passing for submitting any claims against the indemnity which was provided for the UK Parliamentary election on 3 July 2011 there are no longer any material contingent liabilities at 31 March 2012 for inclusion for parliamentary reporting and accountability purposes.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows shows the increases or decreases in the amounts of cash and how this has been absorbed by the Department during the year on its operating activities and capital expenditure. The net cash requirement is set out at Note 5 to the Accounts and at Figure 1 in the section Performance against Parliamentary Control Totals.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

The Statement of Changes in Taxpayers' Equity records the change in equity between the beginning and end of the reporting period which reflects the increase or decrease in the department's net assets during the period.

The change in equity represents the comprehensive net expenditure for the year and notional charge of auditors' remuneration, Parliamentary funding and payable and receivable adjustments for Supply and amounts remitted to the Consolidated Fund and non-voted receipts surrenderable to the Consolidated Fund and any assets and liabilities introduced or removed from the books.

This statement reflects the unrealised element of revaluations on property, plant and equipment, intangible and donated assets. These gains have not been reflected in the Net Operating Cost and instead reflect movements within the Consolidated Statement of Financial Position. As reserves are realised on asset disposal, a relevant portion of the reserve is transferred to the General Fund.

PERFORMANCE AGAINST PARLIAMENTARY CONTROL TOTALS

OUTTURN AGAINST ESTIMATE

Authority was sought in the Central Government Supply Estimates 2011-12, Supplementary Estimate (HC 1755) for provision for a net resource requirement of **£485.184 million**, a net capital requirement of **£29.296 million** and a net cash requirement of **£549.744 million**. Outturn against Estimate is set out at Figure 1 below. Year on year variances are explained in the previous section, Financial Review 2011-12 Consolidated Statement of Comprehensive Net Expenditure.

Net Resource Outturn

Actual net resource requirement for this period was **£453.924 million**, a saving of **£31.260 million** against Estimate of **£485.184 million**. Savings are mainly attributable to underspends on Service Concession, Business Link and Constitutional Reform. Note 3 to the Accounts provides a breakdown of net resource outturn and variances are explained in Figure 2 below which contains a reconciliation between the Department's Estimate, Accounts and Budget.

Net Capital Outturn

Actual net capital outturn for the period was **£17.441 million**, a saving of **£11.855 million** against an Estimate of **£29.296 million**.

The Cabinet Office's capital under-spend is largely attributable to MyCSP Limited vesting during 2012-13 instead of during 2011-12. An amount of £10 million represented the maximum value of shares that might be granted to Employee Benefits Trusts as part of the dilution of MyCSP Limited.

Adjustments

Accruals adjustments comprise non-cash items listed at Notes 8 and 9 to the Accounts which largely represent capital charges in respect of property and also changes in working capital and in the use of provision as set out at Note 21 to the Accounts.

Net Cash Requirement

The Cabinet Office required cash amounting to **£438.355 million** to finance its activities; **£111.389 million** less than the sum approved by Parliament.

The under-spend is mainly attributable to under-spends in resource outturn **£31.260 million** and capital outturn of **£11.855 million** as described above and movements in working capital of **£81.097 million**. The Supplementary Estimate 2011-12 forecasted a reduction in creditors and an increase in debtors and therefore an increase in net cash requirement of **£61.324 million** comprising £23 million to cover settlement of creditor balances in 2011-12 in respect of 2010-11 machinery of government transfers, to cover settlement of £11 million termination benefits in 2011-12 and an expected decrease in the level of year end accruals of £27 million compared to March 31 2011. Whereas the accounts report a **£20 million** reduction in net cash requirement since a reduction in creditors is offset by a greater increase in debtors, accruals have increased year on year rather than decreased, and additionally there is an adjustment of **£17.722 million** in respect of work in progress absorbed upon the closure of the Central Office of Information Trading Fund.

FIGURE 1

Outturn against Estimate and reconciliation of net resource outturn to net cash requirement

£000	Notes to the Account	2011-12 Outturn	2011-12 Estimate	Variance Saving/ (excess)	Variance Saving/ (excess) %	2010-11 Outturn Restated
	Note					
Net Resource Requirement	3.1	453,924	485,184	31,260	6.4	497,394
Net Capital Requirement	3.2	17,441	29,296	11,855	40.5	86,898
Total		471,365	514,480	43,115	8.4	584,292
Accruals to cash Adjustments:						
Remove non-cash items						
Depreciation and amortisation	8,9	(7,803)	(18,344)	(10,541)	(57.5)	(10,447)
Impairment	9	(1,418)	-	1,418	100.0	(1,014)
New provisions	9	(6,501)	(6,552)	(51)	(0.8)	(757)
Notional audit fee	8	(368)	(331)	37	11.2	(367)
Provision for doubtful debts	9	291	-	(291)	(100.0)	(945)
Bad debt write off	9	(238)	-	238	100.0	(13)
Subtotal		(16,037)	(25,227)	(9,190)	(36.4)	(13,543)
eNDPBs						
Remove voted resource	3.1	(1,313)	(1,133)	180	15.9	(30,117)
Consolidation elimination adjustment		95	-	(95)	(100.0)	92
Remove capital	3.2	-	-	-	-	(2,092)
Add cash Grant in Aid	9	1,107	1,133	26	2.3	32,864
Subtotal		(111)	-	111	100.0	747
Changes in working capital other than cash						
Repayment of COI public dividend capital	14	265	-	(265)	(100.0)	-
Use of provisions	21	2,916	2,015	(901)	(44.7)	3,907
Total accruals to cash adjustments		(32,740)	38,112	70,852	185.9	(46,978)
Consolidated Fund Standing Services						
Salary and pension costs of the UK members of the European Parliament	3.1	(1,848)	(2,848)	(1,000)	(35.1)	(2,197)
UK Parliamentary Elections	3.1	-	-	-	-	(102,200)
Total non-voted budget items		(1,848)	(2,848)	(1,000)	(35.1)	(104,397)
Memorandum adjustments						
Depreciation on PFI assets	4.1	91	-	(91)	(100.0)	904
Remove service concession from administration budget	4.1	(9,793)	(11,970)	(2,177)	(18.2)	(11,289)
Add service concession to programme accounts	4.1	11,280	11,970	690	5.8	12,931
Total memorandum adjustments		1,578	-	(1,578)	(100.0)	2,546
Net Cash Requirement	5	438,355	549,744	111,389	20.3	435,463

OUTTURN AGAINST BUDGET

A commentary on resource outturn against budget is set out at Figure 2(a) below and is analysed between DEL and AME. A commentary on resource DEL outturn is analysed by administration and programme and further analysed by Consolidated Fund Standing Services, ring-fenced depreciation, other notional costs and other expenditure and expenditure incurred by executive non-departmental public bodies. Additional commentary is provided for non-voted expenditure on salaries and pensions of the UK Members of the European Parliament. A commentary on resource AME outturn is analysed between provisions and asset impairments.

A commentary on net capital outturn is set out at Figure 2(b) below and is analysed between non-current assets and capital grants.

Year on year variances are explained in the previous section Financial Review 2011-12, Consolidated Statement of Comprehensive Net Expenditure and Consolidated Statement of Financial Position.

The Cabinet Office reports savings of **6.3%** against Resource Departmental Expenditure Limit (DEL) and savings of **40.5%** against Capital Departmental Expenditure Limit (DEL) and savings of **14.5%** against Resource Annually Managed Expenditure (AME).

Resource Departmental Expenditure Limit (RDEL) – see Figure 2 (a)

The Cabinet Office's resource DEL budget for 2011-12 was **£479.196 million**, and actual outturn was **£448.805 million**, a saving of **£30.391 million (6.3%)** against the Resource Departmental Expenditure Limit (RDEL) in the Estimate approved by Parliament.

Resource DEL underspend in total £30.391 million

The overall resource DEL underspend comprises an underspend in other costs RDEL of **£20.257 million (4.4%)**, an overspend of **£0.180 million** for Civil Service Commission, eNDPB, an underspend of **£1.000 million** for the Salaries and Pensions of the UK Members of the European Parliament (MEPs), an underspend of **£9.260 million** on ring-fenced depreciation, an adjustment to RDEL **£0.091 million** relating to depreciation on property, plant and equipment and an overspend in notional audit fee in RDEL of **£0.037 million**.

The overall resource DEL saving consists of a saving on administration expenditure of **£23.181 million** and a saving on programme expenditure of **£7.210 million**.

Other resource underspend £20.257 million

The Cabinet Office's other resource underspend comprises savings of **£20.257 million** relating to core Cabinet Office activities of which administration **£12.193 million** and programme **£8.064 million**. Other under-spends are due to the introduction of tighter controls on most components on administration expenditure, including staffing levels, the employment of consultants, marketing and advertising, and ICT programmes. Substantial savings and efficiencies have been made during the year, which has enabled the Department to fund the closure of both the Central Office of Information and the National School of Government.

eNDPB Resource Consumption overspend £0.180 million

The Civil Service Commission ended the financial year with a variance from the budget of **£0.180 million**. The budget was based on the estimated outturn according to the accounts of the Civil Service Commission whereas the outturn is according to the Cabinet Office consolidated accounts after eliminating income received by the Civil Service Commission from the Cabinet Office for staff cost recharges.

Salaries and pensions of the UK Members of the European Parliament (MEPs) underspend £1 million

The underspend of **£1.000 million** against a budget and against prior year outturn may be explained as follows. During 2011-12 there were no leavers, two retirements which were preserved awards coming in to payment and no severance payments. The lump sum pension payment was approximately **£0.423 million** lower in 2011-12 due to fewer preserved awards.

The Cabinet Office does not benefit from the services of the UK Members of the European Parliament and may not re-deploy un-spent funds. Salaries and pensions are paid from the Consolidated Fund Standing Services and the under-spend belongs to Treasury's Consolidated Fund. Therefore, although this is a charge against the Cabinet Office's non-voted resource DEL, it does not form part of the Estimate nor the Accounts.

Ring-fenced depreciation underspend £9.260 million

The ring-fenced depreciation in administration and programme is **£9.260 million** less than originally planned. The original depreciation budget was set during the Comprehensive Spending Review 2007 and included depreciation costs for the SCOPE programme. The SCOPE programme ceased in 2009; the assets were impaired in 2009-10 and the programme's assets were transferred to other government bodies. As a result depreciation cover was not needed for the programme in subsequent years.

Adjustments to RDEL- Depreciation on property, plant and equipment £0.091 million

The following item is excluded from RDEL in the reconciliation between accounts, Estimates and budgets. The element of depreciation relating to infrastructure assets determined as part of the service concession has been removed from budget, since the service concession assets are excluded from the Consolidated Statement of Financial Position for budget purposes.

Notional audit fee overspend £0.037 million

This notional audit fee to the National Audit Office was increased due to unforeseen complications arising from auditing the machinery of government transfers.

Resource Annually Managed Expenditure (RAME) – see Figure 2(a)

The Cabinet Office's resource AME budget for 2011-12 was **£5.988 million** and actual outturn amounted to **£5.119 million**, a saving of **£0.869 million (14.5%)** against the resource Annually Managed Expenditure (AME) in the Estimate approved by Parliament.

Resource AME underspend in total £0.869 million

The underspend of **£0.869 million** comprises an overspend of **£1.309 million** relating to new provisions offset by an underspend of **£0.901 million** relating to utilisation of those provisions, an overspend of **£0.010 million** for depreciation on donated assets and an overspend of **£0.490 million** for impairments to property, underspends of **£0.364 million** relating to loan impairments and underspends of **£1.413 million** for provisions and write off of bad debts. See Note 3 to the Accounts.

New Provisions and utilisation of provisions £0.408 million overspend

New provisions and utilisation of provisions were overspent by **£0.408 million** and this is largely attributable to an onerous contract in respect of Belgrave Road, London for the period April until October 2012. The property had previously been occupied by the National School of Government which ceased operations on 31 March 2012.

Impairments on non-current assets £0.490 million overspend

The overspend of **£0.490 million** is due to falls in the market values of buildings being slightly greater than estimated.

Doubtful Debts £1.413 million underspend

The underspend of **£1.413 million** for provisions for doubtful debts is due to lower than expected doubtful debts arising within the year.

Capital Departmental Expenditure Limit (CDEL) – see Figure 2(b)

The Cabinet Office's capital budget for 2011-12 was **£29.296 million** and actual outturn amounted to **£17.441 million**, a saving of **£11.855 million (40.5%)** against the Capital Departmental Expenditure Limit (CDEL) in the Estimate approved by Parliament.

This overall underspend comprises an underspend of **£1.798 million** on non-current assets and an underspend of **£10.057 million** on capital grants.

Total non-current assets underspend £1.798 million

An underspend of **£1.798 million** comprises **£0.876 million** underspend on non-current assets, an underspend of **£0.657 million** on loans, and an underspend of **£0.265 million** on Public Dividend Capital.

The Cabinet Office has utilised its underspends to fund essential building refurbishment which has been brought forward from 2012-13. See Note 11 to the Accounts.

The underspend of **£0.657 million** may be explained as follows. A loan of **£0.343 million** compared to the budget Estimate of **£1 million** was made to Bridges Social Entrepreneurs Fund LP, matched by private sector finance. The fund aims to improve access to risk capital for new and growing social enterprises to scale their delivery of high social impacts. The underspend represents the fund making fewer investments than originally budgeted for within the financial year, however, they are already back on target in the first months of 2012-13 against the longer term profile for the ten year Fund. See Note 14 to the Accounts.

The underspend of **£0.265 million** relates to the repayment to HM Treasury of Public Dividend Capital held in the Central Office of Information Trading Fund upon its closure on 30th December 2011.

Total capital grants under-spend £10.057 million

An underspend of **£10.057 million** comprises **£10 million** in respect of MyCSP and **£0.057 million** in respect of Office for Civil Society grant programmes. The Cabinet Office's capital under-spend is largely attributable to MyCSP Limited vesting during 2012-13 instead of during 2011-12. An amount of **£10 million** represented the maximum value of shares that might be granted to Employee Benefits Trusts as part of the dilution of MyCSP Limited.

FIGURE 2

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

2(a) Resource

£000	Notes to the Account	2011-12 Outturn	2011-12 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2010-11 Outturn Restated
Departmental Group Net Operating Cost (Accounts)	4.1	462,507	500,508	38,001	7.6	571,257
Remove						
Capital grant expenditure	9	(10,839)	(20,896)	(10,057)	(48.1)	(73,177)
Capital grant income	10	1,986	2,724	738	27.1	-
Depreciation on property, plant and equipment on dual reporting-PFI assets	4.1	(91)	-	91	100.0	(904)
Service concession (Programme DEL)	4.1	(11,280)	(11,970)	(690)	(5.8)	(12,930)
Prior period adjustment		-	-	-	-	(338)
Subtotal		(20,224)	(30,142)	(9,918)	(32.9)	(87,349)
Add: Service concession (Administration DEL)	4.1	9,793	11,970	2,177	18.2	11,289
Add non-voted expenditure						
Salaries and pension costs of UK Members of the European Parliament (UK MEPs)	4.1	1,848	2,848	1,000	35.1	2,197
Total Budget Resource Outturn	3.1	453,924	485,184	31,260	6.4	497,394
<i>Of which:</i>						
Core Department eNDPBs		452,611	484,051	31,440	6.5	467,277
		1,313	1,133	(180)	(15.9)	30,117
<i>Of which:</i>						
Departmental Expenditure Limit (DEL)		448,805	479,196	30,391	6.3	498,469
Annually Managed Expenditure (AME)		5,119	5,988	869	14.5	(1,075)
<i>Of which:</i>						
Voted Departmental Expenditure Limit (DEL)		446,957	476,348	29,391	6.2	394,072
Non-voted Departmental Expenditure Limit (DEL)		1,848	2,848	1,000	35.1	104,397
Voted Annually Managed Expenditure (AME)		5,119	5,988	869	14.5	(1,075)
Non-voted Annually Managed Expenditure (AME)		-	-	-	-	-

2(a) Resource (continued)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£000	Notes to the Account	2011-12 Outturn	2011-12 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2010-11 Outturn Restated
Resource DEL						
Other expenditure		437,734	457,991	20,257	4.4	354,038
eNDPB Net Expenditure	3.1	1,313	1,133	(180)	(15.9)	30,117
Consolidated Fund Standing Services – UK Parliamentary Elections	9	-	-	-	-	102,200
Consolidated Fund Standing Services –UK MEPs	3.1	1,848	2,848	1,000	35.1	2,197
Ring-fenced depreciation	8, 9	7,633	16,893	9,260	54.8	10,447
Depreciation on dual reporting PFI assets	4.1	(91)	-	91	100.0	(904)
Notional audit fee	8, 9	368	331	(37)	(11.2)	374
Total		448,805	479,196	30,391	6.3	498,469
<i>Of which:</i>						
Programme						
Other expenditure		258,364	266,428	8,064	3.0	161,266
eNDPB Net Expenditure	3.1	-	-	-	-	30,117
Consolidated Fund Standing Services – UK Parliamentary Elections	3.1	-	-	-	-	102,200
Consolidated Fund Standing Services – UK MEPs	3.1	1,848	2,848	1,000	35.1	2,197
Ring fenced depreciation	9	1,854	-	(1,854)	(100.0)	431
Notional Audit Fee	9	-	-	-	-	7
		262,066	269,276	7,210	2.7	296,218
Administration						
Other expenditure		179,370	191,563	12,193	6.4	192,772
eNDPB Net Expenditure	3.1	1,313	1,133	(180)	(15.9)	-
Ring fenced depreciation	8	5,779	16,893	11,114	65.8	10,016
Depreciation on dual reporting PFI assets	4.1	(91)	-	91	100.0	(904)
Notional audit fee	8	368	331	(37)	(11.2)	367
		186,739	209,920	23,181	11.0	202,251
Resource AME						
New provisions	21	6,501	5,192	(1,309)	(25.2)	757
Depreciation on Civil Service Club and COI assets	9	169	159	(10)	(6.3)	-
Impairments – Property, plant and equipment and intangible assets	9	1,290	800	(490)	(61.3)	543
Impairment – Loans	9	128	492	364	73.9	352
Provisions and write off for bad debts	9	(53)	1,360	1,413	103.9	958
		8,035	8,003	(32)	(0.4)	2,610
Utilisation and release of existing provisions	21	(2,916)	(2,015)	901	44.7	(3,685)
Total	3.1	5,119	5,988	869	14.5	(1,075)

2(b) Capital

£000	Notes to the Account	2011-12 Outturn	2011-12 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2010-11 Outturn Restated
Non-Current Assets						
Property, plant and equipment	11	9,203	9,295	92	1.0	13,477
Intangible assets	12	1,097	-	(1,097)	(100.0)	32
Subtotal		10,300	9,295	(1,005)	(10.8)	13,509
Remove capital assets disposals						
Sales proceeds on capital asset disposals		-	-	-	-	(2)
Property, plant and equipment		(1,872)	-	1,872	100.0	-
Intangible assets		(9)	-	9	100.0	-
		8,419	9,295	876	9.4	13,507
Property, plant and equipment – Donations	11	(959)	(849)	(110)	(13.0)	399
Less Capital Grant in Kind income - Donations		959	849	110	13.0	(399)
Subtotal		-	-	-	-	-
Departmental Group total non-current assets		8,419	9,295	876	9.4	13,507
Other Financial Assets						
Loans issued	14	343	1,000	657	65.7	244
Loan repayments	14	(20)	(20)	-	-	(20)
Repayment of Public Dividend Capital	14	(265)	-	265	100.0	-
Sub total		58	980	922	94.1	224
Total non-current assets		8,477	10,275	1,798	17.5	13,731
Add Capital grants	9	10,839	20,896	10,057	48.1	71,086
Less Capital grant income	10	(1,875)	(1,875)	-	-	-
eNDPB capital grant consumption						
Capacity Builders (UK) Limited		-	-	-	-	2,080
Total capital grants		8,964	19,021	10,057	52.9	73,166
Total	3.2	17,441	29,296	11,855	40.5	86,897
Net Capital Outturn (Budgets)		17,441	29,296	11,855	40.5	86,897
<i>Of which:</i>						
Voted Departmental Expenditure Limit (DEL)		17,441	29,296	11,855	40.5	86,897
Voted Annually Managed Expenditure (AME)		-	-	-	-	-

PUBLIC EXPENDITURE DATA 2006-07 TO 2014-15

INTRODUCTION

The aim of the published expenditure data tables is to present spending plans and comparable outturn data and to provide an explanation of the Cabinet Office's budgetary spending. These tables analyse spending in terms of the main spending control aggregates: the Departmental Expenditure Limit (DEL), showing resource DEL (RDEL) and capital DEL (CDEL) consumption and departmental Annually Managed Expenditure (AME).

Departmental Expenditure Limit

DEL budgets are negotiated with HM Treasury by means of Spending Reviews (SR) and the most recent is the Spending Review 2010 (SR2010) covering financial years 2011-12, 2012-13, 2013-14 and 2014-15. The SR2010 is the starting point for departments to plan their expenditure over a four year period and, once agreed by HM Treasury, it cannot be changed, apart from in year transfers such as agreed machinery of government transfers of function and budgetary cover transfers from one part of the public sector to another and other HM Treasury agreed funding.

DEL is spending within the Department's direct control, and which can therefore be planned over an extended period. This includes administration payments, payments to third parties such as grants to the private sector and to Local Authorities. It also includes expenditure incurred by its executive Non-Departmental Public Bodies (eNDPBs) which is funded through Supply Estimates as a grant-in-aid payment. The Department is expected to manage its resource and capital budgets within DEL and a breach is likely to result in an offsetting reduction in DEL for the year following the year of the breach. A breach of voted DEL will result in an Excess Vote.

Annually Managed Expenditure

AME budgets are usually demand led and not easily controllable by departments and so are set at the beginning of each financial year by means of the Central Government Supply Estimates-Main Supply Estimates. These can then be updated with any changes announced during the year in the Supplementary Estimates and all are subject to parliamentary approval. The Department is expected to manage its resource and capital budgets within AME and a breach is likely to result in an offsetting reduction in in-year DEL for the year following the year of the breach. A breach of voted AME will result in an Excess Vote.

Public Expenditure Data Tables

Tables 1 to 5 provide information on the Cabinet Office. Tables 6 to 8 provide total information by country and region for Cabinet Office, Cabinet Office Civil Superannuation and Security and Intelligence Agencies; this cannot be disaggregated by each body. Tables 9 to 12 provide information on the Security and Intelligence Agencies; these tables are included since the information is not published elsewhere.

All tables provide financial data covering financial years from 2006-07 including the 2010 Spending Review period up to 2014-15, except for Table 3 which covers financial years 2006-07 to 2014-15.

Funding has been agreed by HM Treasury in the Estimates covering all financial years up to 2012-13. In 2011-12 various machinery of government changes took place which include Central Office of Information, (its trading fund ceased trading on 30 December 2011), Government Property Unit transferred from the Department for Business, Innovation and Skills and National School of Government. The prior year tables have been adjusted accordingly, except for Table 3.

Commencing 2012-13 the structure of the Cabinet Office data has changed which is due to HM Treasury implementing a new reporting system called Online System for Central Accounting and Reporting (OSCAR) to replace COINS public spending database. A business change addressed by OSCAR is that HM Treasury spending teams will use the system as their main data source for financial management. In preparation, the Cabinet Office has changed the structural layout of its Estimate to align with the Cabinet Office's pillar organisational segmental reporting structure.

COMMENTARY ON PUBLIC EXPENDITURE DATA TABLES

Table 1 – Total Departmental Spending

Total Departmental spending is the sum of total resource and capital expenditure less depreciation (to avoid double counting). Both resource and capital budgets are split into Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

Resource DEL (RDEL)

The 2010 Spending Review Settlement provides for a real reduction in non ring-fenced RDEL of 35 per cent on the Cabinet Office 2011-12 baseline after excluding all changes in departmental responsibilities. The main features in variations in budget between the years are:

Pay

The increase on prior year is explained in the previous section Financial Review 2011-12 staff costs. In addition there is an apparent increase on prior year due to the pay costs incurred by executive Non Departmental Public Bodies being recorded as grants in prior years before the accounting boundary was extended to consolidate them with Cabinet Office accounts in 2011-12.

There is a decrease in future years pay costs in response to the Government's deficit reduction plans. Outturn for 2011-12 may be reconciled to staff costs at Note 7 to the Accounts by excluding agency/temporary staff costs at Note 7 and by adding the salaries and pensions of the UK Members of the European Parliament as reported in the previous section Performance against Parliamentary Control Totals.

Net current procurement

In 2009-10, 2010-11 and 2014-15 there is an increase in procurement expenditure due to parliamentary election expenses. In 2009-10 the 2009 European Parliamentary elections were budgeted at £95.3 million and in 2010-11 the UK Parliamentary elections for England and Wales were budgeted at £102.2 million. Provision is set aside for elections to the European Parliament in 2014-15. SR2010 settlement includes funding for the boundary review and in 2014-15 funding for the introduction of Individual Electoral Registration.

2011-12 slight decrease in procurement which is due to better controlled budgets and otherwise the level of spend is consistent with prior year at around £100 million per annum. Outturn for 2011-12 cross references to notes 8 and 9 to the Accounts.

Future years procurement expenditure will decrease as processes are established to drive efficiency and reform. These will include some to secure the benefits of the government's scale by moving towards greater standardisation, aggregation and better demand management, for example through committing volume spend and committing to buy from Efficiency and Reform Group sourced contacts on certain commodities.

Current grants and subsidies to the private sector and abroad

Commencing 2007-08 there was an increase in grant programmes delivered by Office for Civil Society. Key programmes included Capacitybuilders, Futurebuilders, v, Strategic Partners Programme, Community Assets Fund and Grassroots Grants.

SR2010 settlement includes funding for the voluntary sector. The Office for Civil Society is charged with implementing the Government's commitment to the Big Society and the settlement provides for the Community First Fund, support for volunteering, capacity building, community organisers and support for mutuals. A Transition Fund was made available for 2010-11 and 2011-12 only to support the voluntary and community sector during austere times. Provision has been made in 2011-12 and 2012-13 for the pilot phase of the National Citizen Service.

During 2011-12 there was a marked increase in grant funding compared to the prior year. The Coalition Government funded the following major grant programmes: Social Action **£17.964 million**, Structural Support **£15.824 million**, Advice Services Fund **£17.770 million**, National Citizen Service **£20.775 million** and **£88.936 million** for the Transition Fund. This increase is offset by a reduction of **£95 million** in respect of the following programmes which completed in 2010-11: v, Grassroots grants and Capacitybuilding. Outturn for 2011-12 cross references to Note 9 to the Accounts.

Depreciation

Depreciation is a ring-fenced budget and may not be deployed. It includes depreciation and impairment caused by loss or damage to assets resulting from normal business operations abandonment of assets under construction or over-specification of assets.

During 2007-08 a decrease in depreciation was caused by Transformational Government assets reaching the end of their useful life and a decrease in impairment. At 31 March 2009 £24.388 million assets under construction relating to the SCOPE programme were written out of the books and reported as a loss and £1.511 million impairment was recognised following the property recession.

Depreciation has been constant at around £10 million over the last three years and represents depreciation on Buildings, IT and plant and machinery.

Depreciation for future years arises on owned buildings and IT. Outturn for 2010-11 cross references to Notes 8 and 9 of the Accounts.

Resource AME (RAME)

Resource AME comprises the take up of new provisions and the release of provisions at the point of cash utilisation for both dilapidations on leasehold properties and onerous contract on vacant leasehold properties, staff early departures, depreciation on donated assets and impairments against property assets.

Take up of provisions

There is no budget for new provisions during the SR2010 years. During 2011-12 £6.5 million was provided for and relates primarily to specific property dilapidations on leasehold properties acquired on machinery of government transfers £5 million and onerous contracts on vacant properties £1.5 million. Further details may be found in the variance analysis for the Consolidated Statement of Financial Position.

Release of provisions

During 2011-12 provisions of £2.9 million were utilised in respect of early departures £1.4 million, dilapidations £0.2 million and on onerous contacts on vacant properties £1.3 million.

Impairments

During 2011-12 impairments of £1.4 million arose in respect of loans £0.1 million and property plant and equipment and intangibles £1.3 million.

Depreciation

Effective 1 April 2011, the Consolidated Budgeting Guidance requires depreciation on donated assets to be scored as AME instead of being part of ring-fenced depreciation under RDEL. Donated asset depreciation represents depreciation on the Civil Service Club and on donated assets absorbed from the Central Office of Information following the closure of its Trading Fund on 30 December 2011.

Capital DEL (CDEL)

The 2010 Spending Review Settlement provides for a real reduction of 28 per cent on the Department's 2011-12 baseline. The Public Expenditure Committee agreed the following should be funded within this capital settlement: Cabinet Office Estate Rationalisation, Constitutional Reform – Individual Electoral Registration, Community First, Risk Capital Fund and Grassroots Grants. The main features in variations in budget between the years are:

Net capital procurement

Commencing 2008-09 there is a large decrease in net capital procurement expenditure on capital assets. In previous years there had been large investments in capital IT programmes. In 2011-12 capital expenditure was very largely focused on upgrading the Department's core freehold estate, estate rationalisation programme and crisis management facilities.

SR2010 provided the Constitutional Reform Group the opportunity to set out its plans to bring forward the introduction of Individual Electoral registration. Individual Electoral Register will require each member of the household to register, and be responsible for, their own entry on the register which will be subsequently checked against other sources of public data to ensure that the electoral register is trusted and secure. Individual Electoral Registration should furthermore improve the accuracy of the register, allow people to register in different ways and will allow the government to take steps to address the completeness of the register

Capital asset expenditure is reported at Notes 11 and 12 to the Accounts.

Capital grants to the private sector and abroad

Capital grants to the private sector have steadily increased until 2010-11. Expenditure from 2006-07 to 2010-11 represents capital grants to Futurebuilders England Limited to deliver the Futurebuilders programme. The decrease in 2010-11 compared to 2009-10 is largely due to reductions in amounts paid to local authorities and through the private sector to the Community Assets programme. During 2010 the capital grant expenditure included the Futurebuilders programme, Grassroots Grants and Risk Capital Fund.

The decrease in 2011-12 compared to 2010-11 is largely due to reductions in amounts paid in respect of Futurebuilders, Grassroots Grants and Community Assets. The Futurebuilders programme came to an end on 31 March 2011. The outturn for 2011-12 cross references to Note 9 to the Accounts.

SR2010 allows the continuation of capital grants which is ring-fenced expenditure run by the Office for Civil Society. These include grants to Community First Fund-endowment match, Social Action and Grassroots Grants.

Other

The net lending to private sector represents a constant level of loan repayments received from the London Hostels Association. Commencing 2009-10 the Office for Civil Society made loans to Bridges Social Entrepreneurs Fund; see Note 14 to the Accounts. Spending Review 2010 allows for Office for Civil Society to make further loans to Bridges Social Entrepreneurs Fund and repayment of the loan by the London Hostels Association (LHA Ltd).

Table 2 - Public Spending Control

Tables 2.1 and 2.2 are intended to supplement Table 1. Table 2.1 reports the original budget in Main Estimate 2011-12 and the final budget in the Supplementary Estimate 2011-12 and reports the estimated outturn. Table 2.2 reports the final outturn according to the accounts and reconciles it to the estimated outturn. The final outturn is explained in the previous section.

Table 3 - Capital Employed for the Cabinet Office

This table shows the capital employed by the Department in the format of the Consolidated Statement of Financial Position. It provides a high level analysis of the value of the various categories of non-current and current assets and liabilities and provisions. Outturn is as reported in the Cabinet Office Annual Report and Accounts for all years to 2011-12 (in other words, prior years have not been restated) and projections are reported for 2012-13 to 2014-15. The main features in variations between the years are:

Total capital employed

An overall decrease in capital employed between 2011-12 and 2014-15 is primarily due to a projected decrease in capital disposals in respect of 36 Whitehall and Admiralty Arch and projected reductions in current liabilities in respect of election expenditure as detailed below.

Non-current assets

Property, plant and equipment and Intangible assets

Annual capital additions are expected to be mainly offset by equal amounts of annual depreciation. In 2012-13 and 2013-14 IT assets are expected to increase through expenditure on electoral management systems; and expenditure on buildings is expected to increase through spending on refurbishment. In 2013-14 this expenditure is likely to be offset through the a decrease in property assets held, resulting from planned rationalisation of office accommodation. see Notes 11 and 12 to the Accounts.

Other financial assets

In 2012-13 to 2013-14 it is expected that additional loans will be made to Bridges Social Entrepreneurs Fund LP which invests in social enterprises. See Note 14 to the Accounts.

Current assets

Trade and other receivables

In 2012-13 it is expected that trade and other receivables will decrease as advances to Acting Returning Officers in respect of the 2009 European Parliamentary elections and the 2010 UK Parliamentary elections are settled; see Note 18 to the Accounts. In addition Trade receivables and prepayments and accrued income are expected to decrease as there are no anticipated machinery of government transfers.

Cash and cash equivalents

In 2011-12 it is expected that the cash balance will reduce significantly as claims are settled to Acting Returning Officers in respect of the 2010 UK Parliamentary elections and under-spends on the 2009 European Parliamentary elections are repaid to the Consolidated Fund at Treasury; see Note 18 to the Accounts.

Current liabilities

Trade and other payables

In 2012-13 it is anticipated that the balance will reduce significantly as settlements are made in respect of creditors to exporting departments following 2011-12 machinery of government transfers of functions, in respect of trade payables, accruals for termination benefits and 2010 UK Parliamentary elections and in respect of the repayment to the Consolidated Fund at Treasury of under-spends arising on the 2009 European Parliamentary elections; see Note 20 to the Accounts.

Provisions

Provisions have been established for early departure costs and specific dilapidations for properties following the machinery of government transfers. In future years, existing provisions will be utilised and the analysis of the expected timing of cash flows is set out at Note 21 to the Accounts.

Table 4 - Administration budget

This table represents in more detail information concerning the administration costs of running the Department. These costs are part of the Department's resource DEL budgets. The table gives an analysis for past and current year expenditure showing pay costs and other costs outside the pay bill.

Administration budgets help drive economy and efficiency and are controlled to ensure that as much money as practicable is available for front-line services and programmes. The 2010 Spending Review Settlement provides for a real reduction of 33 per cent in the administration budget excluding depreciation over the four years on the 2010-11 baseline. The main features in variations in budget between the years are:

The decrease of £14.874 million in 2011-12 outturn administration costs compared to 2010-11 is largely due to efficiency savings across the department, a reduction in the general workforce which took place during 2010-11 and a reclassification from administration into programme of the expenditure of the Civil Service Capabilities and Public Services Reform groups upon their transfer into the Efficiency and Reform Group; see variance explanation for staff costs in Consolidated Statement of Comprehensive Net Expenditure.

SR2010 classified Government Digital Service (formerly Directgov) costs out of administration budgets and into programme budgets and as a consequence actual income and expenditure were reclassified out of administration and into programme during 2011-12.

Outturn for 2011-12 cross references to Note 4.2 to the Accounts.

Tables 5a and 5b – Staff numbers

Table 5a

This table shows the actual number of staff as at 31 March in each year up to 2011-12 and projected staffing in the department up to 2015-16. Staff are categorised as permanent, casual and special adviser.

In accordance with current Civil Service statistics methodology, figures for 2008-09 onwards include special advisers. The increase in staff numbers between 2009-10 and 2011-12 includes machinery of government changes announced in May and June 2010 as well as subsequent changes to the Cabinet Office, including changes to Government Communications and the closedown of COI.

Projected staff numbers for 2012-13 to 2015-16 are based on current business planning assumptions to meet the departmental target on reducing administrative costs over the current spending review period.

Note 7 to the Accounts shows additional headcount information expressed as the average number of whole-time equivalent persons employed.

Table 5b

This table shows Senior Civil Servant (SCS) staff numbers for the Cabinet Office by Pay Band as at 31 March. These figures include 47.69 staff from the Office of the Parliamentary Counsel.

Tables 6 to 8 - Country and Regional Analysis tables

These tables include:

- Table 6 Total identifiable expenditure on services by country and region
- Table 7 Total identifiable expenditure on services by country and region, per head
- Table 8 Total identifiable expenditure on services by function, country and regions

The tables present statistical analyses of public expenditure by country, region and function and present the spending attributed to the English regions alongside the spending attributed to Scotland, Wales and Northern Ireland.

Most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The analyses show where the individuals and enterprises that benefited from public spending were located. Expenditure is attributed to a specific country or region using the 'for' basis which records the regions that benefited from the spending, or whom the spending was for, rather than the location where the spending took place.

This information has already been published by HM Treasury in a publication entitled Public Expenditure Statistical Analyses 2011 (CM8104).

Tables 9 to 12 - Security and Intelligence Agencies

The Single Intelligence Account (SIA) comprises the budgets of the three Security and Intelligence Agencies – the Security Service, the Secret Intelligence Service and the Government Communications Headquarters. Since May 2010, the National Security Advisor has been the Principal Accounting Officer (PAO) for the SIA, when he took the function over from the Cabinet Secretary. The PAO delegated authority to spend to the three Agency Heads (who are themselves Accounting Officers) at levels agreed with the Treasury. The Security and Intelligence Agencies operate within a separate statutory framework.

Table 9 - Total departmental spending for the Security and Intelligence Agencies

2010-11 spend was part of the SR07 settlement. The years from 2011-12 onwards are part of the SR2010 settlement.

Table 10 – Public spending control for the Security and Intelligence Agencies

This table shows the SIA's 2011-12 outturn against its budgets for Resource DEL, Administration, Resource AME and Capital DEL.

Table 11 - Administration budget for the Security and Intelligence Agencies

Administration budgets are decreasing in line with SR2010 settlement.

Table 12 - Staff Numbers for the Security and Intelligence Agencies

This table shows staff numbers from 2006-07 to 2014-15 by function expressed in full-time equivalents.

Table 1 Cabinet Office total departmental spending**£000**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Resource DEL									
Section A: Support to the Cabinet, the PM & the Deputy PM	-	-	-	-	-	64,218	50,398	45,573	44,592
Section B: Political & Constitutional Reform	8,615	9,047	9,499	9,499	6,414	10,830	10,993	9,661	92,396
Section C: National Security	-	-	-	-	-	52,011	46,877	26,835	22,264
Section D: Efficiency & Reform	64,176	93,265	150,347	170,068	148,420	252,992	226,264	164,448	152,428
Section E: Hosted Functions	2,511	2,726	2,748	2,620	1,766	1,286	1,368	1,341	1,367
Section H: Consolidated Fund Standing Services (CFSS)	6,018	15,929	6,941	100,023	104,397	1,710	3,143	3,475	123,820
Section F: Corporate Services Group	217,769	225,014	249,827	193,485	208,460	61,835	70,371	60,687	52,734
Section G: eNDPBs (NET)	33,859	37,060	28,808	37,648	30,899	1,532	1,083	1,105	1,127
Total Resource DEL	332,948	383,041	448,170	513,343	500,356	446,414	410,497	313,125	490,728
<i>Of which:</i>									
-Pay	122,671	127,387	126,973	133,475	141,931	155,104	119,695	108,863	100,201
-Net current procurement ¹	99,643	127,391	143,173	206,825	207,698	100,980	127,482	108,024	298,571
-Current grants and subsidies to the private sector and abroad	87,867	122,105	136,470	154,100	136,142	183,387	137,504	79,812	77,500
-Current grants to local government	380	620	606	606	606	-	-	-	-
-Depreciation ²	25,478	9,451	35,516	10,514	10,565	8,385	18,420	17,000	15,000
-Other	-3,091	-3,913	5,432	7,823	3,414	-1,442	7,396	-574	-544
Resource AME									
Section I: Corporate Services Group (AME)	1,228	-2,039	-1,152	6,049	67	4,781	5,480	4,866	4,942
Total Resource AME	1,228	-2,039	-1,152	6,049	67	4,781	5,480	4,866	4,942
<i>Of which:</i>									
-Pay	-	-	-	-	-	2	-	-	-
-Net current procurement ¹	-	-	-	-	-	-	-	-	-
-Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-

-Current grants to local government	-	-	-	-	-	-	-	-	-
-Net public service pensions ³	-	-	-	-	-	-	-	-	-
-Take up of provisions	3,204	568	1,600	1,635	757	6,529	-	-	-
-Release of provisions	-1,958	-2,720	-3,875	-2,432	-2,543	-2,952	-	-	-
-Depreciation ²	-	-	-	6,845	895	1,249	5,480	4,866	4,942
-Other	-18	113	1,123	1	958	-47	-	-	-
Total Resource Budget	334,176	381,002	447,018	519,392	500,423	451,195	415,977	317,991	495,670
<i>Of which:</i>									
-Depreciation ²	25,478	9,451	35,516	17,359	11,460	9,634	23,900	21,866	19,942
Capital DEL									
Section A: Support to the Cabinet, the PM & the Deputy PM	-	-	-	-	-	1,604	-	-	-
Section B: Political & Constitutional Reform	-	-	-	-	-	-	3,000	11,000	-
Section C: National Security	-	-	-	-	-	-1,832	-	-	-
Section D: Efficiency & Reform	8,473	16,963	30,608	94,053	75,742	12,329	8,876	15,238	10,000
Section F: Corporate Services Group	23,120	17,307	10,666	9,852	11,505	7,195	8,750	8,262	10,500
Total Capital DEL	31,593	34,270	41,274	103,905	87,247	19,296	20,626	34,500	20,500
<i>Of which:</i>									
-Net capital procurement ⁴	21,758	18,922	10,638	10,007	13,507	10,279	11,770	19,282	10,520
-Capital grants to the private sector and abroad	8,384	16,813	22,871	76,065	61,414	10,840	6,876	15,000	10,000
-Capital support for local government	10,554	5,268	10,696	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-	-
-Other	-9,103	-6,733	-2,931	17,833	12,326	-1,823	1,980	218	-20
Capital AME									
Total Capital AME	-								
<i>Of which:</i>									
-Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Net lending to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-	-
-Other	-	-	-	-	-	-	-	-	-
Total Capital Budget	31,593	34,270	41,274	103,905	87,247	19,296	20,626	34,500	20,500
Total departmental spending⁵	340,291	405,821	452,776	605,938	576,210	460,857	412,703	330,625	496,228

<i>of which:</i>										
-Total DEL	339,063	407,860	453,928	606,734	577,038	457,325	412,703	330,625	496,228	
-Total AME	1,228	-2,039	-1,152	-796	-828	3,532	-	-	-	

¹ Net of income from sales of goods and services

² Includes impairments

³ Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

⁴ Expenditure on tangible and intangible fixed assets net of sales

⁵ 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.

Spending by local authorities on functions relevant to the department

£000

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn
Current spending	-	-	-	-	-	-
<i>of which:</i>						
-financed by grants from budgets above	309,155	376,945	406,622	494,878	485,771	439,595
Capital spending	-	-	-	-	-	-
<i>of which:</i>						
-financed by grants from budgets above	30,142	35,735	33,509	91,072	79,921	21,119

Table 2.1 Public spending control for the Cabinet Office

	£000		
	2011-12 Original Budget	2011-12 Final Budget	2011-12 Forecast Outturn
Resource DEL	435,577	479,196	446,414
<i>of which Administration Budget</i>	183,627	209,920	186,640
Resource AME	-2,056	5,988	4,781
Capital DEL	21,900	29,296	19,296

Table 2.2 Reconciliation between estimated and final outturn

	£000
	<u>RDEL 2011-12</u>
Provisional outturn per table 2.1	446,414
Change: increase	2,391
Final Outturn per Accounts	448,805
see Figure 2(a)	
	<u>RAME 2011-12</u>
Provisional outturn per table 2.1	4,781
Change: increase	338
Final Outturn per Accounts	5,119
See Figure 2(a)	
	<u>CDEL 2011-12</u>
Provisional outturn per table 2.1	19,296
Change: decrease	(1,855)
Final Outturn per Accounts	17,441
see Figure 2(b)	

Table 3 Cabinet Office Capital Employed

	£000							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Assets and Liabilities on the statement of Financial Position at year end								
Assets								
Non-current assets								
Tangibles								
Property, plant and equipment								
<i>of which:</i>								
Land and Buildings	156,843	138,981	136,182	147,661	125,060	131,000	106,000	106,000
Dwellings	13,898	27,019	23,906	24,709	24,771	24,800	24,800	24,800
Information Technology	4,789	10,075	4,410	4,656	4,583	7,500	18,500	18,500
Plant and Machinery	3,530	2,988	2,078	1,720	1,530	1,500	1,500	1,500
Furniture and Fittings	663	328	176	313	535	350	250	250
Art and Antiques	10,239	10,289	10,252	12,231	10,584	10,600	10,600	10,600
Assets under construction (AUC)	30,620	3,756	4,545	8,093	8,794	5,000	5,000	5,000
TOTAL	220,582	193,436	181,547	199,383	175,857	180,750	166,650	166,650
Intangible assets	6,572	4,128	1,851	3,832	4,406	4,400	4,400	4,400
Other financial assets	392	364	1,006	1,228	1,403	2,383	2,601	2,581
Other non-current assets	-	-	2,077	411	354	-	-	-
Current assets	97,612	33,907	40,402	131,056	143,420	53,528	51,820	50,820
Liabilities								
Current Liabilities								
Trade and other payables	-115,874	-58,302	-52,003	-177,395	-169,779	-61,000	-61,000	-61,000
Provisions	-	-	-	-	-4,288	-1,423	-1,423	-1,423
Non-current liabilities								
Provisions	-3,189	-4,072	-3,941	-6,240	-13,036	-11,613	-10,190	-8,766
Other payables	-	-630	-	-	-	-	-	-
Total Capital Employed	206,095	168,831	170,939	152,275	138,337	167,025	152,858	153,262

Table 3 shows a breakdown of capital employed from 2007-08 to 2014-15. Outturn figures are reported in the Audited published Cabinet Office Accounts. The years 2007-08 and 2008-09 are restated on an IFRS basis. Outturn 2010-11 is as reported in the 2010-11 published accounts.

Table 4 Cabinet Office Administration budget

	£000								
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Section A: Support to the Cabinet, the PM & the Deputy PM	-	-	-	-	-	63,500	45,861	43,954	42,982
Section B: Political & Constitutional Reform	5,109	5,365	5,633	5,633	4,163	3,699	4,387	3,948	3,509
Section C: National Security	-	-	-	-	-	17,523	16,460	15,639	14,598
Section D: Efficiency & Reform	4,099	4,875	33,445	31,867	24,647	48,992	59,121	59,611	51,378
Section E: Hosted Functions	2,511	2,726	2,748	2,620	2,175	1,144	1,368	1,341	1,367
Section F: Corporate Services Group	158,696	149,866	170,479	153,157	170,529	50,250	70,371	60,687	52,734
Section G: eNDPBs (NET)	-	-	-	-	-	1,532	1,083	1,105	1,127
Total administration budget	170,415	162,832	212,305	193,277	201,514	186,640	198,651	186,285	167,695
<i>Of which:</i>									
-Paybill	114,041	110,306	118,502	126,502	138,186	124,799	99,909	88,223	78,868
-Expenditure	131,376	124,968	174,801	153,724	138,016	141,016	169,083	152,206	142,971
-Income	-75,002	-72,442	-80,998	-86,949	-74,688	-79,175	-70,341	-54,144	-54,144

Table 5a Staff numbers for the Cabinet Office

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Actual	Actual	Actual	Actual	Plans	Plans	Plans	Plans
CS FTEs	1,271	1,279	1,242	1,531	1,557	1,444	1,435	1,422	1,409
Casuals (incl. short-term/fix term appointments)	12	26	103	75	138	140	140	140	140
Special Advisers	-	38	34	35	47	35	35	35	35
Total Cabinet Office	1,283	1,343	1,379	1,641	1,742	1,619	1,610	1,597	1,584

The above figures for 2011-12 include staff who transferred into the Cabinet Office as part of machinery of government changes including 52 staff from the Department of Business, Innovation & Skills, 116 staff from the National School of Government, and 370 staff from the Central Office of Information.

Table 5b Staff numbers for the Cabinet Office

Grade	Pay Band	Full-time equivalents (FTEs)
Permanent Secretary	£141,800 - £277,300	5
SCS 3	£101,500 - £208,100	15
SCS 2	£82,900 - £162,500	49
SCS 1	£58,200 - £117,800	148
Total*		217

**Total includes 47.69 in the Office of the Parliamentary Counsel*

Table 6 Total identifiable expenditure on services by country and region 2006-07 to 2010-11

	£000				
Cabinet Office (including pensions)	<u>National Statistics</u>				
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn
North East	32	41	55	74	80
North West	75	97	125	157	176
Yorkshire and the Humber	53	71	92	117	129
East Midlands	46	60	78	97	107
West Midlands	54	70	90	114	124
East	72	97	128	152	172
London	103	134	177	206	238
South East	159	208	282	314	363
South West	103	135	185	210	243
Total England	694	912	1,213	1,442	1,630
Scotland	63	81	110	132	150
Wales	41	55	75	91	107
Northern Ireland	10	12	15	18	19
UK identifiable expenditure	808	1,061	1,414	1,683	1,907
Outside UK	13	18	28	30	37
Total identifiable expenditure	821	1,078	1,443	1,713	1,943
Non-identifiable expenditure	1,461	1,578	1,773	1,852	1,885
Total expenditure on services	2,282	2,657	3,216	3,565	3,829

Table 7 Total identifiable expenditure on services by country and region, per head 2006-07 to 2010-11

	£per head				
Cabinet Office (including pensions)	<u>National Statistics</u>				
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn
North East	12	16	22	29	31
North West	11	14	18	23	25
Yorkshire and the Humber	10	14	18	22	24
East Midlands	11	14	18	22	24
West Midlands	10	13	17	21	23
East	13	17	22	26	30
London	14	18	23	27	30
South East	19	25	34	37	43
South West	20	26	36	40	46
England	14	18	24	28	31
Scotland	12	16	21	25	29
Wales	14	18	25	30	35
Northern Ireland	6	7	9	10	11
UK identifiable expenditure	13	17	23	27	31

Table 8 Total identifiable expenditure on services by function, country and region, for 2010-11

Data in this table are National Statistics

£000

Cabinet Office (including pensions)	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	OUTSIDE UK	Total identifiable expenditure	Not identifiable	Totals	
General public services																			
Executive and legislative organs, financial and fiscal affairs, external affairs	8.0	22.0	17.0	14.0	17.0	18.0	25.0	27.0	17.0	165.0	16.0	9.0	6.0	196.0	-	196.0	21.0	217.0	
General public services n.e.c.	10.0	25.0	19.0	16.0	20.0	21.0	29.0	31.0	19.0	191.0	0.0	9.0	0.0	200.0	-	200.0	34.0	233.0	
General public services n.e.c.	5.0	12.0	10.0	8.0	10.0	10.0	14.0	15.0	9.0	94.0	9.0	5.0	-	109.0	-	109.0	2.0	111.0	
Total general public services	22.0	60.0	46.0	39.0	47.0	50.0	67.0	73.0	45.0	449.0	26.0	24.0	6.0	505.0	-	505.0	56.0	561.0	
Defence																			
Military defence	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,829.0	1,829.0
Total defence	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,829.0
Social protection																			
Old age	57.0	116.0	83.0	68.0	77.0	122.0	170.0	289.0	197.0	1,180.0	124.0	83.0	14.0	1,401.0	37.0	1,438.0	-	1,438.0	
<i>of which: pensions</i>	57.0	116.0	83.0	68.0	77.0	122.0	170.0	289.0	197.0	1,180.0	124.0	83.0	14.0	1,401.0	37.0	1,438.0	-	1,438.0	
Social exclusion n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	-	-	-	1.0	-	1.0	-	1.0	
<i>of which: personal social services</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	-	-	-	1.0	-	1.0	-	1.0	
Total social protection	57.0	116.0	83.0	68.0	77.0	122.0	170.0	289.0	197.0	1,181.0	124.0	83.0	14.0	1,402.0	37.0	1,439.0	-	1,439.0	

The tables 6, 7 and 8 above are an extract from the Public Expenditure Data tables publication. The numbers in these tables are not Cabinet Office only but the Cabinet Office Group, which includes SIA and Civil Service Pensions. We are unable to disaggregate these numbers into Cabinet Office only.

PESA 2011 was published by HM Treasury in financial year 2011-12. The next publication will be PESA 2012 during financial year 2012-13.

Table 9 Security and Intelligence Agencies total departmental spending

	£000								
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Resource DEL									
Section A: Security and Intelligence Agencies	1,347,624	1,381,250	1,581,694	1,745,557	1,853,224	1,950,356	2,143,540	2,134,600	2,189,600
Total Resource DEL	1,347,624	1,381,250	1,581,694	1,745,557	1,853,224	1,950,356	2,143,540	2,134,600	2,189,600
<i>Of which:</i>									
-Pay	479,283	549,714	612,992	665,672	689,449	690,750	671,859	655,100	654,300
-Net current procurement ¹	713,284	690,557	745,296	766,695	811,263	879,587	1,025,626	1,034,200	1,041,500
-Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Current grants to local government	-	-	-	-	-	-	-	-	-
-Depreciation ²	144,644	138,825	222,809	286,532	318,363	345,791	412,900	445,300	493,800
-Other	10,413	2,154	597	26,658	34,149	34,228	33,155	-	-
Resource AME									
Section B: Spending in Annually Managed Expenditure	-	54,031	16,885	37,315	106,945	18,270	29,977	6,500	6,500
Total Resource AME	-	54,031	16,885	37,315	106,945	18,270	29,977	6,500	6,500
<i>Of which:</i>									
-Pay	-	-	-	-	-	13	-	-	-
-Net current procurement ¹	-	-	-	-	-	-	-	-	-
-Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Current grants to local government	-	-	-	-	-	-	-	-	-
-Net public service pensions ³	-	-	-	-	-	-	-	-	-
-Take up of provisions	-	2,741	11,641	18,307	47,602	-3,282	-5,396	-	-
-Release of provisions	-	-	-	-	-	-	-	-	-
-Depreciation ²	-	51,290	12,003	17,040	58,626	21,539	35,373	6,500	6,500
-Other	-	-	-6,759	1,968	717	-	-	-	-
Total Resource Budget	1,347,624	1,435,281	1,598,579	1,782,872	1,960,169	1,968,626	2,173,517	2,141,100	2,196,100
<i>Of which:</i>									
-Depreciation ²	144,644	190,115	234,812	303,572	376,989	367,330	448,273	451,800	500,300
Section A: Security and Intelligence Agencies	211,700	325,646	355,020	349,868	345,132	385,357	384,251	352,000	335,500
Total Capital DEL	211,700	325,646	355,020	349,868	345,132	385,357	384,251	352,000	335,500
<i>Of which:</i>									
-Net capital procurement ⁴	211,700	284,682	355,020	349,868	345,132	385,357	384,251	334,500	318,000

-Capital grants to the private sector and abroad	-	-	-	-	-	-	-	17,500	17,500
-Capital support for local government	-	-	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-	-
-Other	-	40,964	-	-	-	-	-	-	-
Capital AME									
Total Capital AME	-	-	-	-	-	-	-	-	-
<i>Of which:</i>									
-Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Net lending to the private sector and abroad	-	-	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-	-
-Other	-	-	-	-	-	-	-	-	-
Total Capital Budget	211,700	325,646	355,020	349,868	345,132	385,357	384,251	352,000	335,500

Total departmental spending⁵	1,414,680	1,570,812	1,718,787	1,829,168	1,928,312	1,986,653	2,109,495	2,041,300	2,031,300
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of which:

-Total DEL	1,414,680	1,568,071	1,713,905	1,808,893	1,879,993	1,989,922	2,114,891	2,041,300	2,031,300
-Total AME	-	2,741	4,882	20,275	48,319	-3,269	-5,396	-	-

¹ Net of income from sales of goods and services

² Includes impairments

³ Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

⁴ Expenditure on tangible and intangible fixed assets net of sales

⁵ 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.

Spending by local authorities on functions relevant to the department

	£000					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn
Current spending	-	-	-	-	-	-
<i>of which:</i>						
-financed by grants from budgets above	1,202,716	1,242,156	1,358,603	1,432,319	1,500,708	1,570,327
Capital spending	-	-	-	-	-	-
<i>of which:</i>						
-financed by grants from budgets above	211,700	284,682	355,020	349,868	345,132	385,357

Table 10 Public spending control for the Security and Intelligence Agencies

	£000		
	2011-12 Original Budget	2011-12 Final Budget	2011-12 Final Outturn
Resource DEL	2,033,020	1,963,874	1,950,356
<i>of which Administration Budget</i>	81,900	77,675	72,811
Resource AME	5,330	26,028	18,270
Capital DEL	378,345	386,155	385,357

Table 11 Administration budget Security and Intelligence Agencies

	£000									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans	
Section A: Security and Intelligence Agencies	81,369	73,909	81,174	79,538	74,031	72,811	73,800	61,600	60,100	
Total administration budget	81,369	73,909	81,174	79,538	74,031	72,811	73,800	61,600	60,100	
<i>Of which:</i>										
-Paybill	53,912	93,046	54,485	57,960	58,144	58,199	53,636	45,700	44,900	
-Expenditure	33,225	39,365	33,377	34,473	29,634	24,238	32,124	28,900	28,200	
-Income	-5,768	-58,502	-6,688	-12,895	-13,747	-9,626	-11,960	-13,000	-13,000	

Table 12 Staff numbers for the Security and Intelligence Agencies

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Actual	Actual	Actual	Actual	Plans	Plans	Plans
CS FTEs	11,305	11,814	12,838	12,698	12,049	12,136	12,591	12,579	12,576
Casuals (incl. Short-term/fix term appointments)	21	23	20	2	-	-	-	-	-
Total	11,326	11,837	12,858	12,700	12,049	12,136	12,591	12,579	12,576

OTHER INFORMATION

SUSTAINABLE DEVELOPMENT

The Cabinet Office strives to embed sustainable development into all of its operations and activities. The Department is working to reduce its energy consumption and associated carbon emissions and costs as well as mitigating its wider environmental impacts with the aim of becoming an exemplar in this field. Recently the Cabinet Office has successfully delivered the Prime Minister's commitment to cut carbon emissions by 10% within twelve months, reducing its estate based emissions by 14.5% over that period. The Department has also recently received certification from the Carbon Trust in recognition of its work in driving cost efficiencies and cutting carbon emissions. Many of the energy reduction projects implemented during this time are continuing to yield savings, helping the Cabinet Office towards its carbon reduction targets announced under the Greening Government Commitments.

Further details are set out within the Sustainability Report, page 22.

ESTATE MANAGEMENT STRATEGY

The Cabinet Office owns seven freehold properties in London: the inter-connected 70 Whitehall and 10-12 Downing Street, the inter-connected Admiralty Arch, 22-26 Whitehall, Admiralty House and 36 Whitehall. In addition the Cabinet Office is responsible for the freehold of the Civil Service Club building in Great Scotland Yard. Outside London the Cabinet Office owns the freehold of the Emergency Planning College at Easingwold, Yorkshire and of the site on which the Hannington Radio Mast sits. Both of these were inherited from the Home Office on earlier machinery of government changes. The Cabinet Office is also responsible for the Sunningdale Park site, which is subject to a Private Finance Initiative (PFI) contract. The site was previously occupied by the National School of Government which ceased to operate at the end of 31 March 2012.

The Cabinet Office takes a pro-active approach to the management of its estate in order to provide the necessary accommodation to meet current and future business needs. The strategy is to consolidate into the inter-connected 70 Whitehall and 10-12 Downing Street (including by investing in these where possible to increase their capacity and provide modernised more flexible accommodation) and co-locating with HM Treasury at 1 Horse Guards Road. Leasehold properties will be disposed of and the Cabinet Office is working with the Government Property Unit to achieve the re-use of the non-core freehold buildings that will no longer be required by the Cabinet Office.

The office buildings at 22/26 Whitehall were acquired by the Cabinet Office in 1998 and following modernisation work, have been occupied since then by the Cabinet Office. The buildings are becoming surplus to the Cabinet Office's domestic requirement for office space following a decision to implement a strategy very largely to consolidate into the inter-connected 70 Whitehall and 10-12 Downing Street and co-locating with HM Treasury at 1 Horse Guards Road. The Cabinet Office made the initial move out of 22/26 Whitehall during 2011-12 and the move is expected to be completed by the end of June 2012. The property transfer to the Department for International Development will take place on 1 September 2012. This asset held for sale is disclosed at the Note 16 to the accounts.

PENSIONS

Present and past employees of the Cabinet Office are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme allows everyone to make pension provision for retirement if they wish. Information on Civil Service Pension scheme options is available on the Civil Service Pensions website at: <http://www.civilservice.gov.uk/pensions>

The financial status of the scheme is reported in a separate PCSPS financial statement, published on the Civil Service Pensions website. The accounting policy adopted for pension costs is set out at Note 1.22 to

the Accounts. Details of senior management pension entitlements are set out in the Remuneration Report.

DIVERSITY AND INCLUSION POLICY

The Cabinet Office is committed to:

- eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- fostering good relations between persons who share a relevant protected characteristic and persons who do not share it. bn

The Cabinet Office aims to be an organisation where everyone is:

- treated with fairness and respect
- able to contribute and develop and
- confident about how to ensure that the work they do supports equality of outcomes for everyone in society.

The Cabinet Office's people management policies and practices reflect the Cabinet Office and Civil Service Management Codes. They build on the legal obligations under national and European law.

However, diversity for the Cabinet Office covers more than just those elements covered by legislation and enshrines the true diversity of thought, skills, background and experience. It does not tolerate any form of unfair discriminatory behaviour, harassment, bullying or victimisation and will do all it can to ensure that all such allegations are dealt with sensitively and fairly.

Equality data about the workforce population can be found on the Cabinet Office website at:

<http://www.cabinetoffice.gov.uk/content/public-sector-equality-duty>

EMPLOYEE CONSULTATION

The Cabinet Office recognises the importance of sustaining good employee relations to achieve its objectives and consultation with employees and their representatives is central to that work.

Regular communication and consultation continues to take place with all staff through a variety of channels, including intranet, staff bulletins and team briefings. More formal consultation exercises also take place with staff and Unions on matters such as organisational change and changes to staff terms and conditions.

The Department formally recognises the FDA, the Public and Commercial Services Union and Prospect Unions. It has a partnership agreement with the trade unions and senior managers meet regularly to discuss a shared agenda. There are also regular meetings to negotiate pay awards and other informal meetings to discuss trade union concerns both at corporate and local levels.

In 2011 the Cabinet Office adopted a revised Employee Relations Strategy which embedded monthly TU/HR meetings and quarterly meetings with senior corporate service leads.

There are also staff networks which represent particular groups of employees, including women, people with disabilities, staff with dyslexia, lesbian, gay, bisexual or transgender employees and carers.

The Cabinet Office runs an annual people survey which captures employees' views on a number of issues. The results of the Survey are used to measure levels of engagement at local and corporate levels.

POLICY ON SOCIAL AND COMMUNITY ISSUES

Internally as part of its corporate social responsibility agenda, the Cabinet Office actively promotes the awareness of social and community issues and is committed to promoting inclusion and equality through its human resource and other policies. A major contributor to this is the encouragement of volunteering, whether individual or in groups, and includes providing special leave entitlements for this purpose. Information is made easily available through the internal website.

Health and well-being is also embedded within the Cabinet Office People Strategy. A fitness centre is available in some buildings and it is hoped there will also opportunities to attend wellbeing seminars as part of an annual '*Better Cabinet Office*' event later in the year.

Externally, the Cabinet Office includes the Office for Civil Society (OCS) which works across government to translate the vision for a Big Society into practical policies, provides support to voluntary and community sector organisations and is responsible for delivering a number of key Big Society programmes. Many programmes within OCS play a hugely important role in encouraging social action.

The OCS is leading on work to change the civil service into a 'civic service'. This project aims to provide civil servants with opportunities to use their skills to support civil society organisations and to utilise social action as a means of learning and professional development for civil servants.

SICKNESS AND ABSENCE

Summary of sickness and absence data are set out within Corporate Information, page 28.

POLICY ON PAYMENT OF SUPPLIERS

Terms of contract are usually payment within 30 days of receipt of a valid invoice. During the year the Department paid 99.5 per cent of invoices within 30 days (2010-11: 99.8 per cent).

On 8 October 2008 the then Prime Minister committed Government organisations to speeding up the payments process, paying suppliers wherever possible within 10 days. This commitment is a target rather than a change to standard terms and conditions and is not contractual. During the year the Cabinet Office paid 96.2 per cent of invoices within 10 days (2010-11: 95.8 per cent).

On 1 May 2010 the then Prime Minister further committed Government organisations to speed up the payments process paying suppliers wherever possible within 5 days. This is a target rather than a change to the standard terms and conditions and is not contractual. During the year the Cabinet Office paid 74 per cent of invoices within 5 days (2010-11: 76.3 per cent).

The amount owed to trade creditors at the year end, compared with the amount invoiced by suppliers during the year, expressed as number of days, was 8 days (2010-11: 10 days). The Department has not paid any interest charges levied on late payment of invoices for the year ended 31 March 2012 (2010-11: £Nil).

On 1 April 2011 the National School of Government (NSG) was brought into the Cabinet Office and ceased to be a separate non-Ministerial department. The accounting records were not amalgamated with the Cabinet Office records until December 2011. As a result the terms of contract are reported separately. The terms of contract for NSG were usually payment within 30 days of receipt of a valid invoice. To the end of December 2011 the NSG paid 98.7 per cent of invoices within 30 days (2010-11: 98.9 per cent). NSG was committed to the government organisations to speeding up the payments process, paying suppliers wherever possible within 10 days. This commitment was a target rather than a change to standard terms and conditions and was not contractual. To the end of December 2011 the NSG paid 76.8 per cent of invoices within 10 days (2010-11: 80.1 per cent).

On 23 June 2011 the Minister for the Cabinet Office announced a range of reforms to the organisation of government communication which led to the closure of the Central Office of Information (COI), a non-Ministerial department. Until December 2011 the COI operated as a Trading Fund and since January 2012 the COI was fully integrated with the Cabinet Office, however the accounting records remained on a separate accounting system. However, terms of contract are reported collectively in the COI annual report and accounts. 2011-12 COI's policy is to pay all suppliers within 30 days of receipt of goods or services or of a correctly documented invoice (whichever is received later), or according to contract where a different payment period is agreed. COI observes the principles of the CBI Better Payment Practice Code. Using the Civil Service standard measure, during 2011-12 COI paid 97 per cent of supplier bills within 30 days (95 per cent in 2010-11).

REPORTING OF PERSONAL DATA RELATED INCIDENTS

Summary of Protected Personal Data related incidents are set out within Corporate Information, page 28.

EVENTS AFTER THE REPORTING PERIOD

The following events occurred between 31 March 2012 and 13 July 2012, the point at which these accounts were authorised for issue by the Accounting Officer.

On 30 April 2012, MyCSP Ltd was created as a new Mutual Joint Venture enterprise to administer pensions for the 1.5 million members of the Civil Service Pension Scheme, and as such it demerged from the Cabinet Office on 1 May 2012.

Under this Mutual Joint Venture model, the Government established MyCSP Ltd as a private limited company with three minority shareholders: Paymaster (1836) Ltd with a 40% equity stake, the Cabinet Office with a 35% equity stake and the Employee Benefit Trust with a 25% equity stake. Following completion of the competition to select Paymaster (1836) Ltd as the private sector partner, the Government transferred assets and liabilities into MyCSP Ltd via a Business Transfer Agreement. Staff were transferred to the new company via TUPE and the pre-existing service agreement arrangements between MyCSP and the Scheme Management Board (the authority within Cabinet Office responsible for the administration of the Civil Service Scheme) was translated into a standard and legally binding commercial contract ("the SMB Services Agreement") for the provision of pension administration and other employment related and financial administration services. These transactions occurred simultaneously on vesting on 1st May and MyCSP Ltd began trading as a standalone business from this date.

Under the SMB Services Agreement, MyCSP Ltd is contracted to reduce administration costs (projected to reach annual savings of 50% within 10 years) while significantly improving the service. In return for its 40% ownership stake, Paymaster (1836) Ltd has committed to providing investment in the form of cash, resources and services that will contribute significantly to MyCSP Ltd's transformation to achieve these efficiencies as well as the successful delivery of the improved services specified in the SMB Services Agreement. Paymaster (1836) Ltd is also helping to develop MyCSP's business development function to enable the company to compete and win new business in the market place.

The Cabinet Office's retained share value in MyCSP Ltd will be classified as a joint venture investment in the Cabinet Office's 2012-13 financial statements. The cost of MyCSP services to the Cabinet Office in 2011-12 was £16.7 million.

REMUNERATION REPORT

REMUNERATION OF MINISTERS AND CABINET OFFICE SENIOR MANAGEMENT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Government announced in May 2010 a two year pay freeze for public sector workers earning over £21,000. As such Civil Servants entered a two year pay freeze from 1 April 2011 and will exit it in April 2013. The Government also announced in May 2010 that future non-consolidated awards will be restricted to the top 25% of Senior Civil Servants and non-consolidated awards for 2010-11 were paid in-line with this policy.

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. The size of awards is based on recommendations from the Review Body on Senior Salaries and in 2011-12 non-consolidated awards paid to the senior civil servants disclosed in this report ranged from £11,000 to £17,500.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975. In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the 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 Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com

Service Contracts

The Constitutional Reform and Governance Act 2010 require 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 specify the circumstances when appointments may be made otherwise. Unless otherwise stated below, the officials covered by this report hold appointments which 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

Audited Information

The following tables detailing Ministers' and Senior Management's salary and pension entitlements have been audited.

REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members and Permanent Secretaries) of the department.

REMUNERATION (SALARY AND BENEFITS IN KIND)

MINISTERS	2011-12		2010-11	
	Salary ¹	Benefits in kind	Salary ¹	Benefits in kind
	£	(to nearest £100)	£	(to nearest £100)
The Rt Hon. Nick Clegg MP Deputy Prime Minister and Lord President of the Council	68,827	–	61,056	–
The Rt Hon. Francis Maude MP Minister for the Cabinet Office, Paymaster General	33,002	–	29,597	–
The Rt Hon. Oliver Letwin MP Minister for Government Policy	33,002	–	29,187	–
Nick Hurd MP Minister for Civil Society and Parliamentary Secretary	23,697	–	20,894	–
Mark Harper MP Minister for Political and Constitutional Reform and Parliamentary Secretary	23,697	–	20,894	–
The Rt Hon. Lord Strathclyde Leader of the House of Lords and Chancellor of the Duchy of Lancaster ²	137,404 (Includes Lords Office Holders' Allowance £36,366)	–	114,257 (Includes Lords Office Holders' Allowance £24,627)	–
The Rt Hon. Sir George Young Bt MP Leader of the House of Commons and Lord Privy Seal	33,002	–	29,187	–

¹ Disclosures above represent the salary paid in respect of their role as minister of the Cabinet Office

² The Cabinet Office has reimbursed travel expenses incurred on Cabinet Office business in the amount of £8,338 (2010-11: £1,794)

DISCLOSURE OF SALARY, PENSION AND COMPENSATION INFORMATION

SENIOR MANAGEMENT	2011-12			2010-11		
	Salary	Bonus Payments	Benefits in kind	Salary	Bonus Payments	Benefits in kind Restated
	£000	£000	To nearest £100	£000	£000	To nearest £100
Sir Gus O'Donnell GCB Secretary of the Cabinet Head of the Home Civil Service ¹ and Principal Accounting Officer <i>until 31 December 2011</i>	175-180 ²	15-20	9,000	235-240	–	17,600
Sir Jeremy Heywood KCB, CVO Permanent Secretary, No 10 <i>until 31 December 2011</i> ³ Cabinet Secretary <i>from 1 January 2012</i> ⁴	160-165	15-20	19,500	150-155	–	20,600
Ian Watmore Permanent Secretary of the Cabinet Office and Principal Accounting Officer	140-145	–	15,300	80-85	–	6,800
Chris Wormald Director General, Deputy Prime Minister's Office	120-125	10-15	–	120-125	10-15	–
Sue Gray Head of Propriety and Ethics and Director of Private Offices Group	90-95 (Includes Private Secretary Allowance of £6,042)	10-15	–	25-30	–	100
Melanie Dawes Director General of Economic and Domestic Affairs Secretariat <i>from 1 January 2012</i>	30-35 ⁵	–	–	–	–	–
Bruce Mann Finance Director, Board Secretary	105-110	10-15	–	105-110	10-15	–
Alex Allan KCB Chairman of the Joint Intelligence Committee (JIC) and Professional Head of Intelligence Analysis <i>until 30 September 2011</i>	80-85 ⁶	–	–	160-165	–	100
Sir Jon Cunliffe CB Kt Head of the European and Global Issues Secretariat <i>until 31 January 2012</i>	130-135 ⁷	–	25,600	155-160	–	32,000

SENIOR MANAGEMENT	2011-12			2010-11		
	Salary	Bonus Payments	Benefits in kind	Salary	Bonus Payments	Benefits in kind
	£000	£000	to nearest £100	£000	£000	to nearest £100
Sir Stephen Laws KCB, QC First Parliamentary Counsel <i>until 31 January 2012</i>	190-195 ⁸	–	–	225-230	–	–
Sir Peter Ricketts GCMG Head of National Security Affairs Secretariat <i>until 31 December 2011</i>	135-140 ⁹	15-20	37,400	160-165	–	19,200
Mark Ivan Rogers Prime Minister's adviser and Head of the European and Global Issues Secretariat <i>from 19 October 2011</i>	60-65 ¹⁰	–	5,400	–	–	–
Richard Heaton First Parliamentary Counsel <i>from 1 February 2012</i>	25-30 ¹¹	–	–	–	–	–
Kim Darroch Head of National Security Affairs Secretariat <i>from 16 January 2012</i>	25-30 ¹²	–	–	–	–	–
Pay Multiples						
Band of highest paid director's Total Remuneration (£000)	265-270	–	–	255-260	–	–
Median Total Remuneration	£36,614	–	–	£37,922	–	–
Ratio	7.31	–	–	6.79	–	–

¹Sir Bob Kerslake's salary is paid by the Department for Communities and Local Government and this includes payment of £30,000 funded by the Cabinet Office to compensate him for performing duties as Head of the Home Civil Service. Additional disclosures can be found in the Department for Communities and Local Government's remuneration report.

²Figure quoted is for the period from 1 April 2011 to 31 December 2011. The full year equivalent is £235-240.

³Figure quoted is for the period from 1 April 2011 to 31 December 2011. The full year equivalent is £150-155.

⁴Figure quoted is for the period from 1 January 2012 to 31 March 2012. The full year equivalent is £185-190.

⁵Figure quoted is for the period from 1 January 2012 to 31 March 2012. The full year equivalent is £120-125.

⁶Figure quoted is for the period from 1 April 2011 to 30 September 2011. The full year equivalent is £160-165.

⁷Figure quoted is for the period from 1 April 2011 to 31 January 2012. The full year equivalent is £155-160.

⁸Figure quoted is for the period from 1 April 2011 to 31 January 2012. The full year equivalent is £225-230.

⁹Figure quoted is for the period from 1 April 2011 to 31 December 2011. The full year equivalent is £180-185.

¹⁰Figure quoted is for the period from 19 October 2011 to 31 March 2012. The full year equivalent is £140-145.

¹¹Figure quoted is for the period from 1 February 2012 to 31 March 2012. The full year equivalent is £150-155.

¹²Figure quoted is for the period from 16 January 2012 to 31 March 2012. The full year equivalent is £170-175.

Disclosures above represent the salary paid in respect of their role as a Board Member or as a Permanent Secretary, and may not be the same as the periods employed by the Department.

DISCLOSURE OF SALARY, PENSION AND COMPENSATION INFORMATION FOR 2011-12

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 (£65,738 from 1 April 2010) and 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.

BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the Department and treated by the HM Revenue and Customs as a taxable emolument; those for senior officials primarily relate to the private use of official cars and additionally home to work transport, dress hire and purchase of newspapers in the circumstances permitted by the Civil Service Management Code.

BONUSES

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses reported in the accounts are those paid in year relating to prior year's performance. Bonuses are not accrued or provided for at 31 March since the appraisal process is not complete until summer. This is consistent with accounting treatment in previous financial years. The bonuses reported in 2011-12 relate to performance in 2010-11 and the comparative bonuses reported for 2010-11 relate to the performance in 2009-10.

COMPENSATION FOR LOSS OF OFFICE

There were no cases of compensation for loss of office during the reporting year.

PAY MULTIPLES

Reporting bodies are required to disclose the relationship between the remuneration of the banded highest-paid director in their organisation and the median remuneration of the organisation's workforce. The median is the mid-point of the remuneration of the organisation's workforce.

The mid point of the banded total remuneration of the highest-paid director in the Cabinet Office in the financial year 2011-2012 was **£267,500** (2010-11:£257,500). This was **7.31** times (2010-11:6.79) the median remuneration of the workforce, which was **£36,614** (2010-11:£37,922).

In 2011-12, no (2010-11:none) employees received remuneration in excess of the highest-paid director. Remuneration ranged from **£16,641** to **£265,026** (2010-11:£16,945 to £256,126).

Total remuneration of the highest paid director includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The ratio is calculated by taking the mid point of the total remuneration of the highest paid director divided by the mid point of the remuneration (median) of the organisation's workforce. This is based on the remuneration of the highest paid director and remuneration of the full-time equivalent staff of the Cabinet Office at the reporting period end date on an annualised basis. The purpose of this calculation is to allow some comparability over time and across the public sector and private sector, where similar disclosures of Chief Executive remuneration and pay multiples are made. However, the comparison should be treated with caution given the different services provided, workforce skills, geographical locations and organisational structures. A balance is therefore considered in analysing and supporting narrative to give sufficient explanation and justification to ensure users can understand the intricacies of the Cabinet Office's pay policy. Staff costs Note 7 discloses termination benefits and fees paid to agencies for temporary staff. These have not been included in the computation of pay multiples.

There has been a slight increase in the year on year variance from 6.79 in 2010-11 to 7.31 in 2011-12 in the median remuneration of the workforce. This is mainly attributable to the following:

- there was no new appointment of a highest paid director therefore the remuneration for the higher paid director did not change
- the highest paid director took early retirement at 31 December 2011 and therefore used fewer taxable allowances such as benefits in kind
- there were no bonus payments made during the previous reporting year for the highest paid director
- a pay freeze was still in place for the Cabinet Office which meant the remuneration did not increase.

FEES PAID TO NON-EXECUTIVE BOARD MEMBERS

Non-Executive Board Members (NEBM) have been offered a fee of £15,000 a year in line with the Bank of England Non-Executive Directors of Court. The role of Lead NEBM and the role of chair of the audit committee will each attract an additional £5,000 a year. Individuals may waive all or part of their fee. The estimated annual time commitment is likely to be around 12-15 days including a strategy away day. Board members may claim their fees as and when preferred. Claimed fees are included within wages and salaries costs at Note 7 to the Accounts.

Lord Browne of Madingley as a lead non-executive board member of the Cabinet Office and Government Lead Non-Executive Director has agreed that he will not be paid a fee in respect of this appointment. Ian Davis and Dame Barbara Stocking DBE are non-executive board members and members of the Audit and Risk Committee. They are each entitled to receive a fee of £15,000 per annum. Ian has waived his entire fee. Rona Fairhead is non-executive board member and Chair of the Audit and Risk Committee. She is entitled to receive a fee of £20,000 per annum. Rona has waived her entire fee.

NON-EXECUTIVE BOARD MEMBERS	Fee Entitlement	2011-12	2010-11
		Fees Paid	Fees Paid
	£	£	£
Lord Browne of Madingley Lead Non-Executive Board Member and Government Lead Non-Executive Director	20,000	Waived	Waived
Ian Davis Non-Executive Board Member and Member of Audit and Risk Committee	15,000	Waived	Waived
Rona Fairhead CBE Non-Executive Board Member and Chair of the Audit and Risk Committee	20,000	Waived	Waived
Dame Barbara Stocking DBE Non-Executive Board Member and Member of Audit and Risk Committee	15,000	11,250	-

PENSION BENEFITS

MINISTERS	Accrued pension at age 65 as at 31/03/2012	Real increase in pension at age 65	CETV at 31/03/2012²	CETV at 31/03/2011¹	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon. Nick Clegg MP Deputy Prime Minister and Lord President of the Council	0-5	0-2.5	26	11	9
The Rt Hon. Francis Maude MP Minister for the Cabinet Office, Paymaster General	5-10	0-2.5	112	71	31
The Rt Hon. Oliver Letwin MP Minister for Government Policy	-	-	-	-	-
Nick Hurd MP Minister for Civil Society and Parliamentary Secretary	0-5	0-2.5	17	8	5
Mark Harper MP Minister for Political and Constitutional Reform and Parliamentary Secretary	0-5	0-2.5	14	7	3
The Rt Hon. Lord Strathclyde Leader of the House of Lords and Chancellor of the Duchy of Lancaster	40-45	0-5	578	521	2
The Rt Hon. Sir George Young Bt MP Leader of the House of Commons and Lord Privy Seal	15-20	0-2.5	260	247	4

¹The Opening CETV value shown in this year's report differs from the value shown as the closing CETV value in the last year's report. This is due to the basis for the calculation of CETVs changed this year on the advice of the Government Actuary. The start date for calculations is 31 March 2011 unless the Minister was appointed to the Department during the year.

²The end date for calculations is 31 March 2012 unless the Minister left the Department during the year.

MINISTERIAL PENSIONS

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their Ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution of 28.7% of the Ministerial salary paid by the Exchequer representing the balance of cost as advised by the Government Actuary. Increases to member and Exchequer contributions will apply from 1 April 2012.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

THE 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 or arrangement to secure pension benefits in another pension scheme or 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.

THE REAL INCREASE IN THE VALUE OF THE CETV

This is the element of the increase in 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.

DISCLOSURE OF SALARY, PENSION AND COMPENSATION INFORMATION

SENIOR MANAGEMENT	Accrued pension at pension age as at 31/3/2012 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2012²	CETV at 31/03/2011¹	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sir Gus O'Donnell GCB Secretary of the Cabinet, Head of the Home Civil Service and Principal Accounting Officer <i>until 31 December 2011</i>	105-110 plus 320-325 lump sum	–	2,430	2,311	–	–
Sir Jeremy Heywood KCB, CVO Permanent Secretary, No 10 <i>until 31 December 2011</i> Cabinet Secretary <i>from 1 January 2012</i>	45-50 plus 145-150 lump sum	2.5-5.0 plus 7.5-10.0 lump sum	864	745	39	–
Ian Watmore Permanent Secretary for the Cabinet Office and Principal Accounting Officer	0-5 plus Preserved award 10-15	0-2.5 plus Preserved award- no increase	55 plus Preserved award 162	19 Preserved award 153	30 plus Preserved award- no increase	–
Chris Wormald Director General, Deputy Prime Minister's Office	40-45	0-2.5	508	454	11	–
Sue Gray Head of Propriety and Ethics and Director of Private Offices Group	40-45 plus 120-125 lump sum	–	794	749	–	–
Melanie Dawes Director General of Economic and Domestic Affairs Secretariat <i>from 1 January 2012</i>	30-35 Plus 100-105 lump sum	–	535	515 ³	–	–
Bruce Mann Finance Director, Board Secretary	40-45 plus 130-135 lump sum	–	883	839	–	–
Alex Allan KCB Chairman of the Joint Intelligence Committee (JIC) and Professional Head of Intelligence Analysis <i>until 30 September 2011</i>	65-70 plus 195-200 lump sum	–	1,519	1,495	–	–

SENIOR MANAGEMENT	Accrued pension at pension age as at 31/3/2011 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2012²	CETV at 31/03/2011¹	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sir Jon Cunliffe CB Head of the European and Global Issues Secretariat <i>until 31 January 2012</i>	60-65 plus 180-185 lump sum	–	1,346	1,274	–	–
Sir Stephen Laws KCB, QC First Parliamentary Counsel <i>until 31 January 2012</i>	105-110 plus 315-320 lump sum	–	2,366	2,353	–	–
Sir Peter Ricketts GCMG Head of National Security Affairs Secretariat <i>until 31 December 2011</i>	85-90 plus 260-265 lump sum	–	1,985	1,880	–	–
Mark Ivan Rogers Prime Minister's adviser and Head of the European and Global Issues Secretariat <i>from 19 October 2011</i>	50-55	–	853	811 ⁴	–	–
Richard Heaton First Parliamentary Counsel <i>from 1 February 2012</i>	30-35 plus 100-105 lump sum	0-2.5 plus 0-2.5 lump sum	528	520 ⁵	3	–
Sir Kim Darroch Head of National Security Affairs Secretariat <i>from 16 January 2012</i>	75-80	–	1,639	1,630 ⁶	–	–

¹ The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

² The end date for calculations is 31 March 2012 unless the member left the Department during the year.

³ CETV at 1 January 2012.

⁴ CETV at 19 October 2011.

⁵ CETV at 1 February 2012.

⁶ CETV at 16 January 2012.

CIVIL SERVICE PENSIONS

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2012. 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 his 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. 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 a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. 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 0.8% 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 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 and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

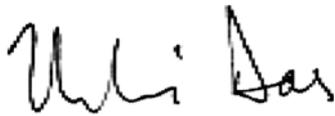
CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or 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.

REAL INCREASE IN CETV

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



Melanie Dawes

Principal Accounting Officer and
Interim Permanent Secretary

12 July 2012

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the 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 public body designated by order made under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2011 (S.I. 2011/723) & Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2011 (S.I. 2011/3004) (together known as the 'departmental group', consisting of the department and sponsored bodies listed at Note 32 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 net resource outturn, the application of resources, changes in taxpayers' equity 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 the 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 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.

HM Treasury has appointed the Permanent Head of the department as Accounting Officer of the Cabinet Office. In addition, HM Treasury has appointed an additional Accounting Officer to be accountable for that part of the department's accounts relating to a specified Estimate section and the associated assets, liabilities and cash flows. This appointment does 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 sections A- F, H- M	relating to the Cabinet Office - Ian Watmore
Estimate section G	relating to the Civil Service Commission, executive non departmental public body - Dr. Richard Jarvis

The Estimates sections are described at Note 3 to the accounts. Main Supply Estimates details can be found at the link: http://www.hm-treasury.gov.uk/main_supply_estimates_2011_12.htm

The Accounting Officer of the department has also appointed Dr Richard Jarvis, the Chief Executive of its sponsored non-departmental public body, Civil Service Commission, as Accounting Officer of that body. Under his terms of appointment, the Accounting Officer of the Civil Service Commission is accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored body.

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 accounts. 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 public body for which the Accounting Officer is responsible, are set out in: *'Managing Public Money'* published by HM Treasury.

GOVERNANCE STATEMENT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Departments are expected to apply the principles of the *Corporate governance in central government departments: code of good practice 2011* unless good governance can be achieved by other means, and is required to identify and explain areas where it has departed from the Code. The Cabinet Office is compliant with the Code with the following exceptions:

Key principle	Cabinet Office compliance
The Board should be balanced, with approximately equal numbers of ministers, senior officials and non-executive board members.	The Cabinet Office Board comprises two ministers, four non-executive board members and five senior officials.
The board should collectively affirm and document its understanding of the department's purpose and document the board's role and responsibilities in a board operating framework.	A Board Operating Framework was agreed in June 2012 and will be published.
All boards should have a nominations and governance committee, which will advise the board on key elements of effectiveness.	A Nominations and Governance Committee will be established with Dame Barbara Stocking as chair.

CABINET OFFICE BOARD

The Cabinet Office Board forms the collective strategic and operational leadership of the Department, bringing together its Ministerial and Civil Service leaders with senior non-executives from outside government. Amongst its responsibilities, specific areas relating to governance are:

- **Planning and Performance** – agreeing the Departmental Plan, especially the department's strategic aims and objectives and the allocation of human and financial resources to achieving them, and their public expression in the Business Plan; monitoring and steering performance against the Plan; scrutinising the performance of sponsored bodies; and setting the Department's standards and values.
- **Resources and Change** – signing off large projects or programmes, or scrutinising those above the department's financial delegation prior to submission to the Treasury; drawing on advice from the Audit and Risk Committee, ensuring sound financial management including the operation of delegations and internal controls; ensuring that organisational design supports the attainment of strategic objectives; evaluation of the Board and its members, and succession planning.
- **Risk** – drawing on advice from the Audit and Risk Committee, setting the Department's risk appetite and ensuring that effective and proportionate controls are in place to manage risk.

Board meetings required a minimum of one Minister, one executive and one non-executive member of the Board to be deemed quorate. The terms of reference require that Board members' attendances are published in the Cabinet Office Annual Report and Accounts. Board meetings were attended by all members except for the following:

Date of Board meeting	Apologies
20 May 2011	Sir Gus O'Donnell GCB, Cabinet Secretary
14 July 2011	Nick Hurd MP, Minister for Civil Society Dame Barbara Stocking, Non-Executive Board Member
14 October 2011	Dame Barbara Stocking, Non-Executive Board Member Rona Fairhead, Non-Executive Board Member Sue Gray, Head of Propriety and Ethics Team and Director of Private Office Group
25 November 2011	Nick Hurd MP, Minister for Civil Society

Further details of the Board's membership are set out in the section on Corporate Governance, together with information about other departmental committees.

CABINET OFFICE AUDIT AND RISK COMMITTEE

Purpose

The Cabinet Office Audit and Risk Committee (COARC) supports the Cabinet Office Board and Principal Accounting Officer by providing an independent view of the department's risk control and corporate governance arrangements, and assessing the comprehensiveness, reliability and integrity of those assurances.

Scope

The Cabinet Office Audit and Risk Committee's remit covers the Cabinet Office, Cabinet Office: Civil Superannuation and Returning Officers' Expenses for England and Wales. Separate Accounts are published for each of these, and each is audited separately, but all three have the same Principal Accounting Officer.

Terms of reference

COARC will advise the Board and Principal Accounting Officer on:

- Corporate governance processes inside the department, especially:
 - the identification of operational, financial and compliance risks
 - the development and effective application of proportionate internal controls at each level to mitigate and manage those risks
 - the development of the Governance Statement.
- the accounting policies, the accounts, and the Annual Report of the Cabinet Office, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors

- the planned activity and results of both internal and external audit
- the adequacy of management's response to issues identified by audit activity, including external audit's management letter
- assurances relating to the corporate governance requirements for the organisation
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
- the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Cabinet Office Board.

The Cabinet Office Audit and Risk Committee is chaired by Rona Fairhead and has met eight times this year. The meeting comprises a minimum of two members of the Committee to be deemed quorate. The terms of reference require that COARC members' attendances are published in the Cabinet Office Annual Report and Accounts. COARC meetings were attended by all members except for the following:

Date of COARC meeting	Apologies
24 June 2011	Dame Barbara Stocking Non-Executive Board Member
8 July 2011	Ian Davis Non-Executive Board Member
1 February 2012	Ian Davis Non-Executive Board Member
23 March 2012	Dame Barbara Stocking Non-Executive Board Member

Work of the Audit Committee

The Cabinet Office Audit and Risk Committee's remit covers the Cabinet Office, Cabinet Office: Civil Superannuation, and Returning Officers' Expenses for England and Wales. Separate Accounts are published for each of these, and each is audited separately, but all three have the same Principal Accounting Officer.

During this year the Committee has reviewed a number of areas of the department's business. That has included in particular a review of the Cabinet Office Accounts for 2010-11, where the Committee recommended that the Accounts be put forward on an unqualified basis. The Committee has also reviewed the Returning Officers' Expenses England and Wales statement of Accounts, which it recommended for signature to the Accounting Officer.

When reviewing the Cabinet Office Superannuation Accounts for 2010-11, the Committee pursued the underlying process and quality issues which were the cause of their eventual audit qualification and subsequently the plan and timetable for addressing those issues.

A key area for the Committee has been the mutualisation of the My Civil Service Pension Scheme. The Committee provided advice and scrutiny to the proposal to establish MyCSP first as a mutual company and then as a mutual joint venture, especially associated risks and how they could be mitigated.

The Committee has also reviewed the department's identification and management of strategic risks, including both work to update the department's strategic risk register and a deeper review of risks surrounding the department's capacity and capability.

The Chair of the Audit committee has regular dialogue and meetings with the Head of Internal Audit and the Deputy Finance Director to discuss key areas of governance in relation to the Committee's agenda. It also reviews regularly the internal audit work programme.

Work of Internal Audit

The department's internal audit service is provided under a Service Level Agreement by the joint shared internal audit service (IAS) of the Department for Communities and Local Government (DCLG) and the Department for Business, Skills and Innovation (BIS). The DCLG/BIS shared internal audit service provides internal audit and assurance services to five central government departments and a range of Arm's Length Bodies.

IAS's work this year has included the following:

- Validating the £3.75bn worth of government savings announced by ERG in June 2011
- Supporting the Cabinet Office Lead NEBM on his evaluation of the Cabinet Office Board
- Reviewing the:
 - effectiveness of the Department's governance & risk framework
 - role of the Cabinet Office in managing public sector industrial disputes
 - creation of the Government Procurement Service
 - creation of the MyCSP Ltd mutual joint venture
- Examining new additions to the Cabinet Office through Machinery of Government changes to ensure they are integrated to the Department's governance, risk and control framework
- Testing the evidence underpinning Head of Group's declarations in the six monthly corporate compliance statements
- Key control testing within the department's core finance and HR processes.

Internal Audit Opinion

IAS works in accordance with Government Internal Audit Standards. Their work is informed by its analysis of the risks to which the Department is exposed and the annual audit plan is based on that analysis. The plans are discussed and endorsed by COARC. The Head of Internal Audit (HIA) annually provides me with an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The HIA's opinion for 2011-12 is that a substantial assurance can be placed on the Department's arrangements for governance, risk and control.

Risk Management

All Groups within the Cabinet Office are required to have in place a structured approach to managing risks. This includes maintaining risk registers and risk escalation, mitigation and communication processes. Guidance and example templates for risk registers are published on the department's intranet. At regular intervals, assurance is sought from each Group that risk management requirements are being complied with; this is supported by internal reviews of processes and practice.

Principal Areas of Risk and Control

The Cabinet Office's responsibilities have changed several times since May 2010, including as a result of Machinery of Government changes. The department has substantial new responsibilities including sustaining a coalition Government; a wide range of new programmes such as the National Citizen Service and other civil society programmes, and constitutional and political reform programmes; and substantial elements of the Government's efficiency and reform agenda, especially on procurement, digital transformation programmes and the government's civil estate.

In light of these changes, the department has substantially revised its strategic risk framework to meet the significant changes to the risks it faces. The Finance Director has overseen a review, supervised by the Audit and Risk Committee, of the processes for identifying, managing and reporting strategic and operational risk, and to ensure consistency in approach across the department. Strategic risks have been defined, risk owners identified, and risk analyses prepared and reviewed. These risks cover strategic foresight, cross-government accountability and leadership, engagement with key external stakeholders, operating with corporate integrity and trustworthiness, the engagement of staff, the delivery of major policies and programmes, the effective deployment of key resources and sustaining important operations in the event of a crisis. This work has acted as the basis for risk-based reviews by senior governance committees on individual functions, policies and programmes, in particular of the mutualisation of MyCSP, the National Citizen Service programme, the electoral reform transformation programme and reform of the House of Lords; of departmental capacity and capability; and of the engagement of staff and deployment of key resources. Further such reviews will be carried out in 2012-13, including greater engagement of the Board and the Audit & Risk Committee than was the case in 2011-12. This will include the opportunity for the Board to consider a full strategic risk profile on a regular basis and set risk appetite for the Department. The Board, supported by the Audit Committee will oversee the moderation, refinement and validation of the Department's analysis and management of its strategic risks.

All Business Groups share some common risks and also have those which are specific to their roles and responsibilities. Units ensure that such risks and their impact are considered as part of policy choices and advice. All Groups are responsible for managing such risks and are required to maintain risk registers and for ensuring that their business plans and all projects, programmes or activities which deliver departmental strategic or corporate objectives, include the review of associated risks and any mitigating actions are implemented. During 2011-12, Group level risk management has been strengthened by better definition and scrutiny of risk management processes, including through review and challenge by the Finance Director of Corporate Management Responsibilities Statements on risk management, drawing from refreshed guidance on risk management processes. Further refinements to these processes, including in regular performance management reviews, are planned for introduction in the first part of 2012-13.

The Finance and Investment Committee undertakes regular review of financial performance and risk throughout the year, prior to recommendations drawing on its conclusions being made to senior governance committees.

Risk management in the DWP

The department continues to receive its finance, procurement and human resources transactional processes from the Department for Work & Pensions (DWP), under a shared services arrangement. I receive an annual Letter of Assurance from DWP confirming that risk management is reviewed regularly and that appropriate controls are applied to ensure the integrity of Cabinet Office data which DWP are processing on behalf of the Cabinet Office.

DWP's Internal Audit Work Programme for Shared Services comprised 19 reviews across the 9 categories of: Strategy, Governance, Financial, Legal and Crime, Change, Customer service &

Operational, Information, Communication and People and is designed to provide sufficient coverage for Shared Services to provide an assured service to clients.

The Risk and Assurance Division (RAD) Director's overall annual assurance opinion for 2011-12 was 'reasonable', with some further work required to develop a Control & assurance framework.

Fraud, Error and Debt

Fraud

The Cabinet Office's fraud policy, available to all staff via the intranet, requires staff at all times to act honestly, with integrity and to safeguard the public resources for which they are responsible. The Cabinet Office views fraud and negligence very seriously and will take appropriate disciplinary and legal action against anyone found guilty of either. Cases of suspected or actual fraud are reported to the Audit and Risk Committee.

The Cabinet Office fully supports the initiative to create an intra-governmental fraud information and intelligence capability. A Senior Civil Servant has been appointed as Counter Fraud Champion together with two Alert System Co-ordinators and a departmental-wide network of contacts to allow for the quick and comprehensive identification and dissemination of appropriate information.

During 2011-12, a fraud risk assessment was undertaken and a series of meetings arranged with Cabinet Office Groups to assess their inherent risk exposure. Subsequent meetings have been held to monitor changes made to further reduce risks.

Assessments have been initiated using HM Treasury's Toolkit for Managing the Risk of Financial Loss. Further training in the use of the tool is planned so that its use becomes embedded more extensively across the department.

There has been no significant fraud error or debt during the period and the department is determined to ensure that all Cabinet Office staff are aware of their personal responsibility to prevent fraud and corruption. A series of events and presentations are to be delivered during September to ensure that all staff are reminded of the part they play in defending against fraud and the need for honesty and integrity in carrying out their duties.

Information Risk, Information Handling and Protective

The Cabinet Office holds personal data primarily relating: to its own employees; members of the Principal Civil Service Pensions Scheme; those who have been nominated and recommended for honours, gallantry awards, appointments etc.; and applicants to the Civil Service Fast Stream competition and Civil Service Internships. The department has continued to work hard with its delivery partners and third party providers to obtain assurances over the management of the personal data held on its behalf.

As part of a three year rolling programme of audits, the department has again assessed its compliance against the mandatory requirements contained in the Security Policy Framework (SPF). This year this included an in-depth review of the department's relevant governance arrangements; National Security Vetting work; and; for Information Risk, a self-assessment exercise against the Information Assurance Maturity Model, with the department's internal audit service providing independent challenge. This exercise confirmed that the department remains compliant with the SPF but identified a small number of issues where some further work would prove beneficial; this will be undertaken during 2012-13. No significant control weaknesses or areas of work requiring urgent/immediate attention were identified.

During 2011-12 the department incurred one data incident which required notification to the Information Commissioner's Office. Further information can be found within Other Reporting Requirements, page 33.

During 2011-12 the department updated its Information Assurance policies and procedures including testing its arrangements for handling data losses. In addition, a new Senior Information Risk Owner (SIRO) was appointed; during gaps between the appointment of the Department's SIRO; this role was undertaken by the Departmental Security Officer, who is also the Deputy SIRO. The department continues to require all staff to undertake annually the Level 1 data handling e-learning package; those who handle significant amounts of personal data are also required to undertake annually the Level 2 training package. The security of the data held on the department's corporate IT network (Flex) continues to be maintained in line with its relevant security accreditation. Non Corporate IT systems comply with the required service-wide security requirements through restrictions on the movement and transmission of data.

The Department continues to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.

Machinery of Government Changes

Arm's Length Bodies

I take assurance from the Governance Statements produced by the department's Arm's Length Bodies. All are subject to the department's normal financial and auditing procedures and practices and scrutiny by both internal and external audit; no significant concerns have been noted.

Two Executive Arm's length Bodies closed during the period: Capacity Builders, and Commission for the Compact.

Capacity Builders: Capacity Builders set up a Closure Programme Committee to manage its closure. The department's Internal Audit Services attended some of those meetings and reviewed reports provided to those meetings, including risk registers and progress updates. They concluded that Capacity Builders managed the closure process adequately with close liaison with the Cabinet Office as the sponsoring department.

Commission for the Compact: The Commission for the Compact liaised with its own staff and the Cabinet Office as the sponsoring Department during closure. The department's Internal Audit Services' assessment was that there was no observable material risk in management control and governance of the closure.

Oversight of Local Responsibilities (grants)

The Cabinet Office makes a number of direct grant awards, principally to organisations in the voluntary, community and social enterprise sector and funds a number of grant schemes, delivered through partners such as the Big Lottery Fund.

Grants are distributed on the basis of the Coalition Government's stated priorities, in particular around the building of the Big Society. This includes delivery of commitments such as the National Citizen Service, the Community First Fund and the Transition Fund.

For direct awards, the Cabinet Office issues each grant recipient with a formal grant offer letter and associated terms and conditions of grant. Payment of grants is done in instalments based on the grant recipient fulfilling the terms and conditions of grant payment and on satisfactory progress in achieving the outcomes of the grant award. Regular but proportionate monitoring of progress is undertaken by named policy officials, in conjunction with Cabinet Office finance teams. Spend across all grant programmes is monitored on a monthly basis through the established Cabinet Office financial reporting and scrutiny processes.

Some direct grants are awarded on the basis of competition between potential recipients, to ensure value for money and that the objectives of the Government can be appropriately delivered. In some limited cases grant awards are made without a competitive process, where the recipients' objectives and programme of work already align with the Government's objectives for grant funding.

For a number of larger grant programmes, the Cabinet Office works through a delivery partner, rather than administering the grant in-house. This is achieved in 2 key ways. The Cabinet Office has in some cases tendered through open competition for a delivery partner. Following competition a grant administrator is appointed and runs the scheme under contract to the Cabinet Office. Through the contracting arrangements the Cabinet Office monitors the performance and progress of the grant administrator in carrying out its functions in relation to grant competitions and awards, organisation verification, grant set up and payments and grant monitoring. A management fee is payable for these services and the Cabinet Office passes on grant funding, via the grant administrator to be distributed to the successful grant recipients.

In other cases the Cabinet Office works through the Big Lottery Fund to deliver funds as part of the sponsorship role the Cabinet Office holds in relation to Big Lottery Fund as a Non-Departmental Public Body. The Cabinet Office and Big Lottery Fund work jointly to develop the fund and Big Lottery Fund provide the grant administration role as set out in agreed schedules of work. Funds are paid to Big Lottery Fund by way of grant funding to the NDPB to cover costs and grant awards. The Cabinet Office takes assurance from the fact that BIG has the duty to ensure that there is propriety and regularity in the handling all public funds in accordance with the Non-Departmental Public Bodies' Accounting Officers' memorandum issued by the Treasury and published in 'Managing Public Money', and with the Financial Directions issued to BIG from time to time by the Secretary of State for Culture, Media and Sport under Section 26(3) of the National Lottery etc. Act 1993.

During the course of the financial audit the National Audit Office identified that, while Cabinet Office monitored use of grants by recipients, it did not routinely check that any explicit grant terms and conditions were being met. This will be addressed in 2012-13.



Melanie Dawes
Principal Accounting Officer and
Interim Permanent Secretary

12 July 2012

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Cabinet Office and of its Departmental Group for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The Department consists of the core Department only. 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 2011. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of 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.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2012 and shows that those totals have not been exceeded; and
- 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2012 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Business Plan Update, Sustainability Report, Corporate Governance and Cabinet Office Finance – Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

13 July 2012

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2011-12

£000	2011-12							2010-11
	Estimate			Outturn			Voted outturn compared with Estimate: saving / (excess)	Restated ¹
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Total
Departmental Expenditure Limit								
Resource	3.1	476,348	2,848	479,196	446,957	1,848	448,805	498,469
Capital	3.2	29,296	-	29,296	17,441	-	17,441	86,898
Annually Managed Expenditure								
Resource	3.1	5,988	-	5,988	5,119	-	5,119	(1,075)
Capital		-	-	-	-	-	-	-
Total Budget		511,632	2,848	514,480	469,517	1,848	471,365	584,292
Non-Budget		-	-	-	-	-	-	-
Total		511,632	2,848	514,480	469,517	1,848	471,365	584,292
Total Resource	3.1	482,336	2,848	485,184	452,076	1,848	453,924	497,394
Total Capital	3.2	29,296	-	29,296	17,441	-	17,441	86,898
Total		511,632	2,848	514,480	469,517	1,848	471,365	584,292

¹ See Note 2

Net Cash Requirement 2011-12

£000	2011-12			2010-11
Note	Estimate	Outturn	Outturn compared with Estimate: saving / (excess)	Restated ¹
5	549,744	438,355	111,389	435,463

Administration Costs 2011-12

£000	2011-12			2010-11
Note	Estimate	Outturn	Outturn compared with Estimate: saving / (excess)	Restated ¹
3.1	209,920	186,739	23,181	202,251

¹ See Note 2

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control. Explanations of variances between Estimate and outturn are given in Note 3 and in the Management Commentary.

Notes 1 to 33 form part of these accounts

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2012

£000	2011-12		2010-11 Restated ¹		
	Note	Core Department	Departmental Group	Core Department	Departmental Group
Administration costs					
Staff costs	7	121,288	121,803	138,295	138,203
Other costs	8	130,017	130,500	123,956	123,956
Income	10	(77,127)	(76,908)	(73,633)	(73,633)
Programme expenditure					
Staff costs	7	31,224	31,224	5,988	9,395
Other costs	9	326,130	326,130	349,399	378,372
Income	10	(70,242)	(70,242)	(7,119)	(5,036)
Grant in Aid to NDPBs	9	1,107	-	32,864	-
Net Operating Costs for the year ended 31 March 2012	4.1	462,397	462,507	569,750	571,257
Total expenditure		609,766	609,657	650,502	649,926
Total income		(147,369)	(147,150)	(80,752)	(78,669)
Net Operating Costs for the year ended 31 March 2012		462,397	462,507	569,750	571,257
Other Comprehensive Net Expenditure					
Net gain on:					
revaluation of Property, Plant and Equipment	11	(4,070)	(4,070)	(13,204)	(13,204)
revaluation of Intangibles	12	(151)	(151)	-	-
Total Other Comprehensive Income		(4,221)	(4,221)	(13,204)	(13,204)
Total Comprehensive Expenditure for the year ended 31 March 2012		458,176	458,286	556,546	558,053

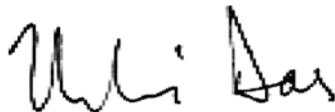
¹ See Note 2

Notes 1 to 33 form part of these accounts

Consolidated Statement of Financial Position

as at 31 March 2012

£000		As at 31 March 2012		As at 31 March 2011		As at 1 April
		Core Dept	Departmental Group	Core Dept	Departmental Group	2010
						Restated ¹
						Departmental Group
Non-current assets						
Property, plant and equipment	11	175,857	175,857	216,057	216,057	199,079
Intangible assets	12	4,406	4,406	3,849	3,849	4,825
Other financial assets	14	1,403	1,403	1,208	1,208	1,601
Other non-current assets	18	354	354	410	410	2,078
Total non-current assets		182,020	182,020	221,524	221,524	207,583
Current assets						
Assets to be transferred	16	44,145	44,145	-	-	-
Inventories	17	417	417	702	702	461
Trade and other receivables	18	59,860	59,860	98,244	96,066	32,463
Other financial assets	14	20	20	285	285	20
Cash and cash equivalents	19	38,978	38,978	39,927	42,370	33,283
Total current assets		143,420	143,420	139,158	139,423	66,227
Total assets		325,440	325,440	360,682	360,947	273,810
Current liabilities						
Trade and other payables	20	(169,615)	(169,779)	(188,712)	(188,979)	(78,482)
Provisions	21	(4,288)	(4,288)	(2,916)	(2,916)	(3,686)
Total current liabilities		(173,903)	(174,067)	(191,628)	(191,895)	(82,168)
Non-current assets less net current liabilities		151,537	151,373	169,054	169,052	191,642
Non-current liabilities						
Provisions	21	(13,036)	(13,036)	(8,463)	(8,463)	(10,842)
Total non-current liabilities		(13,036)	(13,036)	(8,463)	(8,463)	(10,842)
Total assets less liabilities		138,501	138,337	160,591	160,589	180,800
Taxpayers' equity and other reserves						
General fund		85,093	84,929	109,812	109,810	141,685
Revaluation reserve		53,408	53,408	50,779	50,779	39,115
Total equity		138,501	138,337	160,591	160,589	180,800

¹ See Note 2


Melanie Dawes
Principal Accounting Officer and
Interim Permanent Secretary

12 July 2012

Notes 1 to 33 form part of these accounts

Consolidated Statement of Cash Flows

for the year ended 31 March 2012

£000		2011-12	2010-11 Restated ¹
	Note		
Cash flows from operating activities			
Net operating cost	4.1	(462,507)	(571,257)
Adjustments for non-cash transactions	8, 9, 10	17,808	13,098
Remove income from dividends	10	(2,379)	(2,092)
(Increase)/Decrease in inventories	17	285	(241)
(Increase)/Decrease in Work in Progress – Central Office of Information		-	-
<i>Less movements in Work in Progress relating to items not passing through the Statement of Comprehensive Net Expenditure²</i>		17,722	-
(Increase)/Decrease in trade and other receivables	18	36,262	(61,935)
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Grants not committed by third party at the year end		-	(41)
Amounts related to novated assets – Central Office of Information ²		14,620	-
Movement in amounts relating to provision for doubtful debt	18	291	(945)
Amounts relating to bad debt write off	9	(238)	(13)
Increase/(Decrease) in trade and other payables	20	(19,200)	110,497
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Amounts due to the Consolidated Fund for Supply	20	(17,415)	8,683
Amounts payable to the Consolidated Fund	20	1,400	528
Excess cash surrenderable to the Consolidated Fund		2,253	(2,210)
Other		(50)	1
Release of deferred income	8	5	-
Amounts relating to novated liabilities – Central Office of Information ²		(32,365)	-
Movement in capital accruals relating to investing activities		(640)	1,211
Amounts relating to Consolidated Fund Standing Services – UK Parliamentary Elections		6,571	5,793
Amounts due to the Consolidated Fund for non voted receipts - Elections	20	(3,381)	(5,547)
Use of provisions	21	(2,916)	(3,907)
Net cash outflow from operating activities		(443,874)	(508,377)
Cash flows from investing activities			
Income from dividends	10	2,379	2,092
Purchase of property, plant and equipment	11	(9,203)	(13,477)
Purchase of intangible assets	12	(1,097)	(32)
Loans to other bodies	14	(343)	(244)
Net movement in trade payables - capital accruals		640	(1,211)
Proceeds of disposal of property, plant and equipment		-	2
Repayments from other bodies	14	285	20
Net cash outflow from investing activities		(7,339)	(12,850)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year	5	456,301	428,180
From the Consolidated Fund (Supply) in respect of machinery of government transfer of functions		-	1,862
Cash balance absorbed from Central Office of Information Trading Fund ²		1,535	-
From the Consolidated Fund (non-Supply) – current year		-	102,200
Advances from the Contingencies Fund		-	3,000
Repayments to the Contingencies Fund		-	(3,000)
Amounts remitted to the Consolidated Fund		(2,196)	(1,928)
Net financing		455,640	530,314

² The assets and liabilities of the Central Office of Information Trading Fund were absorbed into the Cabinet Office upon its closure on 30 December 2011 and the corresponding entry was taken through the General Fund

Consolidated Statement of Cash Flows (continued)

for the year ended 31 March 2012

£000		2011-12	2010-11 Restated ¹
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		4,427	9,087
Excess cash surrendered to the Consolidated Fund upon closure of eNDPBs	20	(2,253)	-
Non-voted receipts surrendered to the Consolidated Fund – Elections		(5,566)	-
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	19	(3,392)	9,087
Cash and cash equivalents at the beginning of the period	19	42,370	33,283
Cash and cash equivalents at the end of the period	19	38,978	42,370

¹ See Note 2

Notes 1 to 33 form part of these accounts

Consolidated Statement of Changes in Taxpayers' Equity

Core Department for the year ended 31 March 2012

£000		General Fund	Revaluation Reserve	Total Reserves
	Note			
Balance at 31 March 2010		127,311	37,090	164,401
Assets and liabilities introduced on machinery of government transfer of functions		8,954	2,142	11,096
Accounting policy changes		3,865	(117)	3,748
Restated balance at 1 April 2010		140,130	39,115	179,245
Net Parliamentary Funding – drawn down	5	428,180	-	428,180
Net Parliamentary Funding – deemed	20	15,393	-	15,393
Consolidated Fund Standing Services – non supply	9	102,200	-	102,200
Supply payable adjustment	20	(6,710)	-	(6,710)
Excess cash surrenderable to the Consolidated Fund	20	(2,253)	-	(2,253)
Amounts to be remitted to the Consolidated Fund		(1,400)	-	(1,400)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(5,547)	-	(5,547)
Comprehensive Net Expenditure for the year		(569,750)	-	(569,750)
Assets and liabilities introduced and removed:				
Amounts relating to machinery of government transfer of function		1,862	-	1,862
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	8, 9	374	-	374
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	11.2	-	13,204	13,204
Amounts relating to Consolidated Fund Standing Services - Elections		5,793	-	5,793
Transfers between reserves		1,540	(1,540)	-
Restated balance at 31 March 2011		109,812	50,779	160,591
Net Parliamentary Funding – drawn down	5	456,301	-	456,301
Net Parliamentary Funding – deemed		6,179	-	6,179
Supply payable adjustment	20	(24,125)	-	(24,125)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(8,947)	-	(8,947)
Comprehensive Net Expenditure for the year		(462,397)	-	(462,397)
Assets and liabilities introduced and removed:				
Amounts relating to machinery of government transfer of functions		4	-	4
Amounts remitted to the Consolidated Fund – Public Dividend Capital		(265)	-	(265)
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	8, 9	368	-	368
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	11.1	-	4,070	4,070
Net gain on revaluation of intangible assets	12.1	-	151	151
Amounts relating to Consolidated Fund Standing Services - Elections		6,571	-	6,571
Transfers between reserves		1,592	(1,592)	-
Balance at 31 March 2012		85,093	53,408	138,501

Consolidated Statement of Changes in Taxpayers' Equity

Departmental Group for the year ended 31 March 2012

£000		General Fund	Revaluation Reserve	Total Reserves
	Note			
Balance at 31 March 2010		127,311	37,090	164,401
Assets and liabilities introduced on machinery of government transfer of functions		8,954	2,142	11,096
Accounting policy changes		5,420	(117)	5,303
Restated balance at 1 April 2010		141,685	39,115	180,800
Net Parliamentary Funding – drawn down	5	428,180	-	428,180
Net Parliamentary Funding – deemed	20	15,393	-	15,393
Consolidated Fund Standing Services – non supply	9	102,200	-	102,200
Supply payable adjustment	20	(6,710)	-	(6,710)
Excess cash surrenderable to the Consolidated Fund	20	(2,253)	-	(2,253)
Amounts to be remitted to the Consolidated Fund		(1,400)	-	(1,400)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(5,547)	-	(5,547)
Net assets as at 31 March to be transferred to the Cabinet Office		2	-	2
Comprehensive Net Expenditure for the year		(571,257)	-	(571,257)
Assets and liabilities introduced and removed:				
Amounts relating to machinery of government transfer of functions		1,862	-	1,862
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	8, 9	374	-	374
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	11.2	-	13,204	13,204
Amounts relating to Consolidated Fund Standing Services – Elections		5,793	-	5,793
Recognised in Statement of Comprehensive Net Expenditure		(52)	-	(52)
Transfers between reserves		1,540	(1,540)	-
Balance at 31 March 2011		109,810	50,779	160,589
Net Parliamentary Funding – drawn down	5	456,301	-	456,301
Net Parliamentary Funding – deemed		6,179	-	6,179
Supply payable adjustment	20	(24,125)	-	(24,125)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(8,947)	-	(8,947)
Comprehensive Net Expenditure for the year		(462,507)	-	(462,507)
Assets and liabilities introduced and removed:				
Amounts relating to machinery of government transfer of functions		4	-	4
Amounts remitted to the Consolidated Fund – Public Dividend Capital		(265)	-	(265)
Net assets as at 31 March to be transferred to the Cabinet Office		(52)	-	(52)
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	8, 9	368	-	368
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	11.1	-	4,070	4,070
Net gain on revaluation of intangible assets	12.1	-	151	151
Amounts relating to Consolidated Fund Standing Services – Elections		6,571	-	6,571
Transfers between reserves		1,592	(1,592)	-
Balance at 31 March 2012		84,929	53,408	138,337

Notes 1 to 33 form part of these accounts

Notes to the Accounts for the year ended 31 March 2012

1. Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the 2011-12 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department 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 financial statements.

In so far as appropriate, these financial statements meet the requirements of the Companies Act 2006 in respect of those Non-Departmental Public Bodies which were companies limited by guarantee. In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

Going concern – executive Non-Departmental Public Bodies (eNDPBs)

The financial statements for the Civil Service Commission have been prepared on the basis that it is a going concern. The Commission is a statutory body created by the Constitutional Reform and Governance Act 2010. The Commission's budget, business plan for 2011-12 and corporate plan for 2011-12 through to 2013-14 have been agreed by the Cabinet Office.

The financial statements for the Commission for the Compact Limited and Capacity Builders (UK) Limited have been prepared on the basis that these companies are no longer going concerns at 31 March 2011 when they ceased to operate. Adjustments have been made to reduce the value of their assets to their recoverable amount and to provide for any further liabilities arising due to closure.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities at their value to the business by reference to their current costs.

1.2 Basis of consolidation

These accounts comprise a consolidation of the core Department and those entities which fall within the departmental boundary as defined in the *FReM*. Transactions between entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given at Note 32.

1.3 Restated amounts

Prior year comparatives are restated for changes in accounting policy applied retrospectively and for machinery of government transfers of function.

Following a change in accounting policy applied retrospectively, the opening balance of the general fund is adjusted for the earliest prior period presented such that it is, as if, the new accounting policy had always been applied.

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 *FReM*. Accordingly, the results 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. Prior-year comparatives are restated, with corresponding adjustments being made to the general fund. By so doing, 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. Further details can be found at Note 2.

1.4 Absorption of former public corporation

Upon the machinery of government transfer of the Central Office of Information, a non-ministerial department, into the Cabinet Office, its executive agency and trading fund became the responsibility of the Cabinet Office.

On 30 December 2011, the Central Office of Information Trading Fund (COI), a public corporation, was revoked and transferred into the Cabinet Office. To maintain accountability for the COI financial performance, the Cabinet Office have accounted for the transfer of COI Trading Fund assets and liabilities at carrying value at the date of transfer, with full performance reporting in the main financial statements only included from 31 December 2011 to 31 March 2012. Note 14 provides a summary of the COI Trading Fund financial performance in 2010-11 and 2011-12.

1.5 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 Statement of Financial Position and amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Information about the assumptions made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are disclosed.

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:

Service concession arrangements

The Department is party to a Public Finance Initiative (PFI). The classification of such arrangements as service concession arrangements requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure.

Determining whether an arrangement contains a lease

The Department is involved in long-term arrangements which may contain a lease. The classification of such arrangements as containing a lease requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

Operating lease commitments

The Department is the lessor and lessee of property, plant and equipment. The classification of such leases as operating or finance lease 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, accordingly, whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

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. From 2010-11 impairments that are due to a clear consumption of economic benefit are recognised in the Statement of Comprehensive Net Expenditure rather than set against an available revaluation reserve. This change aligns the treatment of impairments in accounts with the treatment in departmental budgets and Estimates.

Development costs

Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed.

1.6 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 and properties surplus to requirement.

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. The capitalisation threshold for expenditure on property, plant and equipment is £5,000. In respect of the National School of Government, the capitalisation threshold on property, plant and equipment was £2,500.

Fair value of properties is based on professional valuations every five years (every three years for Sunningdale Park). In the intervening years up to and including 2010-11, fair value was determined by the use of published indices appropriate to the type of property. For 2011-12 fair value of properties (except for Sunningdale Park) was determined by reference to a professional valuation carried out for 22-26 Whitehall. Land and buildings are restated to fair value every five years using professional valuations prepared in accordance with the RICS Valuation Standards, 6th Edition. Fair values are determined on the basis of market value but on the assumption that the properties are sold as part of the continuing enterprise in occupation. For 'in use' non-specialised property assets, fair value has been interpreted as market value for existing use.

Residual interests in off-balance sheet Private Finance Initiative (PFI) properties are included in property, plant and equipment at the amount of unitary charge allocated for the acquisition of the residual to the date of the Statement of Financial Position plus an adjustment based on the net present value of the change in fair value of the residual as estimated at the start of the contract and its estimated fair value at the date of the Statement of Financial Position.

Properties surplus to requirement are valued on the basis of open market value less any directly attributable selling costs where material.

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. Published indices appropriate to the category of asset are normally used to estimate value.

Art and antiques, including some heritage assets, have been inherited by the Department since its earliest existence and are held mainly in Number 10 Downing Street and 70 Whitehall. They are subject to professional valuation on the basis of insurance value or mid-auction estimate every five years with the revaluation being taken into the revaluation reserve. They are not depreciated or indexed.

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 Statement of

Comprehensive Net Expenditure, in which case the increase is recognised in the Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

1.7 Depreciation 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 and, where adjustments are required, these are made prospectively.

Asset lives are normally in the following ranges:

Freehold buildings including dwellings	25 to 55 years
Leasehold building improvements	over the remaining term of the lease
Plant and equipment	3 to 10 years
Furniture and fittings	5 to 7 years
IT hardware and office equipment	3 to 5 years
Vehicles	3 to 5 years

The following exceptions apply to the asset lives for property, plant and equipment at the Sunningdale Park site in Berkshire:

Freehold buildings including dwellings	25 to 60 years
Furniture and fittings	5 to 20 years

Assets in the course of construction are not depreciated until the assets are available for use. Residual interests in PFI contract assets are not depreciated until the asset reverts to the Department. No depreciation is provided on freehold land and items for collections since 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 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.

The Commission for the Compact Limited and Capacity Builders (UK) Limited were no longer going concerns at 31 March 2011 and, consequently, all their assets were written down to their recoverable amounts and the write downs treated as an impairment.

1.8 Donated Assets

Donated assets are capitalised at their fair value on receipt and between 31 March 2004 and 31 March 2011 their value was credited to the donated asset reserve. In addition, subsequent revaluations were also taken to this reserve and each year, an amount equal to the depreciation charge on the asset was released from the donated asset reserve to the Statement of Comprehensive Net Expenditure, except for gifts described below. However, effective from 1 April 2011, there has been a change in accounting policy and as a result, the value of donated assets is now recognised as income and credited to the general fund. 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 Statement of Comprehensive Net Expenditure; in which case the increase is recognised in the Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. The 2010-11 comparative figure has also been restated to reflect the change in accounting policy. See Note 11.

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 every five years. Between 31 March 2004 and 31 March 2011 their fair value on receipt and any revaluation was credited to the donated asset reserve. However, effective from 1 April 2011, there has been a change in accounting policy and as a result, the value of gifts is now recognised as income and credited to the general fund. Any subsequent 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 Statement of Comprehensive Net Expenditure; in which case the increase is recognised in the Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. The 2010-11 comparative figure has also been restated to reflect the change in accounting policy. See Note 11. Gifts are not depreciated, since, by their nature, their useful economic life is indefinite.

The Civil Service Club is recognised as a donated asset and between 31 March 2004 and 31 March 2011 its value was credited to the donated asset reserve. However, in order to reflect the change in accounting policy effective from 1 April 2011, The Civil Service Club's value is now recognised as income and credited to the general fund. The 2010-11 comparative figure has also been restated to reflect the change in accounting policy. Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty the Queen and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services and consequently the Civil Service Club was purchased; see Note 11.

1.9 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 is £5,000. In respect of the National School of Government, the capitalisation threshold on intangible assets was £2,500. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the Statement of Financial Position date. Where no active market exists, the Department uses published indices to assess the depreciated replacement cost.

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life 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 each financial year end. Assets in the course of construction are not depreciated until the assets are brought into use.

Software licences

Externally-acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to five years. As reliable evidence of market value could not be obtained, these have not been re-valued.

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset 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 and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.10 Leases

Assets held under finance leases, which transfer to the Department substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the Statement of Comprehensive Net Expenditure so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and the rentals payable are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

1.11 Service concession arrangements

The Department accounts for Public Finance Initiative (PFI) transactions on a control approach based on IFRIC 12 *Service Concession Arrangements*. The Department is considered to control the infrastructure in a public-to-private service concession arrangement if:

- The Department controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and
- The Department 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 Department 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 a payment or series of payments, 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 above at Note 1.10 Leases.

Where it is determined that arrangements are in scope of IFRIC 12, the Department 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; or 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.

Where practicable, in determining the interest expense on the capital element of the contract obligation, the Department uses the rate implicit in the contract. Where it is not practicable to determine this rate, the Department uses its cost of capital rate (including inflation). The rate is not changed unless the infrastructure element or the whole contract is renegotiated.

The Department 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 Statement of Comprehensive Net Expenditure.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment (Note 1.6 above) and intangible assets (Note 1.9 above). Liabilities are measured using the appropriate discount rate.

In respect of the Sunningdale Park site the following treatment has been applied:

Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where at the end of the PFI contract, a property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year. The property is recognised as property, plant and equipment and the PFI payments for servicing the property held under the PFI contract are charged to the Statement of Comprehensive Net Expenditure.

1.12 Financial assets

Financial assets are recognised when the Department becomes party to the contracts that give rise to them and are classified as: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets as appropriate. The Department determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value, except for loans, Public Dividend Capital (PDC) and other interests in public bodies outside the departmental boundary which are reported at historical cost less any impairment.

Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Department considers whether a contract contains an embedded derivative when the entity first becomes party to it. Embedded derivatives are separated from the host contract if the contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract.

The subsequent measurement of financial assets depends on their classification. The following classifications are currently applicable:

Investments in other bodies

Loans, Public Dividend Capital (PDC) and other interests in public bodies outside the departmental boundary are shown at historical cost, less any impairment.

In the past, the Cabinet Office has issued loans to the London Hostels Association, LHA London Ltd, which are now in repayment.

Loans issued by the Cabinet Office to the Bridges Social Entrepreneurs' Fund LP are recognised at the point of the disbursement under the terms set out in the Limited Partnership Agreement. Bridges Social Entrepreneurs' Fund LP is an entity which lies outside the departmental boundary and consequently the loans are reported at historical cost less any impairment. The impairment is assessed as the difference between the cost of the loan issued and the Department's share of the net asset value as reported in the Bridges Social Entrepreneurs' Fund LP accounts. The net asset value equals the sum of the investment value at cost in the initial year and marketable value in subsequent years, adjusted for other net assets.

The Cabinet Office has Public Dividend Capital held within the Government Procurement Service (formerly Buying Solutions). The Cabinet Office assesses at 31 March whether there is objective evidence that this asset is impaired in terms of whether there has been a decline in value below its cost. Dividends are recognised in the Statement of Comprehensive Net Expenditure when the Department's right to receive payment is established.

Loans and receivables

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. Provision is made when there is objective evidence 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.

Financial assets are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.13 Assets classified as held for sale

Assets held for sale are assets where 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 its carrying value), and are not depreciated further.

1.14 Inventories

Inventories of insignia are valued at the lower of original cost and replacement cost.

1.15 Cash and cash equivalents

Cash in the Statement of Financial Position 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.

1.16 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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.

Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.17 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. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury (currently 2.2 per cent). Provisions for early departure costs are discounted at the pensions rate (currently 2.8 per cent real). Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

1.18 Contingent liabilities and contingent assets

In addition to contingent assets and liabilities disclosed in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for parliamentary reporting and accountability

purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

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. Contingent liabilities that are not required to be disclosed by *IAS 37* are stated at the amounts reported to Parliament.

The Department discloses a contingent asset where it is probable 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.

1.19 Income

Operating Income

Operating income is income which relates directly to the operating activities of the Department. It is stated net of VAT. Operating income principally comprises fees and charges for services provided on a full-cost basis to external customers as well as public re-payment work and includes income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income.

Non-operating income

Non-operating income relates to the sale of capital assets and repayment of loan principal. It may be retained to finance related capital spending in cases where it has been described in the income ambit to the Estimate, otherwise it may not be retained and is due to the Consolidated Fund.

Consolidated Fund Extra Receipts (CFERS)

Income which is of a type not anticipated by the Department within its budgets and which therefore has not been described in the income ambit to the Estimate may not be retained for use by the Department and must be paid over to Treasury's Consolidated Fund. Such income is known as Consolidated Fund Extra Receipts (CFERS). Consolidated Fund Extra Receipts are accounted for on an accruals basis. They include non-Supply windfall income received and, at 31 March 2011, income receivable being the net assets belonging to executive non-departmental public bodies at the point of their closure.

1.20 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Administration costs and operating income reflect the costs of running the department. Income is analysed between that which is allowed to be offset against gross administration costs in determining the outturn against the gross administration budget and that operating income which is not.

Programme costs include payments of grants and grant-in-aid and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery. From 2010-11 programme costs also include those items of expenditure which are classified as Resource Annually Managed Expenditure (RAME) in budgets, such as impairments, provisions and bad debts; see Note 3.1.

From 2011-12 the expenditure of executive Non-Department Public Bodies may be classified as administration within budgets and therefore within accounts, where appropriate. In previous years the budget classification for NDPB expenditure was programme and, in order to achieve consistency with budgets, comparative expenditure within accounts has been reported as programme; see Notes 8 and 9.

1.21 Employee benefits

Short term benefits

Where an employee has rendered service to the Department during the financial year, the Department recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for that service as an expense. Performance bonuses 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 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 where appropriate, reverses the earlier provision.

1.22 Pensions

The majority of past and present employees of the core Department and its eNDPB, the Civil Service Commission, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. 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 PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

The pension arrangements of eNDPBs, the Commission for the Compact Limited and Capacity Builders (UK) Limited, were defined contribution in nature and contributions were charged to the Statement of Comprehensive Net Expenditure, when incurred.

1.23 Grants

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period (usually a financial year) are recorded as expenditure for that period.

Grants-in-aid, made to the Department's executive Non-Departmental Public Bodies to finance their operating expenditure, are recognised in the Statement of Comprehensive Net Expenditure in the period in respect of which they are paid in the accounts of the core Department only.

1.24 Foreign currency translation

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.25 Value Added Tax

Most of the activities of the core Department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Its NDPB, the Civil Service Commission, is not registered for VAT purposes.

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.

1.26 Operating segments

The Department has applied IFRS 8 *Operating Segments* in full from 2010-11. Operating segments are based on the main areas of business activity and align with performance reporting and are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Accounting Officer and the Board.

1.27 Impending application of newly issued accounting standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that the Department will be required to apply on or after 1 April 2012 or later periods, following EU-adoption and as applied by the *FReM*. The Department provides disclosure that it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on the department's financial statements. The Department will assess the impact of these standards.

IAS 1 'Presentation of financial statements (Other Comprehensive Income)' (effective 1 June 2012)

This requires items of Other Comprehensive Income (OCI) to be grouped on the basis of whether they might at some point be reclassified from OCI to profit or where they will not.

Effective 1 January 2013:

Amendment to IAS 19 'Employee Benefits' (Post-employment benefits (pensions))'

This includes changes to recognition, presentation and disclosures.

IFRS 10 'Consolidated Financial Statements'

Definition of control requires more judgement, notably of agency-principal relationships.

IFRS 11 'Joint Arrangements'

This provides a principles-based definition of joint arrangements (joint operations or joint ventures) based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted (only equity accounting).

IFRS 12 'Disclosure of Interests in Other Entities'

This requires more disclosure of the financial effects on, and risks to, the consolidating entity.

IAS 27 'Consolidated and Separate Financial Statements' - Amendment

IAS 28 'Investments in Associates' - Amendment

IAS 31 'Interests in Joint Ventures' – Amendment

IFRS 13 'Fair Value Measurement'

This will provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.

IFRS 9 'Financial Instruments' (effective 1 January 2015)

This comprises three phases. Phase 1 addresses classification and measurement issues. Phase 2 addresses impairments and Phase 3 addresses hedge accounting.

2. Restatement of prior year comparatives

Prior year comparatives have been restated for machinery of government transfers of function into the Cabinet Office and for changes in accounting policy applied retrospectively. The table, which follows, summarises the impact on restated amounts at 31 March 2011 and at 1 April 2010.

Machinery of government transfers of function

The following entities transferred into the Cabinet Office during the year.

National School of Government

On 1 April 2011 the National School of Government was brought into the Cabinet Office and ceased to be a non-ministerial department. It ceased business on 31 March 2012.

Net operating costs decreased by **£0.797 million** and net assets, primarily property, plant and equipment, increased by **£16.829 million** at 31 March 2011 (**£17.121 million** at 1 April 2010). Headcount increased by **215** at 31 March 2011.

Government Property Unit

On 1 April 2011 the Government Property Unit transferred into the Cabinet Office from the Department for Business, Innovation and Skills.

Net operating costs increased by **£4.349 million** and net liabilities including payables and provisions for onerous contracts on vacant properties increased by **£8.778 million** at 31 March 2011 (**£6.291 million** at 1 April 2010). Headcount increased by **56** at 31 March 2011.

Central Office of Information

On 1 April 2011 the Central Office of Information was brought into the Cabinet Office and ceased to be a non-ministerial department.

Net operating costs increased by **£0.656 million** and net assets increased by **£0.265 million** at 31 March 2011 (**£0.265 million** at 1 April 2010). Net assets represented public dividend capital in its executive agency, the Central Office of Information Trading Fund. The Trading Fund subsequently closed on 30 December 2011 when the public dividend capital was repaid to HM Treasury's Consolidated Fund. There was no change in headcount.

During 2010-11, the core department and the National School of Government transacted with each other and these transactions have been eliminated to arrive at the restated prior year comparatives.

Accounting policy changes – Other

The change in accounting treatment for donated assets is applied retrospectively. Donated assets are now recorded in the same way as assets purchased by means of a capital grant. Accordingly, donated assets additions to non-current assets are recognised with a corresponding credit against capital grant in kind income in the net operating cost and the general fund and no longer against the donated asset reserve.

Net operating costs decreased by **£0.349 million**. The donated asset reserve of **£4.303 million** was transferred in part to the general fund **£4.215 million** and in part to the revaluation reserve **£0.088 million** at 31 March 2011. The donated asset reserve of **£3.799 million** was transferred in part to the general fund **£3.916 million** and in part to the revaluation reserve **£(0.117) million** at 1 April 2010.

Accounting policy changes – Clear line of Sight (CLoS)

Clear line of Sight (Alignment) Project

The prior year comparatives have been restated in the new Clear Line of Sight (CLOs) format and this restatement includes the consolidation of the department's NDPBs.

The new format primarily affects the Statement of Parliamentary Supply and its supporting notes which are in keeping with the new format of the Estimate which reflects the fact that Parliament now votes budgetary limits and net cash requirement and which aligns what is voted in the Estimate with what is in budgets. The Statement of Parliamentary Supply is therefore expressed on a budget basis and is reconciled to net operating cost at Note 4.1.

The departmental boundary has been extended to include Non-Departmental Public Bodies which are Capacity Builders (UK) Limited, the Commission for the Compact Limited and the Civil Service Commission. These entities are consolidated with the core Department for accounts purposes.

Capacity Builders (UK) Limited

Capacity Builders (UK) Limited was formed to improve the quality of advice and support available to civil society organisations in England. As a result of the review of public bodies announced by the Minister for the Cabinet Office, it ceased operation at 31 March 2011 and adjustments were made to reduce the value of its assets to their recoverable amount.

On consolidation with the core Department and after elimination adjustment, the net operating costs increased by **£1.393 million** and headcount increased by **40** at 31 March 2011. The general fund increased by **£NIL** at 31 March 2011, since net assets were recorded as payable to the Cabinet Office for onward payment to Treasury's Consolidated Fund. As at 1 April 2010 the general fund increased by **£1.390 million**.

Commission for the Compact Limited

The Commission for the Compact Limited's purpose was to promote the voluntary and community sector for the benefit of the public by the strengthening of partnership working between public sector bodies and voluntary and community sector organisations through the operation of the Compact. The Compact is the agreement which sets out shared commitments and guidelines for working between government and the third sector. As a result of the review of public bodies announced by the Minister for the Cabinet Office, it ceased operation at 31 March 2011 and adjustments were made to reduce the value of its assets to their recoverable amount.

On consolidation with the core Department and after elimination adjustment, the net operating costs increased by **£0.112 million** and headcount increased by **16** at 31 March 2011. The general fund increased by **£NIL** at 31 March 2011, since net assets were recorded as payable to the Cabinet Office for onward payment to Treasury's Consolidated Fund. As at 1 April 2010 the general fund increased by **£0.167 million**.

Civil Service Commission

The Civil Service Commission was established as a body corporate on 11 November 2010 and provides oversight of civil service appointments.

On consolidation with the core Department, the net operating costs increased by **£0.002 million** and the general fund decreased by **£0.002 million** at 31 March 2011. Headcount at 31 March 2011 increased by **24**.

Restatement of Consolidated Fund Extra receipts (CFERS)

The budgeting and Estimate treatment for some income streams has changed permitting departments to retain income previously surrendered to the Consolidated Fund. CFER transactions which occurred during 2010-11 have been restated in the Statement of Parliamentary Supply and disclosed as if the receipts had been retainable, since they are now included in the department's Estimate ambit. Amounts relating to CFERS have been renamed in the Statement of Financial Position and in the Statement of Cash Flows; see Note 5 to the accounts. There is no change to total assets, liabilities nor taxpayer's equity.

2. Restatement of prior year comparatives

£000	2010-11 Published Accounts	Machinery of Government Transfers ²			Eliminations ³	Accounting Policy Changes - Other ⁴	Accounting Policy Changes - CLoS	2010-11 Restated Accounts
		NSG	GPU	COI				
Statement of Comprehensive Net Expenditure for the year ended 31 March 2011								
Expenditure								
Staff costs	130,932	10,956	2,416	-	(21)	-	3,315	147,598
Administration costs	112,722	12,027	-	-	(844)	51	-	123,956
Programme costs excluding staff costs, grants and election expenses	60,039	-	1,933	7	(11)	-	2,098	64,066
Programme election expenses	102,200	-	-	-	-	-	-	102,200
Programme grants	217,446	-	-	649	-	-	(5,989)	212,106
Total expenditure	623,339	22,983	4,349	656	(876)	51	(576)	649,926
Income								
Administration	(50,729)	(23,780)	-	-	876	-	-	(73,633)
Programme	(6,719)	-	-	-	-	(400)	2,083	(5,036)
Total income	(57,448)	(23,780)	-	-	876	(400)	2,083	(78,669)
Total Net Operating Costs	565,891	(797)	4,349	656	-	(349)	1,507	571,257
Statement of Financial Position as at 31 March 2011								
Total net assets/(liabilities)								
Property, plant and equipment	199,383	16,674	-	-	-	-	-	216,057
Intangible assets	3,832	17	-	-	-	-	-	3,849
Other financial assets	1,228	-	-	265	-	-	-	1,493
Other non-current assets	411	-	-	-	-	-	(1)	410
Inventories	701	-	-	-	-	-	1	702
Trade and other receivables	96,333	1,473	470	-	(31)	-	(2,179)	96,066
Cash and cash equivalents	34,022	5,905	-	-	-	-	2,443	42,370
Trade and other payables	(177,395)	(7,240)	(4,110)	-	31	-	(265)	(188,979)
Provisions	(6,240)	-	(5,138)	-	-	-	(1)	(11,379)
	152,275	16,829	(8,778)	265	-	-	(2)	160,589
Taxpayers' equity								
General fund	99,422	14,688	(8,778)	265	-	4,215	(2)	109,810
Revaluation reserve	48,550	2,141	-	-	-	88	-	50,779
Donated asset reserve	4,303	-	-	-	-	(4,303)	-	-
	152,275	16,829	(8,778)	265	-	-	(2)	160,589
Average number of persons employed:								
Permanently employed staff	1,757	192	56	-	-	-	69	2,074
Commissioners	-	23	-	-	-	-	11	34
Others ¹	51	-	-	-	-	-	-	51
Ministers	7	-	-	-	-	-	-	7
Special advisers	26	-	-	-	-	-	-	26
Total	1,841	215	56	-	-	-	80	2,192

¹ 'Others' category represents agency/temporary staff

2. Restatement of prior year comparatives (continued)

£000	2010-11 Published Accounts	Machinery of Government Transfers ²			Eliminations ³	Accounting Policy Changes - Other ⁴	Accounting Policy Changes - CLoS	2010-11 Restated Accounts
		NSG	GPU	COI				
Statement of Cash Flows for the year ended 31 March 2011								
Cash flows from operating activities								
Net operating cost	(565,891)	797	(4,349)	(656)	-	350	(1,508)	(571,257)
Adjustments for non-cash transactions	12,290	958	-	7	-	(350)	193	13,098
Remove income from dividends	(2,092)	-	-	-	-	-	-	(2,092)
Decrease in inventories	(240)	-	-	-	-	-	(1)	(241)
Increase in trade and other receivables	(67,481)	3,457	(9)	-	(150)	-	2,248	(61,935)
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>								
Amounts relating to grants not committed by third party	-	-	-	-	-	-	(41)	(41)
Movement in amounts relating to provision for doubtful debt	(945)	-	-	-	-	-	-	(945)
Amounts relating to bad debt write off	(13)	-	-	-	-	-	-	(13)
Increase in trade and other payables	106,751	653	3,639	-	150	-	(696)	110,497
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>								
Amounts due to the Consolidated Fund for Supply	9,214	(531)	-	-	-	-	-	8,683
Amounts payable to the Consolidated Fund	(2,115)	390	-	-	-	-	2,253	528
Excess cash surrenderable to the Consolidated Fund	-	-	-	-	-	-	(2,210)	(2,210)
Other	-	-	-	-	-	-	1	1
Movement in capital accruals relating to investing activities	1,210	-	-	-	-	-	1	1,211
Other comprehensive expenditure – Elections	5,793	-	-	-	-	-	-	5,793
Amounts due for non voted receipts	(5,547)	-	-	-	-	-	-	(5,547)
Use of provisions	(2,764)	-	(1,143)	-	-	-	-	(3,907)
Net cash outflow from operating activities	(511,830)	5,724	(1,862)	(649)	-	-	240	(508,377)

2. Restatement of prior year comparatives (continued)

£000	2010-11 Published Accounts	Machinery of Government Transfers ²			Eliminations ³	Accounting Policy Changes - Other ⁴	Accounting Policy Changes - CLoS	2010-11 Restated Accounts
		NSG	GPU	COI				
Statement of Cash Flows (continued)								
Cash flows from investing activities								
Purchase of property, plant and equipment	(12,805)	(661)	-	-	-	-	(11)	(13,477)
Purchase of intangible assets	(17)	(15)	-	-	-	-	-	(32)
Loans to other bodies	(244)	-	-	-	-	-	-	(244)
Net movement in trade payables - capital accruals	(1,211)	-	-	-	-	-	-	(1,211)
Proceeds of disposal of property, plant and equipment	1	-	-	-	-	-	1	2
Income from dividends	2,092	-	-	-	-	-	-	2,092
Repayments from other bodies	20	-	-	-	-	-	-	20
Net cash outflow from investing activities	(12,164)	(676)	-	-	-	-	(10)	(12,850)
Cash flows from financing activities								
From the Consolidated Fund (Supply) – current year	427,000	531	-	649	-	-	-	428,180
From the Consolidated Fund (Supply) in respect of machinery of government transfer of function	-	-	1,862	-	-	-	-	1,862
From the Consolidated Fund (non-Supply) – current year	102,200	-	-	-	-	-	-	102,200
Advances from the Contingencies Fund	-	3,000	-	-	-	-	-	3,000
Repayments to the Contingencies Fund	-	(3,000)	-	-	-	-	-	(3,000)
Amounts remitted to the Consolidated Fund	(403)	(1,525)	-	-	-	-	-	(1,928)
Net financing	528,797	(994)	1,862	649	-	-	-	530,314
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	4,803	4,054	-	-	-	-	230	9,087
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	4,803	4,054	-	-	-	-	230	9,087
Cash and cash equivalents at the beginning of the period	29,219	1,850	-	-	-	-	2,214	33,283
Cash and cash equivalents at the end of the period	34,022	5,904	-	-	-	-	2,444	42,370

2. Restatement of prior year comparatives (continued)

£000	2010-11 Published Accounts	Machinery of Government Transfers ²			Eliminations ³	Accounting Policy Changes – Other ⁴	Accounting Policy Changes - CLoS	2010-11 Restated Accounts
		NSG	GPU	COI				
Statement of Financial Position								
as at 1 April 2010								
Total net assets/(liabilities)								
Property, plant and equipment	182,025	16,915	-	-	-	-	139	199,079
Intangible assets	4,715	15	-	-	-	-	95	4,825
Other financial assets	1,356	-	-	265	-	-	-	1,621
Other non current assets	2,077	-	-	-	-	-	1	2,078
Inventories	461	-	-	-	-	-	-	461
Trade and other receivables	27,186	4,930	461	-	(184)	-	70	32,463
Cash and cash equivalents	29,219	1,850	-	-	-	-	2,214	33,283
Trade and other payables	(70,644)	(6,589)	(471)	-	184	-	(962)	(78,482)
Provisions	(8,247)	-	(6,281)	-	-	-	-	(14,528)
	168,148	17,121	(6,291)	265	-	-	1,557	180,800
Taxpayers' equity								
General fund	127,311	14,979	(6,291)	265	-	3,916	1,505	141,685
Revaluation reserve	37,090	2,142	-	-	-	(117)	-	39,115
Donated asset reserve	3,747	-	-	-	-	(3,799)	52	-
	168,148	17,121	(6,291)	265	-	-	1,557	180,800

² NSG – National School of Government

GPU – Government Property Unit

COI – Central Office of Information non-ministerial Department

³ Eliminations between core department and NSG and COI

⁴ Accounting policy changes for donated assets and consolidated fund extra receipts

3. Net Outturn

3.1 Analysis of net resource outturn by section

£000								2011-12		2010-11
	Outturn							Estimate		Restated ¹
	Administration			Programme				Total		Prior-year outturn
	Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net Total compared to Estimate	
Spending in Departmental Expenditure Limit Voted										
A: Cabinet Office	243,923	(79,054)	164,869	118,915	(67,537)	51,378	216,247	234,419	18,172	197,938
B: Office for Civil Society	4,587	(30)	4,557	179,944	(701)	179,243	183,800	185,221	1,421	119,679
C: Committee on Standards in Public Life-ANDPB	470	-	470	-	-	-	470	600	130	509
D: Independent Offices – Commissioner for Public Appointments	271	-	271	-	-	-	271	443	172	552
E: Independent Offices-Advisory Committee on Business Appointments - ANDPB	153	-	153	-	-	-	153	248	95	237
F: Independent Offices- House of Lords Appointments Commission-ANDPB	121	-	121	-	-	-	121	161	40	170
G: Executive NDPBs (Net)	1,313	-	1,313	-	-	-	1,313	1,133	(180)	30,117
H: Service concession	9,793	-	9,793	-	-	-	9,793	11,970	2,177	11,289
I: Utilisation of Provisions	1,643	-	1,643	1,273	-	1,273	2,916	2,015	(901)	3,685
J: Constitution Group	3,641	(92)	3,549	7,131	-	7,131	10,680	12,519	1,839	6,414
K: Government Digital Service (formerly Directgov)	-	-	-	21,239	(46)	21,193	21,193	27,619	6,426	22,169
Civil Service Commissioners	-	-	-	-	-	-	-	-	-	707
LFEPA	-	-	-	-	-	-	-	-	-	606
Non-voted										
L: UK Members of the European Parliament	-	-	-	1,848	-	1,848	1,848	2,848	1,000	2,197
Elections	-	-	-	-	-	-	-	-	-	102,200
TOTAL	265,915	(79,176)	186,739	330,350	(68,284)	262,066	448,805	479,196	30,391	498,469
Annually Managed Expenditure Voted										
M: Provisions and Impairments under CLOS	-	-	-	5,119	-	5,119	5,119	5,988	869	(1,075)
Non-budget	-	-	-	-	-	-	-	-	-	-
Total	265,915	(79,176)	186,739	335,469	(68,284)	267,185	453,924	485,184	31,260	497,394

¹ See Note 2

3.2 Analysis of net capital outturn by section

£000	2011-12					2010-11
	Outturn			Estimate		Restated ¹
	Gross	Income	Net	Net	Net total compared to Estimate	Net Outturn
Spending in Departmental Expenditure Limit						
Voted						
A: Cabinet Office	10,486	(5,000)	5,486	16,012	10,526	11,833
B: Office for Civil Society	11,183	-	11,183	12,124	941	71,679
G: eNDPBs	-	-	-	-	-	2,092
K: Government Digital Service(formerly Directgov)	772	-	772	1,160	388	1,294
Total	22,441	(5,000)	17,441	29,296	11,855	86,898

¹ See Note 2

The Cabinet Office's resource under-spend of **£31.260 million** is predominantly attributable to lower than budgeted non-cash capital charges of depreciation, and lower than budgeted spend against ring fenced budgets, including Business Link and Constitutional Reform.

Other under-spends are due to the introduction of tighter controls on most components on administration expenditure, including staffing levels, the employment of consultants, marketing and advertising, and ICT programmes. Substantial savings and efficiencies have been made during the year, which has enabled the Department to fund the closure of both the Central Office of Information and the National School of Government.

The Cabinet Office's capital under-spend of **£11.855 million** is attributable to MyCSP Limited vesting during 2012-13 instead of during 2011-12. An amount of £10 million represented the maximum value of shares that might be granted to Employee Benefits Trusts as part of the dilution of MyCSP Limited.

Detailed explanations of the variances are given in the section Cabinet Office Finances – Management Commentary.

4. Reconciliation of outturn to net operating cost and against Administration Budget

4.1 Reconciliation of net resource outturn to net operating cost

£000		2011-12	2010-11 Restated ¹
	Note	Outturn	Outturn
Total Resource Outturn in Statement of Parliamentary Supply			
Budget	3.1	453,924	497,394
Non-Budget		-	-
		<u>453,924</u>	<u>497,394</u>
Add :			
Capital Grants for the Department	9	10,839	71,434
Capital Grants for eNDPBs	3.2	-	2,092
Depreciation on dual reported PFI assets		91	904
Service concession - Programme	9	11,280	12,930
Prior period adjustment		-	338
Accounting policy change		-	51
Less:			
Capital Grant Income	10	(1,986)	(400)
Service concession - Administration	3.1	(9,793)	(11,289)
Income payable to the Consolidated Fund not retained		-	-
UK members of the European Parliament	3.1	(1,848)	(2,197)
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		<u>462,507</u>	<u>571,257</u>

¹ See Note 2

4.2 Outturn against final Administration Budget and Administration net operating cost

£000		2011-12	2010-11 Restated ¹
	Note		
Estimate – Administration costs limit		<u>209,920</u>	<u>213,405</u>
Outturn – Gross Administration Costs		265,915	276,647
Outturn – Gross Income relating to administration costs		(79,176)	(74,396)
Outturn – Net administration costs	3.1	<u>186,739</u>	<u>202,251</u>
Reconciliation to operating costs:			
Add: Depreciation on PFI Service Concession		91	904
Less: Utilisation of provisions	21	(1,643)	(2,543)
Less: Service Concession (Administration)	3.1	(9,793)	(11,289)
Prior Period Adjustment		-	338
Amounts due to the Consolidated Fund		-	(1,135)
Administration Net Operating Costs		<u>175,394</u>	<u>188,526</u>

¹ See Note 2

Detailed explanations of the variances are given in the section Cabinet Office Finances – Management Commentary.

5. Reconciliation of Net Cash Requirement to increase/ (decrease) in cash

£000		2011-12	2010-11 Restated ¹
	Note		
Net cash requirement – Core Department		(438,355)	(435,463)
From the Consolidated Fund (Supply) – current year		456,301	428,180
From the Consolidated Fund (Supply) – prior year		-	-
Repaid to the Consolidated Fund (Supply) – prior year		(531)	-
Amounts due to the Consolidated Fund received and not paid over		-	865
Amounts due to the Consolidated Fund received in a prior year and paid over		(1,400)	1,388
Amounts relating to non-voted cash movements - Consolidated Fund Standing Services - Elections	19	(12,725)	13,889
Transfer of functions		(4,239)	-
Increase/(decrease) in cash held by Core Department	19	(949)	8,859
Increase/(decrease) in cash – Novation of eNDPBs		(2,443)	228
Net increase/(decrease) in cash held by Departmental Group		(3,392)	9,087

¹ See Note 2

6. Statement of Net Resource Outturn by Operating Segment

£000	2011-12			2010-11 Restated		
	Gross Outturn	Income	Net Outturn	Gross Outturn	Income	Net Outturn
Segment						
1. Support to the Cabinet, Prime Minister and Deputy Prime Minister	62,561	(4,036)	58,525	61,244	(5,514)	55,730
2. Political and Constitutional Reform	12,900	(114)	12,786	8,029	(107)	7,922
3. National Security	64,353	(4,478)	59,875	67,016	(2,719)	64,297
4. Efficiency and Reform	442,318	(137,555)	304,763	319,689	(67,987)	251,702
5. Independent Business Units	3,062	(1,277)	1,785	6,495	(1,990)	4,505
6. Civil Service Commission	1,313	-	1,313	-	-	-
Total RDEL (incl Audit fee) – excluding CFSS and depreciation	586,507	(147,460)	439,047	462,473	(78,317)	384,156
Consolidated Fund Standing Services (CFSS)	1,848	-	1,848	104,397	-	104,397
	588,355	(147,460)	440,895	566,870	(78,317)	488,553
Ring fenced depreciation and audit fee	7,910	-	7,910	9,916	-	9,916
Total Resource DEL (RDEL)	596,265	(147,460)	448,805	576,786	(78,317)	498,469

The segmental analysis has been prepared to align with the reporting of the Cabinet Office's structure, where units within the Department have been organised into pillars, which are represented by the segments shown above. Financial information is reported through a regular Performance Report, which adopts the segmental analysis shown above. The Performance Report is reviewed by the Cabinet Office Board, chaired by the Minister for the Cabinet Office, and also the Executive Management Committee (EMC), chaired by the Accounting Officer.

The 2010-11 figures have been fully restated to take account of changes within the Department during the year, related to the Machinery of Government transfers. The 2010-11 headcount figures for Cabinet Office have been apportioned across operating segments at Note 7 - Staff numbers and related costs.

The segmental analysis total net expenditure reconciles to the figures reported for Net Operating Cost at Figure 2(a) in the section Cabinet Office Finances - Performance against Parliamentary Control Totals. Explanations on variance may also be found in the section Cabinet Office Finances - Financial Review 2011-12, Statement of Comprehensive Net Expenditure. Income is presented on a budget basis in contrast to the accounts basis at Note 10 and Estimate basis at Note 3; reconciliation is set out at Figure 2(a). An explanation of each segment is shown below.

Segment 1 - Support to the Cabinet, Prime Minister and Deputy Prime Minister

Segment 1 provides support to the Cabinet, to drive the coherence, quality and delivery of policy and operations across departments, and provides support to 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.

Segment 2 - Political and Constitutional Reform

Segment 2 covers the work of Political and Constitutional Reform, which provides support to the Deputy Prime Minister and Minister for Political and Constitutional Reform in delivering the wide-ranging political and constitutional reform agenda set out in the coalition's Programme for Government. Political and Constitutional Reform delivers day-to-day policy and operational work on issues relating to the constitutional structure of the UK and electoral law, policy and conduct and also includes the Office of the Privy Council, and supports ministerial sponsorship of the Independent Parliamentary Standards Authority (IPSA) and the Boundary Commissions for England and Wales.

6. Statement of Net Resource Outturn by Operating Segment (continued)

Segment 3 - National Security

Segment 3 covers the work of the National Security Secretariat (NSS), responsible for defence and foreign affairs as well as intelligence, security and resilience issues. NSS advises the Prime Minister and Ministers on the Government's response to cross-cutting strategic issues relating to intelligence and leads on intelligence assessment and priorities through the central intelligence machinery. It coordinates the Government's response to civil emergencies, terrorist incidents and international crises. It is also responsible for the Single Intelligence Account, which funds the work of the UK intelligence agencies. It works in partnership with all government units with a security or intelligence remit as well as the security and intelligence agencies.

Segment 4 - Efficiency and Reform

Segment 4 covers the work carried out by the newly formed Efficiency and Reform Group (ERG). ERG was created in early 2010-11, and has brought together a range of functions previously scattered between departments (some functions were transferred to the Cabinet Office through a number of Machinery of Government changes in year), to lead and drive substantial changes and reforms in Civil Service HR, ICT, commercial and procurement, estates and other support functions. In 2011-12, the Central Office of Information (COI), the National School of Government (NSG), and Government Property Unit (GPU) were brought into ERG by way of Machinery of Government Transfer. (COI and NSG have been closed down but GPU remains a fully functioning unit within ERG).

Segment 5 - Independent Business Units

Segment 5 covers the Independent Business Units which are hosted by the Cabinet Office. The Cabinet Office is often tasked to lead with inquiries, reports, and other areas of work which require independence, but which work across a number of Departments. The work covered by this segment includes the Iraq Inquiry, Detainee Inquiry, Independent Offices, Committee for Standards in Public Life and the Intelligence and Security Committee.

Segment 6 – Civil Service Commission

Segment 6 covers the Civil Service Commission.

Consolidated Fund Standing Services

Consolidated Fund Standing Services include election expenses set out at Note 9 to the accounts and the salaries and pension costs of UK Members of the European Parliament (MEPS) set out at Figure 2(a) in the section Cabinet Office Finances – Performance against Parliamentary Control Totals.

6.1 Reconciliation between Operating Segments and Statement of Consolidated Net Expenditure

£000	2011-12	2010-11 Restated
Net Resource Outturn per operating segment – Resource DEL	448,805	498,469
Net Resource Outturn – Resource AME	5,119	(1,075)
Total Net Resource Outturn – Note 3.1	453,924	497,394
Reconciling adjustments as per Note 4.1	8,583	73,863
Total net expenditure per Statement of Comprehensive Net Expenditure	462,507	571,257

7. Staff numbers and related costs

Staff costs comprise:

£000	2011-12						2010-11 Restated ¹
	Total	Permanently employed staff	Commissioners	Others	Ministers	Special advisers	Total
Wages and salaries	91,425	88,043	365	-	358	2,659	96,411
Social security costs	8,420	8,069	45	-	39	267	8,755
Other pension costs	17,307	16,729	-	-	-	578	18,385
Agency/temporary	8,530	-	-	8,530	-	-	8,967
Termination benefits	21,166	21,166	-	-	-	-	11,628
Sub total	146,848	134,007	410	8,530	397	3,504	144,146
Inward secondments	8,256	8,256	-	-	-	-	5,012
Total²	155,104	142,263	410	8,530	397	3,504	149,158
Less:							
Recoveries in respect of outward secondments	(2,077)	(2,077)	-	-	-	-	(1,560)
Total net costs	153,027	140,186	410	8,530	397	3,504	147,598
Of which:							
Core department	152,512	139,867	214	8,530	397	3,504	144,283
NDPBs	515	319	196	-	-	-	3,315
Total net costs	153,027	140,186	410	8,530	397	3,504	147,598

¹ See Note 2

² Of the total, £Nil has been charged to capital

During the year, costs of **£17,307,419** were incurred in respect of pensions (2010-11 Restated: **£18,385,044**).

Of this amount, **£17,233,250** (2010-11 Restated: **£18,114,924**) was borne by the core department, **£74,169** was borne by the Civil Service Commission (2010-11: **£38,083**), **£Nil** (2010-11: **£158,784**) by Capacity Builders (UK) Limited and **£Nil** (2010-11: **£73,253**) by the Commission for the Compact Limited.

The employees of Capacity Builders (UK) Limited were eligible to join a Group Personal Pension Plan, a defined contribution scheme. The employees of the Commission for the Compact were eligible to join a Group Stakeholder Pension. The staff of the Civil Service Commission were on secondment from the Cabinet Office and employer pension contributions were recharged from the Cabinet Office.

The following analysis is in respect of the core department:

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Cabinet Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2011-12, employers' contributions of **£16,518,704** were payable to the PCSPS (2010-11 Restated: **£17,720,070**) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

7. Staff numbers and related costs (continued)

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of **£127,670** (2010-11: **£134,236**) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

In addition, employer contributions of **£8,397** (2010-11: **£10,243**), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death-in-service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were **£8,022** (2010-11: **£15,576**). Contributions prepaid at that date were **£Nil** (2010-11: **£Nil**).

Special advisers' pension costs incurred during the year were **£578,479** (2010-11: **£250,375**).

During the year no individuals (2010-11: two individuals) retired early on ill-health grounds; the total additional annual pension granted to them amounted to **£Nil** (2010-11: **£4,250**).

Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows. These figures include those working in the department as well as other bodies included within the consolidated departmental accounts.

Numbers	2011-12						2010-11
	Total	Permanently employed staff ¹	Commissioners ²	Others ³	Ministers	Special Advisers	Total Restated ⁵
Operating Segments							
Support to Cabinet, Prime Minister and Deputy Prime Minister	544	498	-	1	7	38	831
National Security	249	246	-	3	-	-	317
Political and Constitutional Reform	98	98	-	-	-	-	86
Efficiency and Reform	1,631	1,561	-	70	-	-	934
Independent Business Units	18	15	3	-	-	-	24
Total	2,540⁴	2,418	3	74	7	38	2,192
Of which:							
Core Department	2,534	2,415	-	74	7	38	2,112
NDPBs	6	3	3	-	-	-	80
Total	2,540	2,418	3	74	7	38	2,192

¹ Permanent staff headcount as at 31 March 2012 is further analysed at Table 5 in the Section Cabinet Office Finances – Public Expenditure Data where headcount is presented as actual headcount at 31 March.

² Commissioners receive emoluments for board fees.

³ Others' category represents agency / temporary staff.

⁴ No staff were engaged on capital projects.

⁵ See Note 2.

7.1 Reporting of Civil Service and other compensation schemes – exit packages

£	Core Department				Departmental Group			
	2011-12			2010-11	2011-12			2010-11
Exit package by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	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	Total number of exit packages by cost band
<£10,000	6	12	18	15	6	12	18	43
£10,000 - £25,000	35	54	89	51	35	54	89	69
£25,000 - £50,000	110	55	165	49	110	55	165	54
£50,000 - £100,000	78	52	130	56	78	52	130	56
£100,000- £150,000	5	14	19	24	5	14	19	24
£150,000- £200,000	2	7	9	3	2	7	9	3
£200,000- £250,000	–	1	1	1	–	1	1	1
£250,000- £300,000	–	1	1	2	–	1	1	2
Total number of Exit packages	236	196	432	201	236	196	432	252
Total resource cost	£11,042,019	£10,124,239	£21,166,258	£11,096,662	£11,042,019	£10,124,239	£21,166,258	£11,718,726

Core Department

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. Exit costs are accounted for in full in the year in which the departure was agreed as binding. 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.

The termination benefits of **£14,728,888** are accrued and cash payments of **£6,586,430** along with negative residual cost of **£149,060** relating to termination benefits are included in wages and salaries. The combined total cost of **£21,166,258** is included in the exit package table.

In 2010-11 the termination benefits of **£11,628,210** are accrued and cash payments of **£90,516** relating to termination benefits are included in wages and salaries. The combined total cost of **£11,718,726** is included in the exit package table.

Exit packages provided for early departures are disclosed at Note 21.1.

NDPBs

There were no redundancy costs paid during the reporting year.

8. Other administration costs

£000		2011-12		2010-11 Restated ¹	
	Note	Core Department	Departmental Group	Core Department	Departmental Group
Rentals under operating leases					
Hire of plant and machinery		829	829	66	66
Land and buildings		6,897	6,897	7,180	7,180
Total rentals under operating leases		7,726	7,726	7,246	7,246
PFI service charges		2,713	2,713	2,267	2,267
Other					
Accommodation and utilities		28,933	28,933	32,735	32,735
IT costs		16,252	16,252	16,260	16,260
Consultancy		7,857	8,077	3,108	3,108
Professional services		20,238	20,238	3,935	3,935
Supplies and services		25,558	25,624	28,775	28,775
Other staff-related costs		3,502	3,544	8,617	8,617
Travel, subsistence and hospitality		6,489	6,531	6,904	6,904
Auditors' remuneration and expenses – NDPBs ²		-	7	-	-
Competition fees paid to Commissioners		-	106	-	-
NSG-External lecturer fees and contracted out courses		2,720	2,720	3,726	3,726
Total other		111,549	112,032	104,060	104,060
Non-cash items					
Depreciation	11	4,907	4,907	9,102	9,102
Amortisation	12	877	877	914	914
Release of deferred income		(5)	(5)	-	-
Loss on disposal of property, plant and equipment	11	113	113	-	-
Loss on disposal of PPE - donated assets	11	1,759	1,759	-	-
Loss on disposal of intangible assets	12	10	10	-	-
Auditors' remuneration and expenses – Core Department ²		368	368	367	367
Total non-cash items		8,029	8,029	10,383	10,383
Total		130,017	130,500	123,956	123,956

¹ See Note 2

² During the year the department did not purchase any non-audit services from its auditors, the National Audit Office (2010-11 : £Nil)

9. Programme costs

£000		2011-12		2010-11 Restated ¹	
	Note	Core Department	Departmental Group	Core Department	Departmental Group
PFI service charges		11,280	11,280	12,930	12,930
Other					
Consultancy		3,334	3,334	2,271	2,280
Accommodation and utilities		9,337	9,337	6,642	6,973
Professional services		893	893	672	748
Election expenditure		-	-	102,200	102,200
Grant fund management services		2,305	2,305	5,726	5,726
IT costs		10,266	10,266	1,330	1,415
Other staff-related costs		1,728	1,728	1,180	1,246
Competition fees paid to Commissioners		-	-	-	15
Supplies and services		79,849	79,849	26,732	27,754
Lord Lieutenants' expenses		1,319	1,319	1,303	1,303
Travel, subsistence and hospitality		766	766	259	300
Auditors' remuneration and expenses – NDPBs ²		-	-	-	49
Total other		109,797	109,797	148,315	150,009
Rental under operating leases					
Hire of plant and machines		-	-	-	2
Land and buildings		571	571	-	155
		571	571	-	157
Interest charges		-	-	-	2
Resource Grants to Local Authorities					
Civil Defence Grant		-	-	606	606
Olympic Resilience		9	9	-	-
National Citizen Service (NCS)		32	32	-	-
Other		51	51	8	8
Resource Grants to Private Sector					
v		1,250	1,250	42,500	42,500
Strategic Programme		2,868	2,868	5,588	5,588
Social Action		13,964	13,964	3,357	3,357
Grassroots Grants and Targeted Support Fund		-	-	27,887	27,887
Social Enterprise		-	-	239	239
Public Service Delivery		-	-	250	250
Compact		350	350	308	308
Capacitybuilders		-	-	-	24,795
Local Response Capability		-	-	10	10
National Citizen Service (NCS)		20,743	20,743	2,562	2,562
Transition Fund		88,936	88,936	9,057	9,057
Community Organisers		2,560	2,560	-	-
Community First		3,693	3,693	-	-
Structural Support		273	273	-	-
Technical Assistance		100	100	-	-
Big Society Capital		1,628	1,628	-	-
Other		761	761	341	341
Resource Grants to NDPBs					
Social Action		4,000	4,000	250	250
Structural Support		15,552	15,552	-	-
Advice Services Fund		17,770	17,770	-	-
Other		48	48	-	-
Resource Grants to Central Government Bodies					
Social Action		-	-	1,500	1,500
Social Enterprise		-	-	1,950	1,950
Charity Act Implementation		-	-	232	232
Office for Civil Society general research programme		-	-	2,219	2,219
Skills Strategy Development		250	250	250	250
Other		260	260	10	10
Capital Grants to Local Authorities					
Community Assets		-	-	7,102	7,102

9. Programme costs (continued)

£000		2011-12		2010-11 Restated ¹	
	Note	Core Department	Departmental Group	Core Department	Departmental Group
Capital Grants to Private Sector					
Futurebuilders		-	-	36,125	36,125
Community Assets		-	-	1,468	1,468
Grassroots Grants and Targeted Support Fund		1,688	1,688	21,739	21,739
Capacity builders		-	-	-	2,080
Social Action		30	30	-	-
Community First		9,121	9,121	-	-
Capital Grants to NDPBs and other Central Government Bodies					
Social Action		-	-	5,000	5,000
Grants-in-Aid to Civil Service Welfare Bodies					
		1,654	1,654	1,960	1,960
Grants-in-Aid to Private Sector					
v		-	-	4,750	4,750
Youth Volunteering		-	-	1,060	1,060
Social Action		-	-	5,482	5,482
Chequers Trust		719	719	772	772
Grants-in-Aid to Executive Non-Departmental Public Bodies					
Capacitybuilders (UK) Limited		-	-	30,855	-
The Commission for the Compact Limited		-	-	1,600	-
Civil Service Commission		1,107	-	409	-
Subsidy to Public Corporation					
		6,282	6,282	649	649
Total resource and capital grants and subsidy		195,699	194,592	218,095	212,106
Sub-total		317,347	316,240	379,340	375,204
Non-cash items					
Depreciation	11	886	886	304	380
Amortisation	12	1,138	1,138	-	50
Impairment - Property, plant and equipment	11, 15	1,289	1,289	544	619
Impairment - Intangible assets	12, 15	1	1	-	44
Impairment - loans	14, 15	128	128	352	352
Auditors' remuneration and expenses		-	-	7	7
Provision provided for in year	21	6,232	6,232	709	709
Borrowing costs (unwinding of discount on provisions)	21	269	269	49	49
Bad debt write off		238	238	13	13
Provision for doubtful debt	18	(291)	(291)	945	945
Total non-cash items		9,890	9,890	2,923	3,168
Total		327,237	326,130	382,263	378,372

¹ See Note 2

² During the year the NDPBs did not purchase any non-audit services from their auditors, the National Audit Office (2010-11 : £Nil)

9.1 Programme costs analysed by programme

£000	Note	2011-12		2010-11 Restated ¹	
		Core Department	Departmental Group	Core Department	Departmental Group
PFI service charges		11,280	11,280	12,930	12,930
National Security Secretariat					
SCOPE Programme residual costs		1,699	1,699	151	151
Government Security Zone: Other expenditure		1,010	1,010	1,010	1,010
Information Assurance Technical Programme		1,200	1,200	1,723	1,723
Resilient Telecommunications		6,062	6,062	4,072	4,072
BBC Monitoring		21,700	21,700	25,624	25,624
Gold Standard		269	269	96	96
Emergency Planning College		-	-	(20)	(20)
Civil Contingencies Secretariat:					
London Fire and Emergency Planning Authority		-	-	606	606
Local Response Capability:					
Resource Grants		-	-	10	10
Research and Doctrine		12	12	64	64
CSIA Running Costs		54	54	-	-
Cyber Security		20	20	29	29
Olympic Resilience: Resource Grants		9	9	-	-
Olympic Resilience: Other expenditure		217	217	84	84
Total National Security Secretariat		32,252	32,252	33,449	33,449
Office of the Government CIO & SIRO					
Common Good Information Assurance Research		206	206	81	81
Government Cloud		-	-	(70)	(70)
Public Service Network		919	919	1,046	1,046
Total Office of the Government CIO & SIRO		1,125	1,125	1,057	1,057
Domestic Policy Group					
Other					
Resource Grants		51	51	8	8
Total Domestic Policy Group		51	51	8	8
Constitution Group					
Election Expenses		-	-	102,200	102,200
Lord Lieutenants' Expenses		1,319	1,319	1,303	1,303
Boundary Commissions for England and for Wales		1,798	1,798	238	238
Electoral Registration Transformation Programme		1,090	1,090	125	125
Other		62	62	(4)	(4)
Total Constitution Group		4,269	4,269	103,862	103,862
Efficiency and Reform Group					
Office for Civil Society					
Capacitybuilders:					
Grant-in-Aid		-	-	30,855	-
Other expenditure		(7)	(7)	-	-
Futurebuilders:					
Capital Grants		-	-	36,125	36,125
Other expenditure		2	2	3,162	3,162
v:					
Resource Grants		1,250	1,250	42,500	42,500
Grant-in-Aid		-	-	4,750	4,750
Youth Volunteering:					
Grant-in-Aid		-	-	1,060	1,060
Strategic Programme:					
Resource Grants		2,868	2,868	5,588	5,588

9.1 Programme costs analysed by programme (continued)

£000	2011-12		2010-11 Restated ¹	
	Note	Core Department Group	Core Department Group	Department Group
Social Action:				
Resource Grants		17,964	17,964	5,107
Capital Grants		30	30	5,000
Grant-in-Aid		-	-	5,482
Other expenditure		676	676	498
Community Assets:				
Capital Grants		-	-	8,570
Other expenditure		337	337	413
Grassroots Grants and Targeted Support Fund:				
Resource Grants		-	-	27,887
Capital Grants		1,688	1,688	21,740
Other expenditure		287	287	838
Social Enterprise:				
Resource Grants		-	-	2,189
Other expenditure		(3)	(3)	111
Risk Capital Fund for Social Enterprise:				
Other expenditure		15	15	15
Public Service Delivery:				
Resource Grants		-	-	250
Other expenditure		-	-	807
Compact:				
Resource Grants		350	350	308
Grant-in-Aid		-	-	1,600
Other expenditure		(131)	(131)	-
Charity Act Implementation:				
Resource Grants		-	-	232
Other expenditure		27	27	31
National Citizen Service (NCS):				
Resource Grants		20,775	20,775	2,562
Other expenditure		639	639	3
Transition Fund:				
Resource Grants		88,936	88,936	9,057
Other expenditure		871	871	942
Office for Civil Society general research programme:				
Resource Grants		100	100	2,219
Other expenditure		144	144	-
Skills Strategy Development:				
Resource Grants		250	250	250
Community Organisers:				
Resource Grants		2,560	2,560	-
Other expenditure		1,647	1,647	104
Community First:				
Resource Grants		3,693	3,693	-
Capital Grants		9,121	9,121	-
Other expenditure		461	461	-
Mutuals:				
Other expenditure		150	150	-
Structural Support:				
Resource Grants		15,824	15,824	-
Technical Assistance:				
Resource Grants		100	100	-
Other expenditure		172	172	-
Big Society Capital:				
Resource Grants		1,628	1,628	-
Advice Services Fund:				
Resource Grants		17,770	17,770	-
Other:				
Resource Grants		-	-	341
Other expenditure		426	426	1,058
Total Office for Civil Society		190,620	190,620	221,654
Civil Service Commission				
Grant-in-Aid		1,107	-	409
Total Civil Service Commission		1,107	-	409

9.1 Programme costs analysed by programme (continued)

£000	2011-12		2010-11 Restated ¹		
	Note	Core Department	Departmental Group	Core Department	Departmental Group
Capacity Builders Expenditure by programme					
Consortia Development Fund		-	-	-	3,974
Consortia Modernisation Fund		-	-	-	4,603
Improving Reach		-	-	-	5,581
National Support Services		-	-	-	4,600
National Priorities		-	-	-	823
Social Enterprise		-	-	-	2,199
Learning, evaluation and innovation		-	-	-	273
Policy and programme development		-	-	-	210
Regional Network		-	-	-	526
Real help for communities modernising fund		-	-	-	-
Capital Grants		-	-	-	2,081
Capital project development		-	-	-	-
Volunteer Management Programme		-	-	-	1,993
Neighbourhood Watch		-	-	-	7
DEFRA		-	-	-	5
Total Capacity Builders Expenditure by programme		-	-	-	26,875
Government Property Unit		3,278	3,278	1,933	1,933
Subsidy to Public Corporation		6,282	6,282	649	649
Central Office of Information Residual Activity		56,087	56,087	-	-
Government Digital Service		9,732	9,732	-	-
Other					
Resource Grants		320	320	11	11
Grant-in-Aid		2,371	2,371	2,731	2,731
Other expenditure		(1,427)	(1,427)	647	2,500
Total Other		1,264	1,264	3,389	5,242
Sub total		317,347	316,240	379,340	375,204
Non-cash items					
Depreciation	11	886	886	304	380
Amortisation	12	1,138	1,138	-	50
Impairment - Property, plant and equipment	11, 15	1,289	1,289	544	619
Impairment - Intangible assets	12, 15	1	1	-	44
Impairment - loans	14, 15	128	128	352	352
Auditors' remuneration and expenses		-	-	7	7
Provision provided for in year	21	6,232	6,232	709	709
Borrowing costs (unwinding of discount on provisions)	21	269	269	49	49
Bad debt write off		238	238	13	13
Provision for doubtful debt	18	(291)	(291)	945	945
Total non-cash items		9,890	9,890	2,923	3,168
Total		327,237	326,130	382,263	378,372

¹ See Note 2

9.1 Programme costs analysed by programme (continued)

Notes

National Security Secretariat

SCOPE Programme – IT system similar to COIN worked between the Intelligence Agencies. Scope 2 was abandoned in 2008-09.

Government Security Zone – A programme to deliver improved protective security measures in the Whitehall area which has now been completed.

Information Assurance Technical Programme – The IATP is a Ministry of Defence (MOD)/Communications-Electronics Security Group (CESG) portfolio programme to develop a range of information assurance capabilities to support cross-departmental requirements.

Resilient Telecommunications – A programme to provide resilient communications to Public Authorities.

BBC Monitoring – Purchase of subscriptions services for the supply of news, information and comment from worldwide media.

Gold Standard is aimed at strategic decision makers operating in a multi-agency context. It brings together people, technologies and procedures to provide multi-agency command teams with the training and validation necessary to manage effectively a major emergency.

Serco was appointed in April 2010 by the Cabinet Office to manage and operate the **Emergency Planning College (EPC)**, under a contract over 15 years. Serco will have responsibility for all services at the EPC, including training delivery and support, sales and marketing, finance, estate management, information and communications technology, and security.

Civil Contingencies Secretariat provided a grant to support the London Fire and Emergency Planning Authority (LFEPA) towards expenditure lawfully incurred or to be incurred by it in connection with its functions under the Civil Contingencies Act 2004. From 1 April 2011 responsibility for paying the grant was transferred to Department for Communities and Local Government.

Research and Doctrine – A programme of independent research for the Civil Contingencies Secretariat.

Cyber Security (including CSIA running costs) – Protecting cyber space and enhancing cyber security in the UK.

Civil Contingencies Secretariat (CCS) has been commissioned and funded by Olympic Security Directorate, Home Office to deliver the **Olympic Resilience** Project. The project will ensure that multi-agency plans and capabilities are in place so that the consequences of key risks to the safety and security of the Games can be managed. Delivery of the project requires CCS to work collaboratively with Local Resilience Forums (LRFs) to determine the resilience requirement, put additional plans and capabilities in place and validate and assure these. This builds on existing practices and will create a strong legacy for the future.

Office of the Government Chief Information Officer (CIO) and Senior Information Risk Owner (SIRO)

Common Good Information Assurance Research – Core funding for Information Assurance Research at Communications-Electronics Security Group (CESG), the National Technical Authority for Information Assurance (part of Government Communications Headquarters (GCHQ)).

The **Government Cloud (G-Cloud)** programme encompasses the G-Cloud, CloudStore (formerly known as the Application Store for Government and Hosting Services Consolidation (formerly known as Data Centre Consolidation) strategy strands. The G-Cloud Programme will transform the way ICT is delivered across the Public Sector, through introducing shared, re-usable ICT services that will be used by multiple public sector organisations, giving rise to financial savings, environmental benefits and enabling the faster and more effective delivery of enhanced services to citizens and employees. The programme receives support from numerous other major government departments both through funding and through voluntary manpower.

The aim of the **Public Sector Network (PSN)** programme is to create a network of networks providing secure fixed and mobile communications operating to common standards. The PSN objective is for the whole Public Sector (e.g. the Government Secure Intranet and Managed Telephony System central and local government) to transition from current environments (e.g. the Government Secure Intranet and Managed Telephony System) and be fully operational on PSN services by 2020. The Public Sector Network strategy will generate a single telecommunications service supporting email, telephony and other services (e.g. video conferencing) along with a supporting network. It will take the procurement of network services into the 21st century, by creating a centrally managed standard design to save time and money and enable the easier, yet more secure, sharing of services and information.

9.1 Programme costs analysed by programme (continued)

Constitution Group

Constitution Group has 5 separate areas of spend which are classed as Programme spend: Electoral Registration Transformation Programme, Lord Lieutenants' Expenses, Parliamentary Boundary Commissions for England and for Wales and Election Expenses.

Election Expenses

These expenses relate to the conduct of the 2010 UK Parliamentary General Election in England and Wales held on 5 May 2010 and by-elections financed from the Consolidated Fund as standing services that do not require annual approval from Parliament. They include the expenses of Returning Officers at the 2010 general election and delivery of elections addresses at public expense. This expenditure will be reported upon in full in the Returning Officers' Expenses, England & Wales, Statement of Accounts 2011-12.

Lord Lieutenants' Expenses

The Parliament and Constitution Division is responsible for making certain expenses payments to Her Majesty's Lord-Lieutenants.

Parliamentary Boundary Commissions for England and for Wales

The Parliamentary Boundary Commissions for England and for Wales are currently carrying out reviews of the boundaries of Parliamentary constituencies in their respective areas. The reviews are being conducted in accordance with the Parliamentary Voting System and Constituencies Act 2011 which provides for a reduction in the number of constituencies and for more equal sized constituencies. The Boundary Commissions are working to a deadline of October 2013 for the current reviews to be completed. Thereafter, a general review must be conducted every 5 years by each Boundary Commission.

Electoral Registration Transformation Parliamentary Programme

The Electoral Registration Transformation Programme (ERTP) supports the implementation of Individual Electoral Registration (IER), to tackle electoral fraud and improve electoral registration. This is a key part of the political reform package in the Coalition Agreement. Cabinet Office Ministers have approved a timetable for implementation in 2014. The programme will run for the duration of the Spending Review period (to 2014-15).

Office for Civil Society (OCS)

Capacitybuilders – To help civil society organisations work more effectively in delivering high quality, collaborative and sustainable sector support services and representation. This programme was delivered through an executive non-departmental public body (eNDPB), Capacity Builders (UK) Limited. Capacity Builders (UK) Limited closed on 31 March 2011.

Futurebuilders provided investment via grants and loans for civil society organisations delivering public services. Futurebuilders was managed under an agreement between the Minister for the Cabinet Office and Futurebuilders England Fund Management Limited which is under the ownership of the Adventure Capital Fund (ACF). ACF was accountable to the Minister for the propriety and efficiency of the Fund.

v – Project funded by the Office for Civil Society aimed at encouraging volunteering and increasing the number of opportunities for young volunteers. **v** are an independent charity established by the then government on 8th May 2006.

Youth Volunteering – To provide support for volunteering opportunities for young people.

Strategic Programme - Grants to civil society organisations to enable greater voice and engagement in policy development.

Social Action – Grant schemes, including strategic grants aimed at local community, volunteering and charitable giving organisations.

Community Assets – Grants for refurbishment of local authority buildings, to ensure that high-quality spaces and facilities are transferred to community ownership.

Grassroots Grants and the Targeted Support Fund – Grants to support the activities of small and local community groups. The Targeted Support Fund only ran during 2009-10.

Social Enterprise – Funding to enable action to be taken to address barriers to the growth of social enterprises and identify and spread good practice for the sector.

Risk Capital Fund for Social Enterprise – Risk capital investments in social enterprises through the Office for Civil Society partnership with Bridges Ventures Limited.

Public Service Delivery – Enabling better service delivery by civil society organisations and the sharing of innovation and good practice.

9.1 Programme costs analysed by programme (continued)

Compact – To enable the government and the sector to improve their relationship for mutual advantage and community gain. This programme has been largely delivered through an eNDPB, Commission for the Compact Limited which closed on 31 March 2011.

Charity Act Implementation – Implementation of the Charities Act which will enable charities to administer themselves more efficiently, improve the regulation of charity fundraising, provide a clear definition of charity and modernise the Charity Commission's functions and powers as regulator.

National Citizen Service – brings 16 year olds from different backgrounds together in a residential and home-based programme of activity and is delivered through a series of grant agreements with delivery partners. NCS is a key part of the Big Society agenda and is designed to promote a more cohesive, responsible and engaged society.

Transition Fund – A transition fund was announced as part of the Spending Review and will provide £100 million funding to voluntary and community organisations, charities and social enterprises in England. This gives them the breathing space they need to enable them to manage the transition to a tighter funding environment, and to take advantage of future opportunities presented by the Big Society.

Office for Civil Society – general research programme.

Skills Strategy Development – Payment to support Skills-Third Sector – an organisation established to support the voluntary, community and social enterprise sector to have the right people with the right skills to deliver their ambitions.

The **Community Organisers** programme will train 5,000 Community Organisers over the lifetime of this Parliament to make a difference in their community and catalyse social action. They will work closely with communities to identify local leaders, projects and opportunities, and empower the local community to improve their local area.

The **Community First** programme encourages more social action in neighbourhoods with significant deprivation and low social capital. Led by new and existing neighbourhood groups and active individuals, communities will work with businesses, charities and public authorities, encouraging people to help others and themselves to improve the quality of life locally.

The OCS supports public sector workers to form their own employee-led organisations, in three key ways: a **Mutuals** Taskforce convenes key policymakers and experts to drive the changes to policy and process necessary across Whitehall to address the issues that mutuals face; a Pathfinder programme leading the way in forming more mutuals and; the Mutuals Support Programme will support some of the most promising and innovative mutuals so that they reach the point of investment readiness.

Structural Support – The OCS run a programme of work to address the support needs of frontline civil society organisations so that every civil society organisation will have access to high quality local support that can help build their voice and capability.

Technical Assistance – specialist support to the voluntary, community and social enterprise sector to enable them to deliver contracts for tackling social problems.

The OCS has established **Big Society Capital** (previously known as the Big Society Bank) to help social enterprises, charities and voluntary organisations to access more resources and to play a bigger role in creating the Big Society. Big Society Capital will be funded using available money from dormant accounts in England and will work with social investment intermediaries to grow the social investment market, encouraging mainstream investors to invest in social change and broadening the finance options open to the sector.

The **Advice Services Fund** supports not-for-profit advice service providers to ensure that people continue to have access to good quality free advice in their communities. The fund is managed by the Big Lottery's BIG Fund and distributed to organisations on a bid basis.

Civil Service Commission

The primary functions of the **Civil Service Commission** are to ensure that selection to Civil Service appointments is on merit and on the basis of fair and open competition; and to hear and determine appeals raised by civil servants under the Civil Service Code. The Office of the Civil Service Commission was an independent office within the Cabinet Office until 11 November 2011, when the Civil Service Commission became an executive non-departmental public body, sponsored by the Cabinet Office. It comprises the Civil Service Commissioners and staff, and is independent of Government and of the Civil Service. The activities of the Commission are funded by grant-in-aid from the Cabinet Office.

Government Property Unit

The Government Property Unit is responsible for working with Government Departments to create an efficient, flexible and sustainable estate.

9.1 Programme costs analysed by programme (continued)

Subsidy to Public Corporation

The Cabinet Office issued two subsidies to the Central Office of Information Trading Fund prior to its closure on 30 December 2011; one to fund its publicity and advisory service, and the other to meet its cash flow requirements prior to its closure.

Central Office of Information Residual Activity (COI)

Following the announcement that COI would cease trading, no new work was taken on from 14th December 2011. The operating expenditure relates to costs incurred on behalf of COI's clients through central procurement of marketing, advertising and communications-related services and running costs for the commissions that remained during this period.

Government Digital Service

Government Digital Service will be funded in 2011-12 to achieve the following objectives; to make transactions between citizens and Government simpler, cheaper and easier; to encourage and support more people to use online services; to drive quality and take up of digital public services by making government on the web easier to find and simpler to use; to equip central government to engage with citizens online effectively; and, to foster, across government, a digital culture for the delivery of citizen, business and government focused services. The core purpose is to ensure that the Government offers world-class digital products that meet people's needs. Achievement of these objectives will be assisted by organisation and process developments to support the new Government Digital Service strategy and support delivery of 'digital by default' services to agreed quality standards.

10. Income

£000	2011-12		2010-11 Restated ¹	
	Core Department	Departmental Group	Core Department	Departmental Group
Administration				
Interest Income	1	1	-	-
Civil Service Pensions				
Central management of Principal Civil Service Pension Scheme	20,932	20,932	17,155	17,155
Civil Service Pensions Transformation Project	6,089	6,089	7,217	7,217
Royalties				
Products, Programme and Project Management Assurance	9,493	9,493	8,626	8,626
Office of Parliamentary Counsel				
Services of the Office of the Parliamentary Counsel	2,983	2,983	4,026	4,026
National School of Government				
Training, seminars and consultancy	11,794	11,794	21,782	21,782
Other				
Rental income on freehold properties	2,938	2,938	613	613
Emergency Planning College events	11	11	137	137
Fast Stream	-	-	2,192	2,192
Government Gateway Strategic Support Programme	-	-	2,360	2,360
Employee Engagement Programme	1,005	1,005	1,310	1,310
Next Generation HR	18,916	18,916	-	-
Iraq Inquiry	-	-	1,469	1,469
European Staffing	-	-	680	680
Civil Service Appeal Board	402	402	430	430
Olympic Resilience	611	611	404	404
Various cost recoveries	1,952	1,733	5,232	5,232
Total Administration Income	77,127	76,908	73,633	73,633
Programme				
Interest Income	154	154	5	5
National Security Secretariat				
Government Security Zone	870	870	163	163
Government Security Zone – Capital Grant Income	1,875	1,875	-	-
Iraq Inquiry	1,654	1,654	-	-
Detainee Inquiry	1,318	1,318	-	-
Gold Standard	-	-	16	16
Office for Civil Society				
National Citizen Service	75	75	1,500	1,500
Social Action	387	387	-	-
Capacitybuilders	13	13	-	-
Office of the Government CIO & SIRO				
Government Cloud	-	-	100	100
Public Service Network	2,659	2,659	173	173
Dividends				
Government Procurement Service	2,379	2,379	2,092	2,092
Central Office of Information Residual Activity	58,676	58,676	-	-
Other				
Various cost recoveries	71	71	417	417
Income payable to the Consolidated Fund	-	-	2,253	-

10. Income (continued)

Other grant income	-	-	-	117
Non Cash Income				
Capital Grant in Kind income	111	111	400	453
Total Programme Income	70,242	70,242	7,119	5,036
Total	147,369	147,150	80,752	78,669

¹ See Note 2

Fees and charges

The analysis below 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.

The **financial objective** of the **National School of Government**, which closed on 31 March 2012, was to recover its costs through fees and charges for the training and development services and consultancy services provided to its customers; these fees and charges were provided on a full-cost basis.

The **financial objective** of the **Central Office of Information** for its residual activities was to achieve break-even position taking one year with another. Clients are charged the actual cost of external goods and services purchased in respect of their work, together with a fee for the time of COI staff, set at a level to recover all COI staff and overhead costs.

	National School of Government	Central Office of Information Residual Activity ¹
	£000	£000
Full cost	23,835	62,375
Income	(11,954)	(60,043)
Deficit	11,881	2,332

Performance against the financial objective:

It was announced in October 2011 that the **National School of Government** would close at the end of the 2011-12 financial year. The decrease in income was due to:

- The introduction of Civil Service Learning (CSL) which centralised training commissioning for the Civil Service. The first year of CSL training led to reduced levels of training courses than in previous years;
- No direct funding from Departments through the Core Learning Programme - £9.4 million received in 2010-11.

The expenditure was managed down in line with the reduced volumes of business but there was a trading deficit of £11.881 million which includes the majority of the costs of closing the Department.

The turnover for the **Central Office of Information Residual Activity** relates to programme work on behalf of clients through the central procurement of marketing, advertising and communications-related services. The current assets decreased from £50.4 million last financial year to £39.3 million this year. This was primarily a result of the reduction in business volume this year. As the status of COI has changed from going concern to other than going concern, non-current assets (primarily IT equipment and associated software licences) have been reclassified as current assets.

¹ The COI expenditure figures include - staff costs within Note 7 and programme costs within Note 8. The income figures include programme income and rental income within Note 10.

10. Income (continued)

Notes on sources of income and cost sharing arrangements

The Cabinet Office is responsible for governance of the **Principal Civil Service Pension Scheme (PCSPS)**, and MyCSP is responsible for all pensions administration. Employers participating in the PCSPS pay MyCSP for the cost of pension administration for current employee members. Cabinet Office is responsible for meeting central costs including the element of MyCSP costs not covered by the sums paid by employers. These costs are met by income from a charge on Civil Superannuation employer pension contributions.

In May 2012 the MyCSP administration function transferred to a mutual joint venture, incorporated as MyCSP Ltd. MyCSP Ltd will be contracted to provide pensions administration services to the Cabinet Office. Participating employers will continue to contribute on the same basis that they are currently paying MyCSP but they will pay the Cabinet Office directly. The costs to the Cabinet Office of pensions administration not covered by the income from employers will continue to be met by income from a charge on Civil Superannuation employer pension contributions.

Products, Programme and Project Management Assurance

The Cabinet Office receives income from the sales of **product** publications and from fees for accreditation and examination of practitioners. The products, e.g. ITIL and PRINCE2, have been developed to support best practice in key areas of project, programme, portfolio and IT service management. The income comes from public and private sector organisations in the UK and overseas. The Cabinet Office undertakes reviews of major **projects and programmes** in government departments. These include Project Assessment Review, Gateway TM Reviews, Starting Gate and others. In the large majority of cases, the work is undertaken by civil servants but where consultants are required e.g. because of specialist skills or appropriate civil servants are unavailable, Cabinet Office recover the cost of consultancy from departments.

The Office of the Parliamentary Counsel (OPC) drafts Government Bills for introduction into Parliament, advises on related Parliamentary procedure and drafts or vets subordinate legislation which amends or has a significant impact on primary legislation. They also advise the Government on certain constitutional matters (e.g. Ministerial appointments, elections, Parliamentary and the Royal prerogative). The Cabinet Office provides the funding for approximately 60% of the costs of the OPC, with the balance coming from Departments who use the OPC's services. The contributions from Departments are based on their usage of the OPC's services over the previous 4 year period.

The **National School of Government** was the centre for excellence for innovation in learning and development in support of public services, primarily serving the needs of the Civil Service. The School continued to operate as a non-ministerial government department during 2010-11, before moving back into the Cabinet Office with effect from 1 April 2011 before it closed on 31 March 2012.

Serco was appointed in April 2010 by the Cabinet Office to manage and operate the **Emergency Planning College (EPC)**, under a contract over 15 years. Serco will have responsibility for all services at the EPC, including training delivery and support, sales and marketing, finance, estate management, information and communications technology, and security.

The **Fast Stream** is an accelerated development graduate entry programme to the civil service with the objective of being a feeder route to the senior civil service. The Cabinet Office leads on the policy and designs, develops and runs a number of Fast Stream schemes each year including the Graduate Fast Stream Scheme, the Analytical Fast Stream Scheme, the Technology in Business Fast Stream Scheme, the HR Fast Stream Scheme, the European Fast Stream Scheme, the Northern Ireland Fast Stream Scheme and the In-Service Fast Stream Scheme. All government departments participate in the schemes and they contribute towards the costs incurred by the Cabinet Office for attraction, recruitment and assignment. In 2011-12 responsibility for the delivery of the Fast Stream recruitment passed to HM Revenue and Customs.

The e-Delivery Team (eDT), part of Transformational Government (TGov) put in place a regime where the Department for Work and Pensions (DWP), HM Revenue and Customs and Communities and Local Government departments signed a concordat to share a cost of £90 million for **Government Gateway Strategic Support Programme (GGSSP)** from 1 April 2006 to 31 March 2011. This was originally funded by the Cabinet Office and the cost would be recouped from the stakeholders. eDT, moved from TGov to DWP on 1 April 2008 under a Machinery of Government transfer and the funds will be recouped from DWP in respect of Cabinet Office's funding of GGSSP assets for prior infrastructure and investments.

The **Employee Engagement Programme** includes the Civil Service People Survey which is an annual survey of staff perceptions across the Civil Service and provides key people metrics to help drive business improvement. The survey is provided by an external contractor, the cost of this plus the cost of the programme team based in the Cabinet Office is fully recharged to the participating Departments and Agencies.

Next Generation HR – Civil Service HR (CSHR) is a key part of the Government's Efficiency and Reform agenda. CSHR involves sharing HR expertise and maximising buying power across the Civil Service in a joined up and effective manner, to deliver a professional and more efficient service. The programme operates on a cost sharing basis across the government departments and agencies participating in the programme.

10. Income (continued)

The **Civil Service Appeal Board** was a Cabinet Office sponsored Non Departmental Public Body that heard appeals from staff who had been dismissed by their employer. Department's were charged for each case heard by the Board. The Board closed on 31st December 2011 as part of the government's review of public bodies.

Olympic Resilience – The Home Office reimburse the Civil Contingency Secretariat for the costs incurred in coordinating resilience planning for the 2012 Olympics.

National Security Secretariat

Westminster City Council, who manage the programme of works for the **Government Security Zone**, has refunded the unspent monies allocated to this project.

The Department for International Development (DFID), Ministry of Defence (MOD) and Foreign & Commonwealth Office (FCO) contributed toward the costs of the **Iraq Inquiry** in 2011-12 and 2010-11.

Detainee Inquiry - The Home Office, Foreign & Commonwealth Office (FCO), Security Service (SS) and Secret Intelligence Service (SIS) contributed toward the costs of the Gibson Inquiry in 2011-12 and 2010-11.

The budget classification of income for the Iraq Inquiry and Detainee Inquiry was reconsidered during 2011-12, and as a consequence, both have been reclassified from Administration to Programme.

Office for Civil Society

National Citizen Service (NCS) brings 16 year olds from different backgrounds together in a residential and home-based programme of activity and is delivered through a series of grant agreements with delivery partners. NCS is a key part of the Big Society agenda and is designed to promote a more cohesive, responsible and engaged society. Department for Communities and Local Government contributed to the start up of the pilot phase of the programme in 2010-11.

Social Action – Income relating to the joint financing of OCS Social Action programmes, including from the Department for Work and Pensions and for the European Year of the Volunteer.

Government Procurement Service - The Cabinet Office received **dividends** for its holding in the Government Procurement Service Trading Fund.

Central Office of Information Residual Activity revenue represents the invoiced amounts from the ordinary activities of the business.

11.1 Property, plant and equipment

Consolidated 2011-12

£000								Payments on Account & Assets under Construction	
	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques		Total
Cost or valuation									
At 1 April 2011¹	42,541	140,281	26,864	10,219	5,606	1,879	12,231	8,094	247,715
Additions	-	1,921	-	902	-	14	-	6,366	9,203
Donations	-	-	-	2,780	-	975	111	-	3,866
Disposals ²	-	-	-	(1,327)	(394)	(334)	(1,759)	-	(3,814)
Impairment ³	-	(1,496)	-	-	-	-	-	-	(1,496)
Reclassifications ⁴	(17,658)	(23,039)	396	(1,277)	936	(936)	-	(5,665)	(47,243)
Revaluations ³	12,676	(10,376)	-	1,922	1,500	272	-	-	5,994
At 31 March 2012	37,559	107,291	27,260	13,219	7,648	1,870	10,583	8,795	214,225
Depreciation									
At 1 April 2011¹	-	18,934	1,885	5,488	3,886	1,465	-	-	31,658
Donations	-	-	-	2,336	-	572	-	-	2,908
Charged in year	-	2,742	593	1,366	923	169	-	-	5,793
Disposals ²	-	-	-	(1,292)	(394)	(256)	-	-	(1,942)
Impairment ³	-	(207)	-	-	-	-	-	-	(207)
Reclassifications ⁴	-	(1,681)	11	(96)	559	(559)	-	-	(1,766)
Revaluations ³	-	-	-	835	1,143	(54)	-	-	1,924
At 31 March 2012	-	19,788	2,489	8,637	6,117	1,337	-	-	38,368
Carrying amount at 31 March 2012	37,559	87,503	24,771	4,582	1,531	533	10,583	8,795	175,857
Carrying amount at 31 March 2011 Restated	42,541	121,347	24,979	4,731	1,720	414	12,231	8,094	216,057
Asset financing:									
Owned	34,259	74,735	24,506	3,687	1,531	533	10,583	8,795	158,629
PFI Finance Leased	-	3,658	-	895	-	-	-	-	4,553
PFI Contract Assets	-	1,868	265	-	-	-	-	-	2,133
PFI Residual Assets	3,300	7,242	-	-	-	-	-	-	10,542
Carrying amount at 31 March 2012	37,559	87,503	24,771	4,582	1,531	533	10,583	8,795	175,857
Of the total:									
Department NDPBs	37,559	87,503	24,771	4,582	1,531	533	10,583	8,795	175,857
Carrying amount at 31 March 2012	37,559	87,503	24,771	4,582	1,531	533	10,583	8,795	175,857

¹ Restated opening balances

² Disposals include assets written out of the accounts; their values are fully written down and they are no longer in use. Assets at Sunningdale Park were reduced to nil from their carrying value, due to the closure of National School of Government, which included computer systems, furniture and fittings, and plant and machinery

³ Impairment and revaluations arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure the asset base is correctly valued

⁴ Reclassified £44.145 million to 'Assets to be transferred' at Note 16 to the accounts

11.2 Property, plant and equipment

Consolidated 2010-11

£000	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques	Payments on Account & Assets under Construction	Total
Cost or valuation									
At 1 April 2010¹	39,013	127,657	25,077	11,748	5,679	2,011	10,252	4,545	225,982
Additions	-	2,740	-	2,409	42	11	-	8,275	13,477
Donations	-	-	-	-	-	-	399	-	399
Disposals ²	-	-	-	(4,325)	(212)	(146)	(1)	-	(4,684)
Impairment ⁵	-	(1,145)	-	(62)	(98)	-	-	-	(1,305)
Reclassifications	880	3,191	-	452	203	-	-	(4,726)	-
Revaluations ³	2,648	7,838	1,787	(3)	(8)	3	1,581	-	13,846
At 31 March 2011	42,541	140,281	26,864	10,219	5,606	1,879	12,231	8,094	247,715
Depreciation									
At 1 April 2010¹	-	14,101	896	7,135	3,374	1,397	-	-	26,903
Charged in year	-	4,993	870	2,662	773	184	-	-	9,482
Disposals ²	-	-	-	(4,325)	(213)	(145)	-	-	(4,683)
Impairment ³	-	(761)	-	49	-	26	-	-	(686)
Reclassifications	-	(26)	-	-	26	-	-	-	-
Revaluations ³	-	627	119	(33)	(74)	3	-	-	642
At 31 March 2011	-	18,934	1,885	5,488	3,886	1,465	-	-	31,658
Carrying amount at 31 March 2011 Restated	42,541	121,347	24,979	4,731	1,720	414	12,231	8,094	216,057
Carrying amount at 1 April 2010 Restated	39,013	113,556	24,181	4,613	2,305	614	10,252	4,545	199,079
Asset financing:									
Owned	39,541	108,120	24,708	4,175	1,720	414	12,231	8,094	199,003
PFI Finance Leased	-	4,389	-	556	-	-	-	-	4,945
PFI Contract Assets	-	1,920	271	-	-	-	-	-	2,191
PFI Residual Assets	3,000	6,918	-	-	-	-	-	-	9,918
Carrying amount at 31 March 2011 Restated	42,541	121,347	24,979	4,731	1,720	414	12,231	8,094	216,057
Of the total:									
Department NDPBs	42,541	121,347	24,979	4,731	1,720	414	12,231	8,094	216,057
Carrying amount at 31 March 2011 Restated	42,541	121,347	24,979	4,731	1,720	414	12,231	8,094	216,057

¹ Restated opening balances

² Disposals include assets written out of the accounts; their values are fully written down and they are no longer in use. Plant and machinery includes the disposal of a motor vehicle

³ Impairment and revaluations arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure the asset base is correctly valued

11. Property, plant and equipment (continued)

Notes

VALUATION

Land and Buildings and Dwellings

The Valuation Office Agency has determined fair value on the basis of market value but on the assumption that the property is sold as part of the continuing enterprise in occupation. For 'in use' non-specialised property assets, fair value has been interpreted as market value for existing use.

The Valuation Office Agency (VOA), independent chartered surveyors and members of the Royal Institute of Chartered Surveyors (RICS), valued all properties on the basis of fair value as at 31 March 2009 except for the Emergency Planning College Estate which was valued at 30 June 2009. Due to the unusual nature of the size, location and property categories, valuations of 10-12 Downing Street and Admiralty Arch are subject to valuation uncertainty.

Sunningdale Park

The Valuation Office Agency valued Sunningdale Park, Ascot, Berkshire, as at 1 April 2012 on the basis of total worth in existing use reflecting the infrastructure. Notional directly attributable acquisition costs, representing legal fees and stamp duty, are added onto existing use valuation in order to arrive at replacement cost for land, buildings and dwellings. The surveyors determine notional costs to be 5.75% of existing use values. A breakdown of the carrying value of assets under the PFI contract is detailed at Note 25. Sunningdale Park is revalued every three years.

Art and Antiques

Townley Valuation Services Limited valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall Estate in January 2011 on the basis of insurance value being the likely cost of replacing the items.

Rosebery's Auctioneers & Valuers valued art and antiques, including antique and other furniture, silver, plate and objects situated at The Hawkhill, Easingwold, near York in February 2010 at an average of the lower and higher figures of a presale auction estimate.

Included within Art and Antiques are gifts to past and present Prime Ministers. These were valued by J. M. McCarthy Limited, jewellers and silversmiths in March 2010 on the basis of best estimate of the price at auction.

All Other Tangible Non-Heritage Assets

All other tangible non-heritage fixed assets are re-valued annually using indices provided by the Office of National Statistics.

DONATED ASSETS

The following amounts which are included in Note 11.1 relate to donated assets:

Land and Buildings £3.002 million (2010-11: £3.042 million)

Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty the Queen and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services and consequently the Civil Service Club was purchased.

The Civil Service Club has been recognised as a donated asset and between 31 March 2004 and 31 March 2011 its value was credited to the donated asset reserve. However, in order to reflect the change in accounting policy effective from 1 April 2011. The Civil Service Club's value is now recognised as income and credited to the general fund.

11. Property, plant and equipment (continued)

Art and Antiques £1.368 million (2010-11: £1.259 million)

Gifts to past and present Prime Ministers and items gifted to the Emergency Planning College, The Hawkhill, Easingwold near York are treated as donated assets within Art and Antiques. Before 1 April 2011, the value of these gifts was credited to the donated asset reserve. However, in order to reflect the change in accounting policy effective from 1 April 2011, the value of these gifts is now recognised as income and credited to the general fund.

ASSETS UNDER CONSTRUCTION

Assets under construction of £8.795 million (2010-11: £8.094 million) include:

£8.701 million (2010-11: £7.866 million) spent on refurbishment to Whitehall properties which has yet to be completed; and
£0.094 million (2010-11: £0.228 million) spent on IT hardware and software developments which have yet to be completed.

PLANT AND MACHINERY

Included within Plant and Machinery are motor vehicles with a carrying amount of £9,930 (2010-11: £10,750).

LEASEHOLD IMPROVEMENTS

Included within Land and Buildings are improvements with a carrying amount of £1.781 million (2010-11: £1.995 million) relating to leasehold properties in London at 35 Great Smith Street, 67 Tufton Street and 9 Whitehall.

ASSET FINANCING

Sunningdale Park

The Sunningdale Park site, which the National School of Government occupied until it closed on 31 March 2012, has office buildings of £2.133 million (2010-11: £2.191 million) under an on-balance sheet PFI contract and training facilities of £3.658 million (2010-11: £4.389 million) under a finance lease and a residual interest in training facilities of £10.542 million (2010-11: £9.918 million). Further details about commitments under PFI contracts are disclosed at Note 25.

12.1 Intangible assets

Consolidated 2011-12

£000	Purchased Software Licences	IT Software	Assets under Construction	Website	Total
Cost or valuation¹					
At 1 April 2011²	843	3,311	66	3,027	7,247
Additions	575	82	440	-	1,097
Disposals ³	(138)	-	-	-	(138)
Impairments	-	-	-	(1)	(1)
Reclassifications	116	1,315	-	-	1,431
Revaluations	-	118	-	142	260
At 31 March 2012	1,396	4,826	506	3,168	9,896
Amortisation					
At 1 April 2011²	586	1,956	-	856	3,398
Charged in year	86	920	-	1,009	2,015
Disposals ³	(128)	-	-	-	(128)
Reclassifications	96	-	-	-	96
Revaluations	-	51	-	58	109
At 31 March 2012	640	2,927	-	1,923	5,490
Carrying amount at 31 March 2012	756	1,899	506	1,245	4,406
Carrying amount at 31 March 2011 Restated	257	1,355	66	2,171	3,849
Asset financing:					
Owned	756	1,899	506	1,245	4,406
Carrying amount at 31 March 2012	756	1,899	506	1,245	4,406
Of the total:					
Department NDPBs	756	1,899	506	1,245	4,406
	-	-	-	-	-
Carrying amount at 31 March 2012	756	1,899	506	1,245	4,406

¹ Purchased software licences are recorded at purchase cost and are not re-valued since an appropriate index is not available

² Restated opening balances

³ Intangible assets at Sunningdale Park were reduced to nil from their carrying value as a result of the closure of National School of Government.

12.2 Intangible assets

Consolidated 2010-11

£000	Purchased Software Licences	IT Software	Assets under Construction	Website	Total
Cost or valuation¹					
At 1 April 2010²	903	5,206	21	3,027	9,157
Additions	41	(54)	45	-	32
Disposals	(101)	(1,841)	-	-	(1,942)
At 31 March 2011	843	3,311	66	3,027	7,247
Amortisation					
At 1 April 2010²	631	2,845	-	856	4,332
Charged in year	56	908	-	-	964
Disposals	(101)	(1,841)	-	-	(1,942)
Impairment	-	44	-	-	44
At 31 March 2011	586	1,956	-	856	3,398
Carrying amount at 31 March 2011 Restated	257	1,355	66	2,171	3,849
Carrying amount at 1 April 2010 Restated	272	2,361	21	2,171	4,825
Asset financing:					
Owned	257	1,355	66	2,171	3,849
Carrying amount at 31 March 2011 Restated	257	1,355	66	2,171	3,849
Of the total:					
Department NDPBs	257	1,355	66	2,171	3,849
Carrying amount at 31 March 2011 Restated	257	1,355	66	2,171	3,849

¹ Purchased software licences are recorded at purchase cost and are not re-valued since an appropriate index is not available

² Restated opening balances

13. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

The Department's investment in the Bridges Social Entrepreneurs Fund LP subjects the Department to credit and market risks. The Cabinet Office appointed Capital for Enterprise Limited (CfEL), an asset management business, to assist in the establishment of the Fund. The loans issued to the Bridges Social Entrepreneurs Fund LP are invested as part of an investment portfolio to deliver both financial returns and social and environmental benefits. The disposal of an investment by the Fund may differ from its valuation and the difference could be significant. The loans are subject to an annual impairment review which is carried out by Bridges Ventures Ltd. See Notes 14 and 22.

The Department holds public dividend capital in the Government Procurement Service. This financial asset is carried at historical cost less any impairment recognised. Extracts from the latest audited accounts are set out at Note 14. Information on the Government Procurement Service, a body outside the departmental boundary, is included at Note 32.

The Department holds public dividend capital in the Central Office of Information (COI) Trading Fund. Upon closure of the COI Trading Fund on 30th December 2011, the public dividend capital was repaid to HM Treasury. Extracts from the latest audited accounts are set out at Note 14. Information on the Central Office of Information Trading Fund, a body outside the departmental boundary, is included at Note 32.

14. Other financial assets

The Core Department holds investments which include loans to the London Hostels Association, LHA London Ltd, and to the Bridges Social Entrepreneurs Fund LP which invests in social enterprises and public dividend capital held in the Government Procurement Service (formally Buying Solutions) and in the Central Office of Information Trading Fund which closed on 30 December 2011.

£000	Central Office of Information Public Dividend Capital	Government Procurement Service Public Dividend Capital	London Hostel Association Loan	Bridges Social Entrepreneurs Fund Loan	Total
Restated balance at 1 April 2010	265	350	344	662	1,621
Additions	-	-	-	244	244
Impairment	-	-	-	(352)	(352)
Loan repayments	-	-	(20)	-	(20)
Balance at 31 March 2011 Restated	265	350	324¹	554²	1,493
Additions	-	-	-	343	343
Impairment	-	-	-	(128)	(128)
Loan repayments	(265)	-	(20)	-	(285)
Balance at 31 March 2012	-	350	304¹	769²	1,423
Of which at 31 March 2012					
Current liability	-	-	20	-	20
Non current liability	-	350	284	769	1,403
Balance at 31 March 2012	-	350	304	769	1,423
Of which at 31 March 2011					
Current liability	265	-	20	-	285
Non current liability	-	350	304	554	1,208
Balance at 31 March 2011 Restated	265	350	324	554	1,493
Of which at 1 April 2010					
Current liability	-	-	20	-	20
Non current liability	265	350	324	662	1,601
Balance at 1 April 2010 Restated	265	350	344	662	1,621

All 'Other financial assets' are held by the core Department.

¹ The loan made to London Hostels Association, LHA London Ltd, is secured by a debenture dated 23 July 1986 and is interest free. It is repayable by instalments at the rate of £20,000 per annum in accordance with the agreement. Where any property is sold, the Cabinet Office may at its discretion, require a maximum of 25% of the net proceeds as an accelerated repayment of the loan.

² For information on loan commitments, see Notes 22 and 31.

The Department's share of the assets and results of the above bodies is as summarised below:

£000	London Hostels Association Loan	Bridges Social Entrepreneurs Fund Loan
Net assets at 1 April 2010	-	572 ¹
Turnover	-	-
Surplus for the year (before financing)	-	-
Net assets at 31 March 2011	-	554 ²
Turnover	-	-
Surplus for the year (before financing)	-	-
Net assets at 31 March 2012	-	804 ³
Turnover	-	-
Surplus for the year (before financing)	-	-

¹ Net assets include £34,036 which was the subject of a drawdown request dated 24 March 2010 to settle management fees for the period 1 April 2010 to 30 June 2010. The amount of £34,036 is not included in the total additions figure of £661,895 as it was paid on 12 April 2010 under the terms of the Limited Partnership Agreement. The loan was not impaired in 2009-10 given that the Fund was newly established in August 2009

² The department has a 33.27% share of the net assets

³ The department holds a 33.27% share of the total net assets and partnership funds amounting to £803,811. Net assets include an amount of £35,072 which was the subject of a draw down request dated 30 March 2012. This amount is not included in the total additions figure of £343,336 as it was paid during April 2012 under the terms of the Limited Partnership Agreement

Extracts from Central Office of Information (COI) Accounts for the year ended 30 December 2011

COI was born out of the wartime Ministry of Information and came into being on 1 April 1946. It closed on 30 December 2011. For 66 years it has performed a key function as an efficient and effective centre for government communications, supporting and delivering results on behalf of a diverse range of clients in Whitehall and right across the wider public sector. Ever since it was formed, COI has driven best practice, value for money and has championed accountability standards and robust evaluation. These principles now lie at the heart of all government marketing and communications activity.

Extracts from the comprehensive statement of income

£000	2011-12	2010-11
Revenue ¹	92,855	167,990
Cabinet Office subsidy	5,981	-
Other income	1,685	1,754
Operating surplus/ (deficit)	100,521	169,744
Operating costs	(103,771)	(174,411)
Surplus/ (deficit) for the period	(3,250)	(4,667)
Loss on disposal of current assets	(12)	-
Finance income	21	58
Finance costs	-	-
Retained surplus/ (deficit) for the period	(3,241)	(4,609)

Extracts from the statement of financial position

£000	2011-12	2010-11
Non current assets	-	1,228
Current assets	39,293	50,356
Liabilities due within one year	(39,293)	(45,898)
Liabilities due after more than one year	-	(2,180)
Net assets and taxpayers' equity	-	3,506

¹ Revenue includes £301,000 (2010-11: £649,000) Cabinet Office subsidy for Central Advisory Service

Government Procurement Service (formally known as Buying Solutions)

Government Procurement Service, originally known as Buying Solutions, was set up in 1991 as a Trading Fund under the Government Trading Fund Act 1973. It provides procurement services to the other government bodies. The Cabinet Office owns 100 per cent of the issued Public Dividend Capital of Buying Solutions. In accordance with the FRoM, the Cabinet Office's investment is shown at its historical cost. A dividend of **£2.379 million** (2010-11: **£2.092 million**) is payable for the year ended 31 March 2011; see Notes 10 and 31.

Extracts from Government Procurement Service's Accounts for the year ended 31 March 2012

Extracts from the comprehensive statement of income

£000	2011-12	2010-11
Turnover	54,198	76,279
Operating surplus/ (deficit)	4,929	6,190
Interest receivable	60	46
Surplus/ (deficit) for the financial year	4,989	6,236
Dividend payable to Cabinet Office	(2,379)	(2,092)
Retained surplus/ (deficit) for the financial year	2,610	4,144

Extracts from the statement of financial position

£000	2011-12	2010-11
Non current assets	11,044	11,143
Current assets	35,928	32,878
Liabilities due within one year	(10,179)	(9,668)
Liabilities due after more than one year	(161)	(331)
Net assets and shareholders' funds	36,632	34,022

15. Impairments

£000		2011-12		2010-11	
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group
Charged to Statement of Comprehensive Net Expenditure					
Impairment – Property, plant and equipment	9	1,289	1,289	544	619
Impairment - intangible assets	9	1	1	-	44
Impairment on loans	9	128	128	352	352
		1,418	1,418	896	1,015
Taken through revaluation reserve ¹		10,376	10,376	-	-
Total		11,794	11,794	896	1,015

¹ Impairments taken through reserves relate to a fall in property value. They are classified as Revaluations under Note 11.1 Property, plant and equipment

16. Assets to be transferred

£000	As at 31 March 2012		As at 31 March 2011		As at 1 April 2010	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Land and buildings	44,145	44,145	-	-	-	-
Total carrying amount	44,145	44,145	-	-	-	-

The Minister for the Cabinet Office will transfer all its 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 will take place at fair value and will be for £nil consideration. The Cabinet Office will issue a capital grant in kind to DfID equal to the fair value of the asset at the point of transfer and this the transfer will be budget neutral. The fair value of the property at 31 March 2012 was £44.145 million on the assumption that the property is sold as part of the continuing enterprise in occupation with vacant possession. Further information on estate management strategy may be found within the section Cabinet Office Finances – Management Commentary.

17. Inventories

£000	As at 31 March 2012		As at 31 March 2011		As at 1 April 2010	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Insignia	417	417	702	702	461	461
Total	417	417	702	702	461	461

18. Trade receivables and other assets

£000	As at 31 March 2012		As at 31 March 2011 Restated ¹		As at 1 April 2010 Restated ¹	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year						
VAT	1,047	1,047	1,335	1,335	1,748	1,748
Trade receivables	21,588	21,588	13,514	13,514	19,381	19,381
Deposits and advances	621	621	532	532	556	556
Advances to Returning Officers - Elections	7,238	7,238	48,527	48,527	-	-
Other receivables	796	796	160	202	162	476
Other receivables – Amounts payable to the Consolidated Fund	-	-	2,253	-	266	-
Prepayments and accrued income	28,160	28,160	30,284	30,317	8,640	8,662
Current part of PFI prepayment	410	410	1,639	1,639	1,640	1,640
	59,860	59,860	98,244	96,066	32,393	32,463
Non-current – Amounts falling due after more than one year						
Non-current part of PFI prepayment	-	-	410	410	2,050	2,050
Other prepayments	354	354	-	-	-	-
Deposits and advances	-	-	-	-	28	28
	354	354	410	410	2,078	2,078
Total	60,214	60,214	98,654	96,476	34,471	34,541

¹ See Note 2

Included within the Core Department Other Receivables is **£Nil** (2010-11: **£2,252,987**) which is due to the Consolidated Fund. Included within the Departmental Group Other Receivables is **£Nil** (2010-11: **£Nil**) which is due to the Consolidated Fund.

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	Note	2011-12		2010-11 Restated	
		Core Dept	Departmental Group	Core Dept	Departmental Group
At 1 April 2011		1,084	1,084	139	139
Novated from COI & NSG		257	257	-	-
Charge for the year	9	(291)	(291)	945	945
Amounts written off		-	-	-	-
Unused amounts reversed		-	-	-	-
At 31 March		1,050	1,050	1,084	1,084

The analysis of trade receivables that were past due but not impaired is as follows:

£000	2011-12		2010-11 Restated	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Neither past due nor impaired	14,835	14,835	9,047	9,047
Past due but not impaired				
< 30 days	2,535	2,535	2,566	2,566
30 – 60 days	726	726	304	304
60 – 90 days	999	999	127	127
90 – 120 days	343	343	137	137
> 120 days	3,200	3,200	2,417	2,417
At 31 March	22,638	22,638	14,598	14,598

18.1 Intra-government balances

£000	As at 31 March 2012		As at 31 March 2011 Restated		As at 1 April 2010 Restated	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year						
Balances with other central government bodies	40,534	40,534	40,626	38,374	17,802	17,556
Balances with local authorities	945	945	418	418	127	127
Balances with NHS Bodies	1,616	1,616	71	71	70	70
Balances with public corporations and trading funds	2,051	2,051	564	564	1,333	1,333
Subtotal: intra- government balances	45,146	45,146	41,679	39,427	19,332	19,086
Balances with bodies external to government	14,714	14,714	56,565	56,639	13,061	13,377
Total	59,860	59,860	98,244	96,066	32,393	32,463

£000	As at 31 March 2012		As at 31 March 2011 Restated		As at 1 April 2010 Restated	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Non-current – Amounts falling due after more than one year						
Balances with other central government bodies	-	-	-	-	-	-
Balances with local authorities	-	-	-	-	-	-
Balances with NHS Bodies	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-
Subtotal: intra- government balances	-	-	-	-	-	-
Balances with bodies external to government	354	354	410	410	2,078	2,078
Total	354	354	410	410	2,078	2,078

19. Cash and cash equivalents

£000	As at 31 March 2012		As at 31 March 2011 Restated ¹		As at 1 April 2010 Restated ¹	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Balance at 1 April	39,927	42,370	31,069	33,283	11,858	14,149
Net change in cash and cash equivalent balances	(949)	(3,392)	8,858	9,087	19,211	19,134
Balance at 31 March	38,978	38,978	39,927	42,370	31,069	33,283
The following balances at 31 March were held at:						
Government Banking Service - Supply	23,944	23,944	12,145	12,145	16,989	16,989
Government Banking Service - Consolidated Fund Standing Services – Elections	14,853	14,853	27,578	27,578	13,689	13,689
Commercial banks and cash in hand - Supply	181	181	204	2,647	391	2,605
Balance at 31 March	38,978	38,978	39,927	42,370	31,069	33,283

¹ See Note 2

The cash balance includes an amount of **£14,852,731** (2010-11: **£27,578,143**) in respect of the funding received from the Consolidated Fund to finance Returning Officers' Expenses in England and Wales. This balance is held with the Government Banking Service. It is owned by the Cabinet Office but managed by the Election Claims Unit in the Department for Communities and Local Government.

20. Trade payables and other liabilities

£000	As at 31 March 2012		As at 31 March 2011 Restated ¹		As at 1 April 2010 Restated ¹		
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year							
Other taxation and social security		5,231	5,231	2,669	2,669	2,685	2,753
Trade payables		19,651	19,777	5,825	5,858	3,234	3,635
Other payables		2,409	2,409	2,609	2,706	2,367	2,376
Other payables in respect of machinery of government transfers of functions		9,527	9,527	26,503	26,503	(2)	(2)
Accruals and deferred income		71,852	71,890	56,008	56,145	40,357	40,827
Accruals relating to Consolidated Fund Standing Services - Elections		13,163	13,163	68,182	68,182	11,559	11,559
Accruals – termination benefits		14,729	14,729	11,006	11,006	-	-
Current part of imputed finance lease element of on-Statement of Financial Position PFI contract		-	-	-	-	-	13
Amounts issued from the Consolidated Fund for supply but not spent at year end		24,125	24,125	6,710	6,710	15,393	15,393
Amounts payable to the Consolidated Fund:							
Received		-	-	686	686	1,662	1,662
Receivable		-	-	714	714	266	266
Excess cash surrenderable to the Consolidated Fund:							
Received		-	-	-	2,253	-	-
Receivable		-	-	2,253	-	-	-
Non voted receipts surrenderable to the Consolidated Fund - Elections		8,928	8,928	5,547	5,547	-	-
Total		169,615	169,779	188,712	188,979	77,521	78,482

¹ See Note 2

20.1 Intra-government balances

£000	As at 31 March 2012		As at 31 March 2011 Restated		As at 1 April 2010 Restated		
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year							
Balances with other central government bodies		80,042	80,172	72,316	72,427	31,642	31,713
Balances with local authorities		1,777	1,777	1,026	1,026	834	834
Balances with NHS Bodies		18	18	28	28	38	38
Balances with public corporations and trading funds		794	794	3,409	3,409	3,779	3,779
Subtotal: intra- government balances		82,631	82,761	76,779	76,890	36,293	36,364
Balances with bodies external to government		86,984	87,018	111,933	112,089	41,228	42,118
Total		169,615	169,779	188,712	188,979	77,521	78,482

21. Provisions for liabilities and charges

£000	Early Departures		Specific Dilapidations		Onerous Contracts		Total	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Restated balance at 1 April 2010	5,236	5,236	3,011	3,011	6,281	6,281	14,528	14,528
Provided in the year	1,030	1,030	-	-	-	-	1,030	1,030
Provisions not required written back	-	-	(333)	(333)	-	-	(333)	(333)
Provisions other changes	12	12	-	-	-	-	12	12
Provisions utilised in year in respect of machinery of government transfer of function creditor	(221)	(221)	-	-	-	-	(221)	(221)
Provisions utilised in the year	(2,334)	(2,334)	(209)	(209)	(1,143)	(1,143)	(3,686)	(3,686)
Borrowing costs (unwinding of discounts)	49	49	-	-	-	-	49	49
Restated balance at 31 March 2011	3,772	3,772	2,469	2,469	5,138	5,138	11,379	11,379
Provided in the year	240	240	5,130	5,130	1,285	1,285	6,655	6,655
Transfers in	2,360	2,360	-	-	-	-	2,360	2,360
Provisions not required written back	(262)	(262)	(129)	(129)	(36)	(36)	(427)	(427)
Provisions other changes	4	4	-	-	-	-	4	4
Provisions utilised in year in respect of Machinery of Government transfer of function creditor	-	-	-	-	-	-	-	-
Provisions utilised in the year	(1,388)	(1,388)	(255)	(255)	(1,273)	(1,273)	(2,916)	(2,916)
Borrowing costs (unwinding of discounts)	77	77	-	-	192	192	269	269
Balance at 31 March 2012	4,803	4,803	7,215	7,215	5,306	5,306	17,324	17,324
Of which at 31 March 2012								
Current liability	1,420	1,420	1,050	1,050	1,818	1,818	4,288	4,288
Non current liability	3,383	3,383	6,165	6,165	3,488	3,488	13,036	13,036
Balance at 31 March 2012	4,803	4,803	7,215	7,215	5,306	5,306	17,324	17,324
Of which at 31 March 2011								
Current liability	1,388	1,388	255	255	1,273	1,273	2,916	2,916
Non current liability	2,384	2,384	2,214	2,214	3,865	3,865	8,463	8,463
Balance at 31 March 2011 Restated	3,772	3,772	2,469	2,469	5,138	5,138	11,379	11,379
Of which at 1 April 2010								
Current liability	2,334	2,334	209	209	1,143	1,143	3,686	3,686
Non current liability	2,902	2,902	2,802	2,802	5,138	5,138	10,842	10,842
Balance at 1 April 2010 Restated	5,236	5,236	3,011	3,011	6,281	6,281	14,528	14,528

Analysis of expected timing of discounted flows

£000	Early Departures		Specific Dilapidations		Onerous Contracts		Total	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	1,420	1,420	1,050	1,050	1,818	1,818	4,288	4,288
Later than one year and not later than five years	2,916	2,916	354	354	2,423	2,423	5,693	5,693
Later than five years	467	467	5,811	5,811	1,065	1,065	7,343	7,343
Balance at 31 March 2012	4,803	4,803	7,215	7,215	5,306	5,306	17,324	17,324

Analysis of expected timing of discounted flows

£000	Early Departures		Specific Dilapidations		Onerous Contracts		Total	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	1,388	1,388	255	255	1,273	1,273	2,916	2,916
Later than one year and not later than five years	2,171	2,171	891	891	2,480	2,480	5,542	5,542
Later than five years	213	213	1,323	1,323	1,385	1,385	2,921	2,921
Balance at 31 March 2011 Restated	3,772	3,772	2,469	2,469	5,138	5,138	11,379	11,379

21.1 Early departures

Reporting of Civil Service and other compensation schemes – exit packages

Provided in the year	2011-12			2010-11
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	–	–	–	–
£10,000 - £25,000	–	–	–	3
£25,000 - £50,000	–	–	–	4
£50,000 - £100,000	–	–	–	6
£100,000- £150,000	–	–	–	2
£150,000- £200,000	–	–	–	–
£200,000- £250,000	–	–	–	1
Total number of early departures cases	–	–	–	16
Total resource cost	–	–	–	£1,030,000

The Core Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (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 this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments discounted by the Treasury discount

rate of 2.80 per cent (2010-11: 2.9 per cent) per cent in real terms. Payments are made monthly and it is anticipated that all payments will have been made against the provision by 2020-21.

During 2011-12 there were no new cases of early departures, although top ups of £0.240 million were made to the existing provisions. Those early exit packages whose costs have been accrued in year are disclosed at Note 7.1.

21.2 Specific dilapidations

The Department leases a number of properties which it is required to bring into a good state of repair at the end of the lease. A provision is made for the estimated costs of these repairs based on a rate per square metre which is updated each year on advice from a facilities management company. A provision is written-back when there is evidence that it is no longer required.

During the financial year, provision was utilised in respect of 9 Whitehall (**£255,000**), and that element no longer required (**£129,000**) was written back.

New provisions totalling **£5,130,220** were required for 3 properties when they became the responsibility of the Cabinet Office; Belgrave Road (**£643,020**), Rosebery Court (**£1,972,200**) and Hercules House (**£2,515,000**):

- Belgrave Road following closure of National School of Government on 31 March 2012
- Rosebery Court following Machinery of Government transfer from HM Treasury in 2010-11
- Hercules House following the closure of the Central Office of Information Trading Fund on 30 December 2011.

New provisions had to be created as the respective bodies had not provided for them in their respective accounts. The expiry dates of these remaining leases range from April 2011 to February 2027. It is anticipated that most of the expenditure will take place at the end of the lease.

21.3 Onerous Contracts

The Cabinet Office has made provisions for onerous contracts for vacant leasehold properties following the Machinery of Government transfers of the Government Property Unit from the Department for Business, Innovation and Skills, Central Office of Information, non-ministerial department whose Trading Fund closed on 30 December 2011 and the National School of Government which closed on 31 March 2012.

The Government Property Unit manages the Government's property portfolio which includes 13 vacant leasehold properties and the provision covers rent, service charges and rates. The provision is discounted by the real rate set by HM Treasury of 2.20 per cent (2010-11: 2.20 per cent). The expiry dates of the leases range from 2013-14 to 2027-28.

The National School of Government leased premises at Belgrave Road in London which expires on 30 October 2012.

The Central Office of Information leased premises at Birmingham which expired on 22 May 2012 and Edinburgh which expires on 31 March 2013.

22. Loan commitments – Bridges Social Entrepreneurs Fund LP

The Cabinet Office has the following loan commitments to the Bridges Social Entrepreneurs Fund LP as at 31 March 2012:

£000	2011-12	2010-11
Total loan commitment	3,910	3,910
Less: Capital and loan drawn down	(1,249)	(906)
Total undrawn commitment	2,661	3,004

Bridges Social Entrepreneurs Fund LP is constituted under a Limited Partnership Agreement dated 21 August 2009 and is managed by Bridges Ventures LLP. The Fund invests in social enterprises that have the potential to generate scaleable and sustainable social impacts. The Fund currently has a committed capital of £11.75 million and has a life of 10 years (ending on 27 August 2019) unless terminated earlier in certain circumstances specified in the Limited Partnership Agreement.

The Department originally agreed to invest up to £5 million in the Bridges Social Entrepreneurs Fund LP, by match funding the investment that the Fund Manager secures from private investors. The Cabinet Office increased its commitment from £3,640,534 to £3,909,748 for the lifetime of the Fund, which in accordance with the terms set in the Limited Partnership Agreement denotes the Department's commitment as at 31 March 2010 to be **£3,909,748**, constituting a 33.27% share of the Fund. This commitment level has now been fixed.

The investment period for the remaining drawdown is currently estimated to end in 2014, but may be extended at the discretion of Bridges Ventures LLP subject to an Investors Ordinary Consent.

The investments in the Bridges Social Entrepreneurs Fund LP are valued by the Fund Manager using the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. See Notes 14 and 31.

For further information see www.bridgesventures.com

23. Capital commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for capital goods and services. The majority of these relate to investment in the Cabinet Office estate.

£000	2011-12		2010-11	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Contracted capital commitments at 31 March for which no provision has been made and not otherwise included in these financial statements				
Property, plant and equipment	262	262	3,077	3,077
Total	262	262	3,077	3,077

24. Commitments under leases

24.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which payments will be made:

£000	2011-12		2010-11 Restated	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Obligations under operating leases for the following periods comprise:				
Land and Buildings				
Not later than one year	14,752	14,752	8,027	8,027
Later than one year and not later than five years	51,061	51,061	23,790	23,790
Later than five years	61,094	61,094	28,164	28,164
	126,907	126,907	59,981	59,981
Other				
Not later than one year	12	12	30	30
Later than one year and not later than five years	4	4	16	16
Later than five years	-	-	-	-
	16	16	46	46
Total	126,923	126,923	60,027	60,027

24.2 Finance leases

There are no obligations under finance leases.

25. Commitments under PFI and other service concession arrangements

25.1 On-Statement of Financial Position

Fujitsu Services Ltd

The provision of Information and Communications Technology (ICT) services to the Cabinet Office includes certain infrastructure assets for use in delivering public services that fall within the scope of IFRIC 12 service concession arrangements.

In June 2007 the Cabinet Office entered into a contract with Fujitsu Services Limited (FSL) for the provision of Information and Communications Technology (ICT) services over a 5 year term until June 2012. The services include the provision of IT equipment throughout the life of the contract. Those assets provided on an exclusive basis were recognised as property, plant and equipment at the time they were brought into use.

Current part of PFI prepayment

Milestone payments made to FSL related to delivery of new equipment and infrastructure for the services. The value of the prepayments at 31 March 2012 was £0.410 million (2010-11: £2.050 million) which is all current; see Note 18.

The prepayments relating to those assets provided on a non-exclusive basis, such as servers, are recorded in the operating cost statement as services expenditure over the periods for which those assets are used.

Property, plant and equipment

The assets provided on an exclusive basis and in use at 31 March 2012 were recorded as Property, Plant and Equipment. The net book value of those assets at 31 March 2012 was **£0.895 million** (2010-11: **£0.556 million**); see Note 11.

Obligations under imputed finance lease element of on-balance sheet PFI contract

There are no outstanding finance lease obligations relating to the acquisition of the assets recorded as property, plant and equipment, the full liability having been extinguished in 2009-10.

Sunningdale Park site

Although the National School of Government closed on 31 March 2012, Cabinet Office has retained the site at Sunningdale Park for the present and is examining how the existing facilities can best be utilised going forwards. The site is operated under a PFI contract with a term of 30 years from 13 May 2002.

The National School gave a lease to the private sector partner for the office buildings against which sub leases were granted to the National School for their continuing use. These assets are included in Land and Buildings at a carrying value of **£2.133 million** (2010-11: **£2.191 million**).

The National School also gave a lease for the rest of the site upon which the private sector partner has undertaken an initial capital investment of £12 million in new training facilities.

As a consequence of these agreements-

Deferred asset

A pre-payment was established for the fair value of the property which was contributed to the scheme at the commencement of the contract. This deferred asset is recognised as property, plant and equipment and written off over 15 years. Its value at 31 March 2012 is **£3.658 million** (2010-11: **£4.389 million**).

Reversionary interest

A further asset is recognised for the department's residual interest in the training facilities which revert to the Cabinet Office at no cost at the end of the contract. The accruing residual interest, which is being built up over the term of the contract by capitalising part of the contract payments, is recognised as property, plant and equipment. Its value at 31 March 2012 is **£10.542 million** (2010-11: **£9.918 million**).

Whilst these two individual transactions reflect the underlying contractual arrangements, the Cabinet Office retains ownership of the training facilities throughout the period of the contract, the value of which at 31 March 2012 is reflected in the combined carrying value of the deferred asset and reversionary interest of **£14.2 million** (2010-11: **£14.307 million**).

Combined value

The combined carrying value of the office buildings and training facilities disclosed at Note 11 is **£16.333 million** (2010-11: **£16.498 million**). This is the sum of the Dwellings balance and Land and Buildings balance in Note 11.

25.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments

Fujitsu Services Ltd

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of Fujitsu ICT contract was **£11,280,317** (2010-11: **£12,930,506**) as disclosed at Note 9.

In respect of the Fujitsu ICT contract the total payments to which the Department is committed, analysed by the period during which the payments will be made are as follows:

£000	2011-12		2010 Restated	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	1,582	1,582	6,329	6,329
Later than one year and not later than five years	-	-	1,582	1,582
Later than five years	-	-	-	-
Total	1,582	1,582	7,911	7,911

The contract with Fujitsu expires on 30th June 2012. The Department will then receive ICT services through HM Treasury under a memorandum of understanding.

Sunningdale Park site

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of PFI transactions was **£2,712,563** (2010-11: **£2,266,549**) as disclosed at Note 8. The payments to which the Department was committed during 2011-12, analysed by the period during which the payments will be made are as follows:

£000	2011-12		2010 Restated	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	2,626	2,626	2,713	2,713
Later than one year and not later than five years	11,513	11,513	11,211	11,211
Later than five years	390	390	3,494	3,494
Total	14,529	14,529	17,418	17,418

26. Other financial commitments

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 information technology, estate management services and contracts relating to investments in the voluntary and community sector. The total payments to which the Department is committed, analysed by the period during which the payments will be made are as follows:

£000	2011-12		2010-11	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	62,076	62,076	49,697	49,697
Later than one year and not later than five years	72,329	72,329	46,147	46,147
Later than five years	9,583	9,583	14,583	14,583
	143,988	143,988	110,427	110,427

27. Contingent asset and liability - Futurebuilders programme

The Futurebuilders Fund provided loan financing, often combined with grants and professional support, to civil society organisations in England needing investment to help them bid for, win and deliver public service contracts. This Fund is closed for new applications. The Modernisation Fund provided interest-free loans to help organisations be more resilient to the impact of the economic downturn. This Fund closed last financial year for new applications.

Contingent Asset

£000	2011-12	2010-11
Futurebuilders England Fund	112,726	111,838
Modernisation Fund	5,551	6,046
Contingent asset as at 31 March	118,277	117,884

The Cabinet Office has a contingent asset of **£118.277 million** (2010-11: **£117.884 million**) which is reported as Restricted Funds in the 2011-12 accounts of Futurebuilders England Limited (FBE). FBE's contract with the Cabinet Office to deliver and manage the investment portfolio of the Futurebuilders and Modernisation Funds has been extended for a further two years and expires on 31 March 2013. At the end of the contract the Funds will revert to the Cabinet Office. The service agreement contains a novation clause which applies to the Futurebuilders Restricted Funds and which gives the Cabinet Office the entitlement to assign, novate or otherwise dispose of its rights and obligations under the agreement or novate the agreement itself to any other body.

Contingent Liability

Cabinet Office has a contingent liability of **£Nil** (2010-11: **£Nil**) owing from the Office for Civil Society to Futurebuilders England Limited relating to offers of loans and grants made to future investees, which have been approved by the Futurebuilders board, where a commitment is measurable and there is reasonable certainty of disbursement.

In respect of the Futurebuilders England Fund and Modernisation Fund, the total amount of loans and guarantees offered of **£123,909,000** (2010-11: **£124,496,000**) and grants offered of **£26,684,000** (2010-11: **£26,692,000**) was accepted by beneficiaries as reported in the 2011-12 accounts of Futurebuilders England Limited. The Cabinet Office has no contingent liability remaining as all funds were drawn down by 31 March 2011.

Further information about Futurebuilders England Limited (Registered company number 05066676) can be found at: www.futurebuilders-england.org.uk

28. Other contingent assets and liabilities disclosed

Contingent Liability

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

There are no other material contingent liabilities or contingent assets for disclosure under IAS 37 at 31 March 2012.

29. Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

In the 2010-11 accounts, the Cabinet Office reported that two separate indemnities had been provided to Returning Officers for the 2009 European Parliamentary and 2010 UK Parliamentary elections. Following the deadline passing for submitting any claims against the indemnities, the contingent liabilities are no longer applicable.

There are no material contingent liabilities at 31 March 2012 for inclusion for parliamentary reporting and accountability purposes.

30. Losses and special payments

30.1 Losses statement

The Statement of Comprehensive Net Expenditure includes the following losses, including write-offs of unrecoverable debts and fruitless payments.

£000	2011-12		2010-11	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	97	97	120	120

Number of cases	2011-12		2010-11	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	20	20	10	10

30.2 Special payments

£000	2011-12		2010-11	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	84	84	20	20

Number of cases	2011-12		2010-11	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	18	18	11	11

31. Related party transactions

Cabinet Office undertakes the majority of its business with other government departments, public corporations and grant giving bodies. The following bodies are regarded as related parties with which the Cabinet Office has had various material transactions during the year.

The main recipients of grants from the Cabinet Office in this category in 2011-12 were the Big Lottery Transition Fund, Big Lottery Infrastructure Fund and the Challenge Network.

The main suppliers to the Cabinet Office were Ecovert FM Limited, British Broadcasting Corporation, Foreign and Commonwealth Office, Home Office, Department for Work and Pensions (DWP), Westminster City Council, HM Treasury, HM Revenue and Customs and Ministry of Defence.

The main customers of the Cabinet Office were the Department for Work and Pensions, The APM Group, HMRC and Ministry of Justice.

The Cabinet Office is a sponsor of the Civil Service Commission, an executive non-departmental public body shown in Note 32.

The Cabinet Office is the parent of the Government Procurement Service (GPS), an executive agency shown in Note 32. GPS, formally known as Buying Solutions, an executive agency of the Cabinet Office, Efficiency and Reform Group, with Trading Fund status. GPS generated income to cover their costs through a small supplier commission operating at no cost to the taxpayer. The excess was paid to the Cabinet Office by way of dividends.

The Cabinet Office was also the sponsor of the Central Office of Information (COI) which was an executive agency and a trading fund until its closure on 30 December 2011. The Cabinet Office paid two subsidies to COI; see Note 9.

The Cabinet Office makes loans and has loan commitments to the Bridges Social Entrepreneurs Fund LP which is managed by Bridges Ventures Limited. The Fund invests in social enterprises that have the potential to generate scaleable and sustainable social impacts. The net income of the Fund is distributed half yearly. Bridges Social Entrepreneurs Fund LP is outside the departmental boundary and is therefore not treated as an investment in associates. See Notes 14 and 22.

The Cabinet Office has responsibility for setting and reimbursing the fees and expenses of Returning Officers conducting the polls at Parliamentary elections in England and Wales. No members of staff within the Cabinet Office had undertaken any material transactions with Returning Officers.

The ministerial titles and names of all ministers who had responsibilities for the department during the year are included in the Corporate Governance section. No minister, board member, key manager or other related parties had undertaken any material transactions with the Cabinet Office during the year.

32. Entities within the departmental boundary

The departmental boundary in this context relates to the boundary of the Departmental Accounts.

Advisory Non-Departmental Public Bodies (ANDPBs)

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 ANDPBs provide independent and expert advice to ministers on particular topics of interest. ANDPBs of the Cabinet Office include:

- Advisory Committee on Business Appointments
- Boundary Commission for England
- Boundary Commission for Wales
- Civil Service Appeal Board (ceased with effect from 31 December 2011)
- Commissioner for Public Appointments
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Security Vetting Appeals Panel
- Senior Salaries Review Body
- Main Honours Advisory Committee

The report *Ethics and Standards: The Regulation of Conduct in Public Life, Government Response to the Committee's Fourth Report of Session 2006-07 First special Report of Session 2007-08 (HC88 published 21 November 2007)*, recommended that the Cabinet Office show separately in its Accounts and Estimates the cost of each Independent Office and the Committee on Standards in Public Life. As a result, the cost of each office is clearly identified at Note 3.

Executive Non-Departmental Public Bodies (eNDPBs)

Executive Non-Departmental Public Bodies are consolidated with the accounts of the core department. eNDPBs can be established in statute. They carry out administrative, regulatory and commercial functions; they employ their own staff, are allocated their own budgets, are self accounting and produce their own accounts. The Cabinet Office has one executive non-department public body, the Civil Service Commission.

Civil Service Commission

Under the provisions of the Constitutional Reform and Governance Act, the Civil Service Commission was established as a body corporate (as an executive Non-departmental Public Body sponsored by the Cabinet Office) on 11 November 2010. The Commission is responsible for upholding the principle that selection to appointments in the Civil Service must be on merit on the basis of fair and open competition. The Commissioners publish a recruitment code, monitor departmental practice and chair competitions for most senior posts. They also advise departments on the promotion of the Civil Service code, which sets out the constitutional framework within which all civil servants work and the values they are expected to uphold, will hear and determine appeals raised by civil servants under the Civil Service Code; and may carry out additional functions in relation to the civil service if agreed by the Minister for the Civil Service and the Commission. Further information can be found at the link:

www.civilservicecommission.independent.gov.uk

32.1 Entities outside the departmental boundary

Executive Agency – Government Procurement Service

The Government Procurement Service (GPS) is a trading fund and an executive agency of the Cabinet Office. The Chief Operating Officer (COO) of the Efficiency and Reform Group (ERG) within the Cabinet Office appoints the Managing Director for GPS who is also the Accounting Officer. The Cabinet Office Chief Procurement Officer (CPO) is the Chair of the GPS Board.

The relationship between the Cabinet Office and GPS, much of which is conducted through ERG, is laid out in an Agency framework document which will be subject to periodic review. Each year, the ERG COO sets key performance targets for GPS that are signed off by the Minister for the Cabinet Office.

The Permanent Secretary is the Principal Accounting Officer but day to day running is delegated to the Managing Director. The management of GPS risks is the responsibility of the Accounting Officer and Cabinet Office's main input channel is through the CPO, Chair of the GPS Board. Further information can be found at Note 14 and at the link: <http://gps.cabinetoffice.gov.uk>

Executive Agency - Central Office of Information Trading Fund

The Central Office of Information (COI) was a trading fund and executive agency sponsored by COI, a non-ministerial department; the latter transferred into the Cabinet Office on 1 April 2011 and on 30 December 2011 COI Trading Fund closed.

HM Treasury appointed Ian Watmore, the Accounting Officer for the Cabinet Office, as the Accounting Officer for the Central Office of Information Trading Fund. Further information may be found at Note 14 to the accounts.

Cabinet Office Public Bodies

From autumn 2012, the Cabinet Office will produce a comprehensive annual Public Bodies directory providing details of NDPBs and similar public bodies. The directory can be found at the link:

www.cabinetoffice.gov.uk/resource-library/public-bodies-report

33. Events after the reporting period

The following event occurred between 31 March 2012 and 13 July 2012, the point at which these accounts were authorised for issue by the Accounting Officer.

On 30 April 2012, MyCSP Ltd was created as a new Mutual Joint Venture enterprise to administer pensions for the 1.5 million members of the Civil Service Pension Scheme, and as such it demerged from the Cabinet Office on 1 May 2012.

Under this Mutual Joint Venture model, the Government established MyCSP Ltd as a private limited company with three minority shareholders: Paymaster (1836) Ltd with a 40% equity stake, the Cabinet Office with a 35% equity stake and the Employee Benefit Trust with a 25% equity stake. Following completion of the competition to select Paymaster (1836) Ltd as the private sector partner, the Government transferred assets and liabilities into MyCSP Ltd via a Business Transfer Agreement. Staff were transferred to the new company via TUPE and the pre-existing service agreement arrangements between MyCSP and the Scheme Management Board (the authority within Cabinet Office responsible for the administration of the Civil Service Scheme) was translated into a standard and legally binding commercial contract (“the SMB Services Agreement”) for the provision of pension administration and other employment related and financial administration services. These transactions occurred simultaneously on vesting on 1st May and MyCSP Ltd began trading as a standalone business from this date.

Under the SMB Services Agreement, MyCSP Ltd is contracted to reduce administration costs (projected to reach annual savings of 50% within 10 years) while significantly improving the service. In return for its 40% ownership stake, Paymaster (1836) Ltd has committed to providing investment in the form of cash, resources and services that will contribute significantly to MyCSP Ltd’s transformation to achieve these efficiencies as well as the successful delivery of the improved services specified in the SMB Services Agreement. Paymaster (1836) Ltd is also helping to develop MyCSP’s business development function to enable the company to compete and win new business in the market place.

The Cabinet Office’s retained share value in MyCSP Ltd will be classified as a joint venture investment in the Cabinet Office’s 2012-13 financial statements. The cost of MyCSP services to the Cabinet Office in 2011-12 was £16.7 million.



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