



CabinetOffice

08/09

ANNUAL REPORT AND ACCOUNTS
2008-2009



Cabinet Office

Annual Report and Accounts 2008-2009

Incorporating the Spring Departmental Report and the
annual Resource Accounts

For the year ended 31 March 2009

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by Command of Her Majesty

Resource Accounts and Departmental Report presented to
the House of Lords by Command of Her Majesty

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FOREWORD

THE RT HON. TESSA JOWELL MP



MINISTER FOR THE
CABINET OFFICE, THE
OLYMPICS, LONDON
AND PAYMASTER
GENERAL

The Cabinet Office is right at the heart of government. Our task is to make sure government works effectively and delivers on the priorities of the British people. This has become more important than ever as the UK, like every country in the world, has felt the impact of the global recession.

Supporting government and its partners to protect people now, and ensure Britain comes through this downturn stronger, has been a key priority for the Cabinet Office over the past year. We have played a major role in co-ordinating the policies to provide urgent help for those businesses and families hit hardest. But we have also kept our sights on the need to take the right decisions so Britain is in a strong position to benefit as the world economy recovers. The new National Economic Council, which the Cabinet Office supports, is providing the leadership to ensure both these goals are met.

A global recession also needs a global response. The Prime Minister, and the Government, have played a key role in shaping the international community's response to this unprecedented crisis. The G20 Summit in London was widely hailed as an important step in speeding up recovery. I am proud of the major role that the Cabinet Office played in supporting the Prime Minister to ensure the summit was a success.

When businesses and families are looking closely at their own budgets, it is vital that the Government steps up its drive to deliver high-quality, responsive and personalised public services, delivering maximum value for every pound of investment. The best way to achieve this is to give people more power to shape the services on which they depend. The Cabinet Office is central to this goal, improving co-ordination and cutting duplication. By getting

departments to work together better, we save money to invest in front-line services and new priorities.

It is also important to spread best practice and support innovation. The newly formed Innovators Council will, for example, encourage ideas from public and frontline staff to ensure we continue improving our public services.

Prosperity must go hand-in-hand with ensuring people are secure, whether from terrorism or natural disasters. The Cabinet Office brings together the country's security and intelligence agencies to counter the terrorist threat. It is our job, too, to draw up plans – and put them into action if needed – to tackle a range of national emergencies, from flooding to pandemic flu.

A strong society is one in which everyone has the chance to make the most of their talents and potential. Our Social Exclusion Task Force champions the needs of the most disadvantaged in society. The *New Opportunities White Paper*⁹, published earlier this year, set out ambitious plans to help everyone in Britain turn their aspirations into success. Produced by the Cabinet Office's Strategy Unit and 10 Whitehall departments, it sets out how we will improve support for people at key stages of their lives.

Our charities, voluntary organisations and social enterprises will have an important role in achieving this goal. The third sector in Britain has never been stronger but we want to support them to do even more. I am determined to see social enterprise at the heart of government, planning for building Britain's future and delivering better public services. As well as backing the third sector through increased funding, we are working with them to encourage partnership and boost the number of volunteers.

Out of the headlines, the Cabinet Office keeps government working smoothly and focusing on what matters most. I'd like to thank all Cabinet Office staff for their hard work over the past few months, and previous ministers, Rt Hon. Liam Byrne MP, Tom Watson MP and Kevin Brennan MP for their considerable contributions.

Tessa Jowell

OVERVIEW



GUS O'DONNELL
CABINET SECRETARY
AND HEAD OF THE
HOME CIVIL SERVICE

The role of the Cabinet Office is to make government work better and I am proud of the way the Department has worked hard over the past year to make this happen in an ever-challenging environment. We have achieved this whilst maintaining our three core functions: supporting the Prime Minister; supporting the Cabinet; and strengthening the capability of the Civil Service.

From autumn 2008 the Cabinet Office has played a vital role in co-ordinating the response to the global downturn supporting the Prime Minister both nationally and internationally. This included the successful delivery of the G20 summit of world leaders and to the creation of the National Economic Council.

At the Prime Minister's request we launched a review of information security in government to continue improving the way we handle data through the delivery chain. The improved communications across all stakeholders has led to greater transparency. The Cabinet Office also rolled out a data security e-learning package to all departments. This has been made available to all public sector organisations.

To encourage public debate on the risks facing the UK, and the action needed to address them, we published the National Risk Register. This proved to be the world's first.

Last September, in Birmingham, we held the first of several Cabinet meetings outside London since 1921. The meetings were combined with public events which provided opportunities for the Cabinet to engage with local communities. These are a further demonstration of the way in which we have led the way in innovation and openness.

At the centre of government we have formed an even closer partnership with HM Treasury in order to improve the way we work with departments to help them deliver their objectives. I remain committed to building a capable and professional Civil Service which reflects the society we serve. Through the Capability Review programme we are continuing to build capable departments ready to meet the challenges of the future. This year the Cabinet Office led on the second phase of the programme, re-visiting departments two years on from their original reviews. This included a review of the Cabinet Office, which highlighted our achievements as well as the areas in which we must continue to improve.

It is important that we continue to focus on ensuring we have a diverse workforce. As a result we launched the Civil Service-wide strategy: Promoting Equality, Valuing Diversity: A Strategy for the Civil Service. The Cabinet Office also led on the Civil Service Diversity and Equality awards in Birmingham last year. These celebrated the success we have already made on this agenda.

In such challenging times, the Cabinet Office has worked hard to make value for money savings. We know it won't be easy but we must meet the challenges of the future head on, within the department and across the Civil Service, while continuing to deliver value for money for the taxpayer. This will increasingly require innovative ideas which can shape the future. I am confident that the dedicated and professional staff in the Department will meet this challenge.

A YEAR IN

THE CABINET OFFICE 2008-09



APRIL

Creation of Power of Information Task Force

New strategy for Government skills 'Building professional skills – a strategy for delivery'

Launch of Capability Building Programme

The second phase of the Capability Review programme gets underway

MAY

Launch of £16m 'Family Pathfinder' programme with DCSF

JUNE

Review of information security in government

Publication of 'excellence and fairness: achieving world class public services'

Crime and Communities Review published – 8 month Cabinet Office study

Cabinet Office staff honoured in Queen's birthday list

Publication of SETF's 'Think Research: Using research evidence to inform service development for vulnerable groups'

Launch of PSA 16 Delivery Plan with partner departments

JULY

Launch of Civil Service-wide diversity strategy

Government sets out 21st century challenges for food in the UK

Third Sector Advisory Body created

AUGUST

Publication of first National Risk Register

SEPTEMBER

First Cabinet outside London since 1921

Grassroots Grants opens for business

Newly appointed Senior Civil Servants attend the corporate leadership induction programme Base Camp

OCTOBER

National Economic Council announced by the PM to respond to the economic downturn

First Council of Regional Ministers meets

£10m Third Sector Research Centre launches

Departments commit to introduce a No Retirement Age Policy below the Senior Civil Service

New Third Sector skills body set up to identify and address skills gaps and shortages for charities, voluntary groups and social enterprises

The National Economic Council set up to co-ordinate the Government's response to the global economic downturn. As part of this, it helped coordinate the Government's 'Real Help Now' campaign

NOVEMBER

Civil Service Awards

Publication of *Getting On, Getting Ahead* - analysis of evidence base on social mobility

CO spearheads world-leading recycling competition

G20 announced in Washington. Cabinet Office preparations begin

DECEMBER

Cabinet Office staff named in New Year's Honours list

Civil Service Diversity & Equality Awards

Launch of 'Fair Rules for Strong Communities' strategy

Capability re-reviews findings published

Launch of 'Aspirations and Attainment Short Study'

Key influencers attend the Capability Building Programme's 'Analysis Evidence Policy Delivery' conference to shape the reform agenda

Sir David Normington's Review of SCS Workforce and Reward was steered to a successful conclusion and published

JANUARY

Publication of *New Opportunities White Paper*

Civil Contingencies Secretariat co-ordinate government response to ensure road salt distribution to areas where most needed following extreme snowfall across UK

FEBRUARY

Launch of Real Help for Communities (£42m to help Third Sector)

Cabinet Office restructure to respond to priorities such as Public Service Reform and the economic downturn

Jobs Online launched ensuring all Civil Service jobs available in a single place

38 projects awarded £30m grant aid from Community Assets Fund

Successful pilot of a Civil Service-wide People Survey

MARCH

Publication of *Working together: Public Services on your side*

Award of 5,000 Grassroots grants totalling £16m

Civil Service Live Gateshead – over 1,600 visitors

Launch of a new Civil Service-wide Leadership Development Framework to drive more consistent and higher-quality leadership

Approximately 250 newly appointed Senior Civil Servants attend the Civil Service corporate leadership induction programme Base Camp

Cabinet Office recruits 570 Fast Streamers for the Civil Service

CABINET OFFICE DEPARTMENTAL STRATEGIC OBJECTIVES

The Cabinet Office's role – making government work better – is wide-ranging. The department's responsibilities include supporting the Prime Minister and Cabinet, coordinating national security, tackling social exclusion and transforming the skills and capability of the UK Civil Service.

These are all central to the Government's ability to deliver its objectives and Public Service Agreements (PSAs). Announced in October 2007 in the Comprehensive Spending Review 2007 (CSR 2007), the 30 PSAs set out the Government's highest priority outcomes for the CSR 2007 period from 2008/09 to 2010/11.

Cabinet Office is leading on the delivery of one PSA:

- PSA 16: increase the proportion of socially excluded adults in settled accommodation and employment.

Cabinet Office is also a delivery partner for three further PSAs:

- PSA 21: Build more cohesive, empowered and active communities;
- PSA 26: Reduce the risk to the UK and its interests overseas from international terrorism; and
- PSA 30: Reduce the impact of conflict through enhanced UK and international efforts.

Also agreed as part of the Government's CSR settlement were six Departmental Strategic Objectives (DSOs). All the main government departments set themselves varying numbers of DSOs which are intended to cover the wider span of their departmental activities. These objectives include business as usual; while at the same time underpin delivery of the Government's highest priorities as set out in the 30 PSAs. Our DSOs demonstrate how everyone in the Cabinet Office is contributing to our overall delivery.

For further information on PSAs and the performance against delivery of our six DSOs, please see page 56.

DEPARTMENTAL STRATEGIC OBJECTIVES

DSO 1

Build an effective UK intelligence community in support of UK national interests and the capabilities to deal with disruptive challenges to the UK

DSO 2

Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy making

DSO 3a

Improve outcomes for the most excluded people in society

DSO 3b

Enable a thriving third sector

DSO 4

Transform public services so that they better meet the individual needs of the citizen and business

DSO 5

Build the capacity and capability of the Civil Service to deliver the Government's objectives

DSO 6

Promote the highest standards of propriety, integrity and governance in public life

STEERING BRITAIN THROUGH THE DOWNTURN

Helping government and its partners get Britain through the downturn, as a safer, stronger and more prosperous country

A core task for the Cabinet Office is managing the Cabinet's agenda and supporting the work of its Committees. To help bring government closer to the people, and better inform discussions, the Cabinet over the last year has met outside London for the first time since 1921. Cabinet meetings have now been held in Birmingham, Liverpool, Leeds, Southampton and Glasgow. As well as a traditional Cabinet meeting, each day also provided valuable opportunities for ministers to meet and hear from members of the local community.

In addition to organising the five Cabinet meetings outside London, the department has coordinated and published responses from the Government to the questions raised at the public events¹.

The Cabinet Office, as the home of the new National Economic Council (NEC), has been given a key role in helping the Government steer Britain through the economic downturn.

As the world recession gathered pace, the Prime Minister announced in October the formation of the high-powered NEC. Supported by a joint secretariat led in partnership by the Cabinet Secretary, Gus O'Donnell and Permanent Secretary to HM Treasury, Nicholas Macpherson, the NEC brings together departments' senior ministers to:

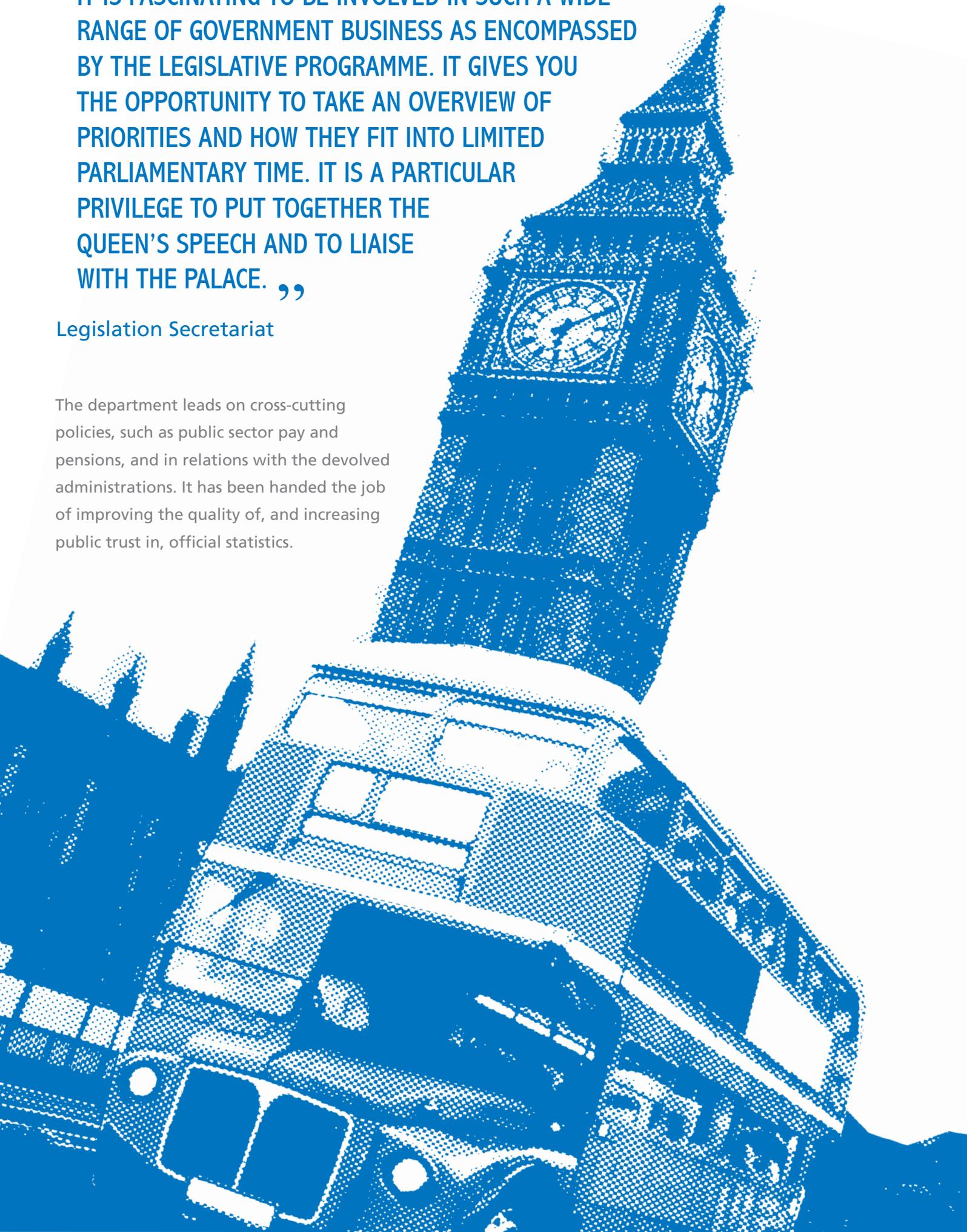
- help families and businesses deal with the economic uncertainties caused by the downturn, including co-ordinating work on the Government's *Real Help Now*²⁴ campaign; and
- equip the country for the future by making the right investments in education, skills, science and infrastructure.

Alongside the work on economic policies, the Cabinet Secretariat also helps ensure that the work of departments across government is effectively coordinated and plays a lead role in drawing up the legislative programme.

“ IT IS FASCINATING TO BE INVOLVED IN SUCH A WIDE RANGE OF GOVERNMENT BUSINESS AS ENCOMPASSED BY THE LEGISLATIVE PROGRAMME. IT GIVES YOU THE OPPORTUNITY TO TAKE AN OVERVIEW OF PRIORITIES AND HOW THEY FIT INTO LIMITED PARLIAMENTARY TIME. IT IS A PARTICULAR PRIVILEGE TO PUT TOGETHER THE QUEEN’S SPEECH AND TO LIAISE WITH THE PALACE. ”

Legislation Secretariat

The department leads on cross-cutting policies, such as public sector pay and pensions, and in relations with the devolved administrations. It has been handed the job of improving the quality of, and increasing public trust in, official statistics.





“ The G20 involved a huge amount of preparation. You saw the huge effect it had on the No.10 staff who work in facilities and events, as well as the economic and foreign advisors. For those few weeks it was fairly hectic here.

”
Karen Lovesey,
Duty Clerk, No.10

Co-ordinating the Government's response to the global economic crisis

The G20 Summit in London was seen as one of the most important gatherings in shaping the world's response to the global recession.

On Thursday 2 April 2009 world leaders met at the ExCel Centre in London's Docklands to discuss a response to help restore global economic growth. It followed months of preparatory work at home and abroad by the European and Global Issues Secretariat.

The team worked on everything from key reports such as the *Road to the London Summit*², which was launched by the Prime Minister, to negotiating the final Leaders' statement. They drew together advice and personnel, from across

government and outside, to work on the key financial and development issues.

Cabinet Secretary Gus O'Donnell said it was 'a very good example of how the Civil Service is rising to immediate challenges and drawing in expertise from across departments, as well as input from external experts, to get the work done.'

The Cabinet Office was heavily involved in the planning of G20. The Prime Minister's International and European Policy Adviser, Jon Cunliffe, was the British 'Sherpa', or lead negotiator, to the Summit. He had overall responsibility for pulling the summit together – a task that required three months of simultaneous negotiations with 30 countries and their delegations.

“THE G20 WAS A TRIUMPH OF JOINED-UP GOVERNMENT – NATIONALLY AND INTERNATIONALLY. THE SMOOTH DELIVERY OF SUCH A COMPLEX EVENT HAS ENHANCED THE UK’S INTERNATIONAL REPUTATION AND DELIVERED REAL RESULTS THAT WILL HELP US COME OUT OF THE RECESSION STRONGER.”

Gus O’Donnell – Cabinet Secretary

Prime Minister Gordon Brown, speaking at the G20 press conference, said:

‘Today we have reached a new consensus – that we take global action together to deal with the problems we face; that we will do what is necessary to restore growth and jobs; that we will take essential action to rebuild confidence and trust in our financial system, and to prevent a crisis such as this ever happening again.

There are no quick fixes, but with the six pledges that we make today we can shorten the recession and we can save jobs.’

Gus O’ Donnell said: ‘It was a triumph of joined-up government – nationally and internationally. The smooth delivery of such a complex

event has enhanced the UK’s international reputation and delivered real results that will help us come out of the recession stronger.’

Jeremy Heywood, Permanent Secretary at No.10 added:

‘Preparing for the G20 Summit was an immense task for the whole of government – a challenge of policy development and negotiation, organisation, communication and security.’

KEEPING BRITAIN SAFE

Helping government play a central role in planning for emergencies, and working closely with other government departments, is essential in order to prepare for unexpected events.

NATIONAL SECURITY

The Government published the first *National Security Strategy*³ in March 2008 to respond to current security challenges. It sets out how we have learned the lessons of recent years, including experiences of terrorism and civil emergencies, in the UK and overseas.

Drawing on knowledge from across government departments, agencies and forces, it contributes to our overarching national security objective: protecting the UK and its interests, enabling its people to go about their daily lives freely and with confidence, in a more secure, stable, just and prosperous world.

To support the strategy, the Prime Minister announced the creation of a National Security Forum, whose responsibility is to provide informed and independent advice to government. An interim body chaired by Lord West met in March 2009 and brought together a range of experts from the worlds of business, academia, the military and security. The Forum's work is supported by the National Security Secretariat.

In October 2008 the National Security Secretariat was established with responsibility for supporting and advising the Prime Minister and the Cabinet's National Security Committee on all areas of national security. It is working towards the publication of a first

annual update to the National Security Strategy to be published at the end of June 2009.

Based in the Cabinet Office, but working across government, the Secretariat manages the Government's response to crises and monitors performance against the National Security Strategy. The Secretariat operates and coordinates central government's crisis management facility (COBR) and manages central government's response to emergencies.

Among many other areas of work, the Secretariat has also been leading a cross-government project to consider the UK's approach to cyber security. It is working with international and industry partners

“ AS THE NATIONAL SECURITY STRATEGY MAKES CLEAR, NEW THREATS DEMAND NEW APPROACHES. A RADICALLY UPDATED AND MUCH MORE COORDINATED RESPONSE IS NOW REQUIRED. ”

Gordon Brown at the launch of the National Security Strategy in March 2008

to develop a comprehensive and coherent approach to cyber security in the UK. Cyber security is a priority for Government as it cuts across almost all of the challenges outlined in the National Security Strategy.

COORDINATING THE COUNTRY'S RESPONSE

The Civil Contingencies Secretariat (CCS) coordinates the Government response to, and planning for, civil emergencies.

It aims to improve the UK's resilience at every level (central, regional and local) against disruptive challenges.

PROTECTING THE NATIONAL INTEREST

The Joint Intelligence Committee (JIC) provides ministers and senior officials with cross-departmental intelligence assessments on issues important to national interests. It also provides a warning and monitoring function for the Government. Chaired by Alex Allan, the JIC comprises senior officials from a range of departments. These include Foreign and Commonwealth Office, Ministry of Defence, Home Office, Department for International Development, HM Treasury, and Cabinet Office. The heads of the intelligence agencies – Security Service, Secret Intelligence Service (SIS) and GCHQ – are also members.

Supported by a Secretariat and Assessments Staff, the JIC drafts assessments of current issues, which are informed by intelligence gathering. These issues are then discussed and approved by the JIC before being circulated.

In 2008 the committee supported the Government's response to 70 crises via the central Government's crisis management facility, COBR.

DRIVING FOREIGN AND DEFENCE POLICY (FDP)

The Foreign and Defence Policy (FDP) Secretariat is responsible for driving and delivering policy across departments.

Over the course of the past year it has led the Government's development and implementation of the strategies to help build stability in Afghanistan, Iraq and Pakistan. In April 2009, the Prime Minister published a strategy, *UK policy in Afghanistan and Pakistan: the way forward*⁴. The document built on

both the strategy for Afghanistan announced by him in December 2007, and the consistent support Britain has given Pakistan in recent years.

The Secretariat supported the Prime Minister's response to international crises, such as in Georgia and Gaza, and prepared him for international visits. It also supported him in hosting summits on UK/China and Global Europe.

The National Security Strategy worked to improve Britain's preparedness for severe natural hazards. These included a flu pandemic, and widespread coastal and river flooding on the scale of 2007. As a result:

- UK's preparedness for a flu pandemic – identified as the highest risk to public safety – has been judged by the World Health Organisation as among the most advanced in the world. CCS and the Department of Health have identified priority areas for improvement over the coming months.

IN 2008 THE COMMITTEE SUPPORTED THE GOVERNMENT'S RESPONSE TO 70 CRISES VIA THE CENTRAL GOVERNMENT'S CRISIS MANAGEMENT FACILITY, COBR

- The Government is making good progress in responding to the recommendations of the Pitt Report following the widespread flooding in 2007. Sir Michael Pitt was asked by ministers to carry out a review of the flood-related emergencies which occurred during the summer of 2007. The three months from May to July were the wettest since records began and the events that followed were linked to the deaths of 13 people. The flooding also resulted in damage to approximately 48,000 homes and 7,000 businesses.
- The report contained a total of 15 recommendations and 72 interim conclusions. They were strategic in nature but with implications for every locality in the country.
- The *National Security Strategy*³ mentions the publication of a national-level risk register to support community resilience. The first register was published on 8 August 2008; publication of these risks has enabled work to begin to address them at a local or community level.

LEADING PUBLIC SERVICE REFORM

Across government, one of the key Cabinet Office tasks is to drive forward public service reform and ensure that public services are high-quality, responsive and deliver value for money. This is a particular priority in the current economic climate.

In March 2009 the Cabinet Office published *Working together: Public Services on your side*⁵, setting out the Government's plans to accelerate public service reform over the coming year.

These plans included measures to build on the progress already made in improving the provision of services in health, education, policing and employment, and handing more power to local communities to shape the services they receive.

To drive this work forward, and in response to challenges posed by the economic downturn, the Public Service Reform (PSR) group was formed in April 2009. It consists of the following Cabinet Office units:

- The Office of the Third Sector (OTS)
- The Social Exclusion Task Force (SETF)

- The Strategy Unit
- The Public Services Unit – a new unit which brings together work on public services strategy, service transformation, innovation in public services and public service workforce reform.

INNOVATORS COUNCIL

Launched in May 2009 by the then Minister for the Cabinet Office Liam Byrne, the Innovators Council is a group of inspirational thinkers from the public, private and third sectors who want to encourage ideas on how we can radically improve public services.

Membership is drawn from a range of backgrounds, and is supported by a small multi-disciplinary team in Cabinet Office.

'Change in the years to come has to be driven by front-line staff – not ordered from the top,' said Liam Byrne about the launch. 'My view is very simple: front-line staff doing the job day-in day-out will often see the clearest what needs to change.'

'That's why I'm asking this panel of experts to join me in seeking out, developing and implementing the next generation of innovative ideas; ideas that will allow us to continue the reform of public services and deliver a smaller, stronger centre of government that encourages innovation and allows it to flourish.'

CREATIVE HUB

To set the process in motion, the Department has introduced a six-strong Innovation Team who will work alongside experts from other organisations to sift, collate and analyse all the entries from the public. They will also play a key

organisational role in meetings of the Council. Helen Begley, a member of the team, said:

‘We believe very strongly that the best ideas come from those closest to the actual delivery of public services. The Innovators Council will be considering ideas from the people in these positions. It will be taking ideas from the public to the top tables of Whitehall.’

This feedback will inform the Government’s Public Service Reform programme.

SHAPING LIVES

In May, Liam Byrne issued a call for ideas, asking frontline staff and citizens how people who deliver public services can better work together and how we can cut out duplication and waste in public services.

These ideas were presented to the Council in June.

They will select the best ideas and then use their influence to develop, test and implement them. Council members include Lord Victor Adebowale of Turning Point and the Sunningdale Institute and Charlotte Hogg, Managing Director of Experian.

Helen Begley added: ‘The kind of ideas we want to see are those that will radically reform services, and those that will be discussed and developed will hopefully go on to shape the way we live.’

There will be three meetings of the Council over the course of 2009, and ideas can be submitted via:

www.publicexperience.com⁶ or can be emailed to: innovation@cabinet-office.x.gsi.gov.uk.

Who’s who in the Council? – visit the Innovators Council website⁷.

“ THE CREATION OF A PUBLIC SERVICE REFORM GROUP, DRAWING TOGETHER EVERYONE WHO WORKS IN THIS AREA, WILL ALLOW US TO POOL CABINET OFFICE RESOURCES AND REALLY FOCUS ON IMPROVING PUBLIC SERVICES FOR CITIZENS.”

Sarah Fogden, Deputy Director, Service Transformation



IMPROVING LIFE CHANCES FOR ALL

Ensuring no one is left behind – working across government to ensure the right support for the most vulnerable – is crucial to the work of the Cabinet Office.

The Social Exclusion Task Force (SETF) has a track record of ensuring government extends the opportunities already enjoyed by most people to those who have suffered deprivation and exclusion. It champions the needs of the most disadvantaged by identifying areas where public service reform can help everyone make the most of their potential and prevent people from becoming socially excluded.

The Task Force works to deliver improved life chances for vulnerable people, in particular by increasing the proportion in settled accommodation and in employment, education or training. Its work focuses primarily on **four at-risk groups**:

- young people leaving care;

- offenders under probation supervision;
- people receiving secondary mental health services; and
- people with moderate to severe learning disabilities.

We share responsibility for delivering the Government's '**Public Service Agreement 16**' (PSA16) with six other departments: Department for Work and Pensions (DWP), Communities and Local Government (CLG), Ministry of Justice (MoJ), Department of Health (DH), the newly formed department for Business, Innovation and Skills (BIS), and Department for Children, Schools and Families (DCSF).

(See page 52 for more on PSAs and page 72 for PSA16).

The Task Force also develops studies and supports innovative projects which tackle social exclusion.

RAISING ASPIRATIONS

In December 2008 the Task Force, Department for Children Schools and Families (DCSF) and Communities and Local Government (CLG) published *Aspirations and attainment in deprived communities*⁸.

This short study focused on raising aspirations for children. It found that close-knit social networks, a sense of isolation from broader opportunities, and a history of economic decline, could all play a part in lowering ambitions for young people.

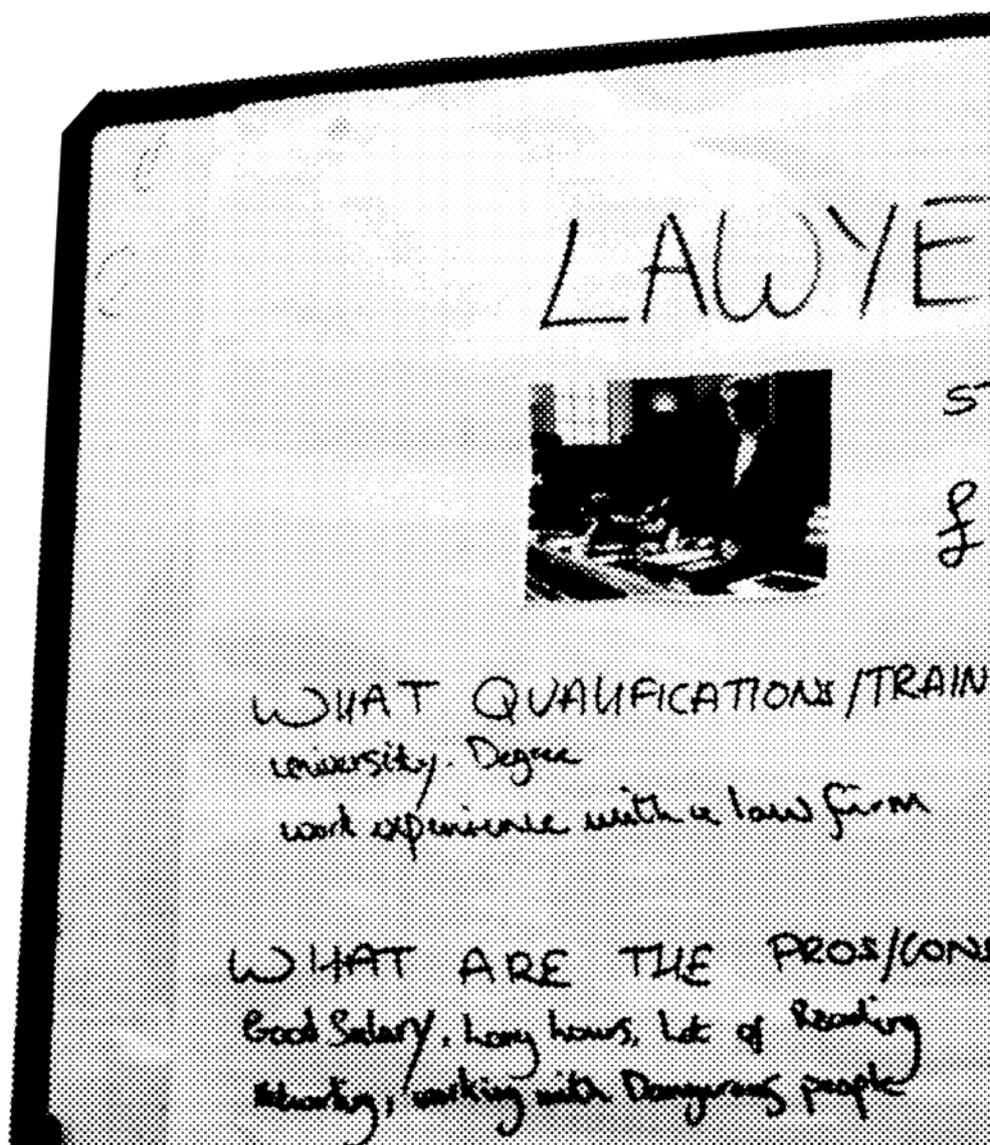
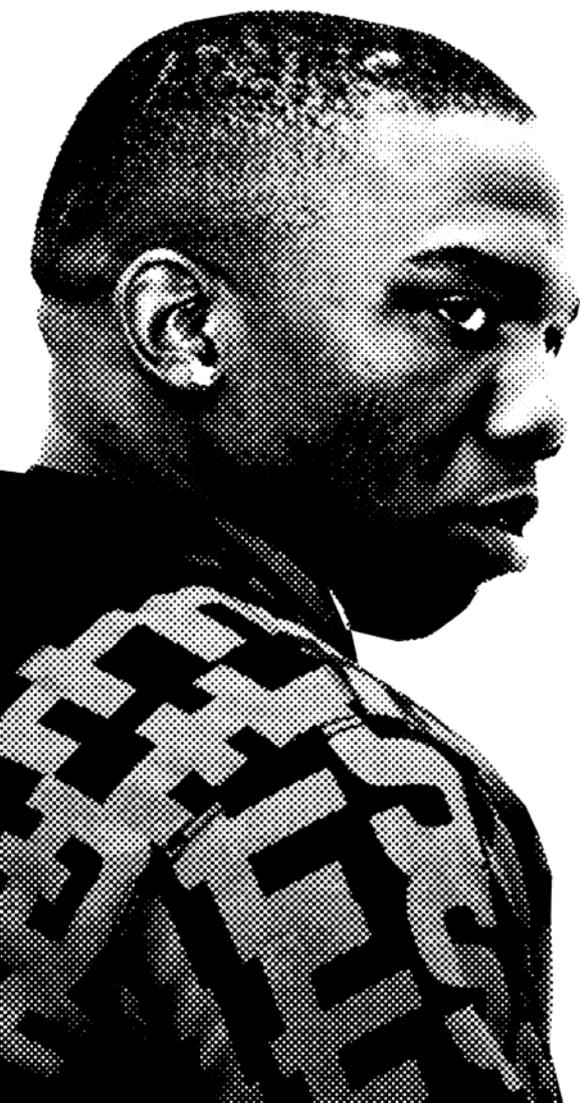
The study recommended that locally tailored and community-wide campaigns could be effective in shifting attitudes, changing behaviours and improving outcomes for young people in these areas. The aim of such campaigns would be to mobilise communities to do the best for their young people. They would also provide a new model for local partnership working, led by a dynamic local leader, and drawing together a programme of activities to broaden young

people's horizons; provide advice and inspiration; raise parents' own aspirations; and draw on the talents of the local community.

The project led to the announcement of the £10 million *Inspiring Communities* programme in the *New Opportunities White Paper*⁹.

“ I COULDN'T THINK OF A JOB WHERE MY SKILLS COULD BE PUT TO BETTER USE. I GENERALLY WANTED TO LEARN ABOUT HOW THE GOVERNMENT WORKS AND WHAT WAYS I CAN ADD MY SKILLS AND EXPERIENCES TO IMPROVE WHAT ALREADY STANDS. ”

Matthew Tyler,
Cabinet Office, Strategy Unit



NEW OPPORTUNITIES - FAIR CHANCES FOR THE FUTURE

Through the Strategy Unit, the Cabinet Office led on delivery of the *New Opportunities White Paper*⁹, published in January 2009. It sets out a number of recommendations to help the most disadvantaged groups in society to get on and get ahead, including:

- £57 million to extend free child care for disadvantaged two-year-olds;
- 35,000 new apprenticeships so that all qualified young people have the right to an apprenticeship by 2013;
- career mentoring for all care leavers, offering training, mentoring and access to jobs;
- establishing a panel to identify and remove the

barriers that prevent fair access to professional jobs.

Evidence for the policy recommendations came from the Cabinet Office's Strategy Unit discussion paper, *Getting on, getting ahead*¹⁰, published in November 2008, which analysed the trends in social mobility.

CONNECTING WITH STAKEHOLDERS

The Task Force constantly draws on the knowledge and experience of outside experts and stakeholders. For example, a series of seminars took place in the spring, led by James Purnell, Secretary of State for Work and Pensions, and Liam Byrne, Minister for the Cabinet Office, to examine how to help more people from the at-risk groups into work.

The Task Force and the Strategy Unit also employ a young person with a learning disability, so that they can see how policies look from the customer's point of view. Asked why he wanted to join the Cabinet Office team, Matthew Tyler responded:

'I couldn't think of a job where my skills could be put to better use. I generally wanted to learn about how the Government works and what ways I can add my skills and experiences to improve what already stands.'

To mark the launch of the new short study on social exclusion and the economic downturn, Liam Byrne held a seminar on 19 May 2009 on this issue. This provided an opportunity to learn from leading experts and practitioners from across the country.

LOOKING AHEAD

The Task Force will continue its work with government departments, local service providers and third sector organisations to tackle social exclusion. In particular:

- We will work with DWP, DH, DCSF and BIS to publish employment strategies for people with mental health issues and learning disabilities.
- Government departments will work to increase the number of people from excluded groups employed in the Civil Service, and to share this learning with the rest of the public sector.
- Over the next two years, the Task Force, National Care Advisory Service, government

offices and specialist youth homelessness advisers will work with local authorities to improve access to suitable accommodation for care leavers.

- We will devolve more power to the front line and to 'lead professionals' so vulnerable people have one point of access to a range of services.

The Short Studies team will continue to address social exclusion issues which cut across government departments. A report on older people and rural exclusion is being published in the summer of 2009.

STRENGTHENING BRITAIN'S THIRD SECTOR

Ensuring that, alongside government, a thriving third sector enables people to change society for the better

Third sector organisations are playing a hugely important role in empowering local communities to work together to address their own unique challenges. Our own Office of the Third Sector (OTS) strives to help them continue to be a force for good in our society.

GRASSROOTS GRANTS

It is often the smallest, volunteer-led organisations within local communities that make the biggest difference in changing society for the better. They can be particularly effective in giving a voice to marginalised groups. The Cabinet Office recognises the work of these grassroots groups and has taken action to support them.

Throughout the year, our £130 million Grassroots Grants programme has provided much needed access to small grants for local community groups across England. By March 2009, 5,000 grants of between £250 and £5,000 had been awarded to small

volunteer-led community groups across the country, totalling £16 million. For up to 40% of these groups, it was the first time they had ever received a grant.

The grants include £2,175 given to mother-and-child support service Maternity Buddy¹¹, – the 2,500th grant awarded under the scheme. Maternity Buddy was set up by Lincoln University student Leanne Moreland to help support pregnant women with anything from learning English to accessing public services or simply making friends. It has proven so successful that in just a year, 21 volunteers have helped over 150 families.

Leanne applied to the Lincolnshire Community Foundation, one of 67 Local Funders selected across England to distribute Grassroots Grants. Local community groups with annual incomes below £30,000 can apply for a grant of £250 to £5,000 in a straightforward and easy way.

Leanne said:

‘Two thousand pounds might not seem like a lot of money to some voluntary groups, but for a small project like ours that has never received grant funding before, it will make a massive difference.

Now we have funding to increase the range of services we offer and reach even more people in need. One of the ways we’re doing this is through our exciting new interactive website¹¹.’

Grassroots Grants, a £130 million scheme aiming to provide much needed access to small grants for local community groups, will run from 2008-2011 and be divided into two parts:

- an £80million small grants fund for local use and community organisations; and
- a £50million programme to help generate additional donations on a matched basis, for local funders to invest them in endowments.



5,000

By March 2009, 5,000 grants of between £250 and £5,000 had been awarded to small volunteer-led community groups across the country, totalling £16 million.

For up to 40% of these groups, it was the first time they had ever received a grant.

THE WORK OF THE THIRD SECTOR ADVISORY BODY WILL HELP EQUIP THE THIRD SECTOR WITH A STRONGER VOICE IN POLICY-MAKING, ON BEHALF OF THE PEOPLE THEY REPRESENT.

COMMUNITY ASSETS

The Cabinet Office recognises that Third Sector organisations could achieve more if they could make better use of their community buildings. Through the £30 million Community Assets programme, funded by the OTS and delivered by the Big Lottery Fund, we are giving them the opportunity to improve facilities and extend services.

The first Community Asset grant was awarded to Chester-le-Street District Council and Pelton Fell Community Group in November 2008. A grant of £337,000 will fund the refurbishment and extension of the Pelton Fell Community Resource Centre, and put it back into the hands of the community who will actually use it.

The new facilities including a café, sports bar and a multi-use games area were chosen by the community. The centre will be used by over 3,000 local people and 30 community organisations.

NEW ADVISORY BODY

In July 2008 the Third Sector Advisory Body was set up to provide ministers with clear and authoritative advice on policy regarding the third sector – this included charities, voluntary groups and social enterprises.

Chaired by Baroness Jill Pitkeathley, the Advisory Body has an overview of the work of the Cabinet Office's OTS team and advises ministers on future priorities, issues and policies which might affect the sector. The

Advisory Body published a Health Check of the OTS in March 2009. The report, based on a series of stakeholder interviews, provided a great deal of positive feedback alongside a series of recommendations for the OTS to take forward. A copy of the report can be found on the Cabinet Office website¹³.

FINANCIAL STABILITY FOR OUR PARTNERS

The OTS strategic funding programme enables the views of the sector to be heard and allows it to help shape the development of government policy. Providing long-term unrestricted funding to third sector organisations that operate at a national and regional level, it offers financial stability to our strategic partners.

In July 2008 OTS announced an extension to the programme for a further two years, continuing the funding for over 40 partners until March 2011. Our partners, who include organisations such as the National Council for Voluntary Organisations (NCVO), the Social Enterprise Coalition and v, the youth volunteering charity, can

speak with authority and credibility over a very wide range of sector interests. Our strategic funding of these organisations in unrestricted grants represents a long-term partnership with the sector.

The strategic partner organisations are funded to enable them to fairly reflect the views of their members to government through activities including events, conferences, research or consultation. For its part, OTS consults and involves partners in policy development, taking into account the evidence, advice and opinion they provide.

RESPONDING TO THE DOWNTURN

The third sector, with its speed and local knowledge, is vital to help the country respond to the challenges of the downturn. But the global recession is also having an impact on voluntary organisations, including the charitable donations on which they depend.

The then Third Sector Minister, Kevin Brennan, chaired a summit with the National Council of Voluntary Organisations on the impact of the downturn on the third sector in November 2008.

Sector representatives highlighted a number of challenges they were facing in the current economic climate, and more importantly discussed how Government and the sector could work together.

In recent months the OTS has acted as a central hub to quickly collect evidence measuring the impact of the recession on the third sector and helping to identify and address current and future challenges.

A £42.5 million cross-government action plan, *Real Help for Communities: Volunteers, Charities and Social Enterprises*¹⁴, was published in February 2009. It builds on the wide range of measures the Government has put in place to support people through the economic downturn, and on the Government's long-term commitment to voluntary organisations and social enterprises. Its strength lies in a co-ordinated response to the downturn, rather than piecemeal approaches by a range of individual departments.

THE THIRD SECTOR IS A POWERFUL PARTNER IN DELIVERING REFORM OF PUBLIC SERVICES

DESIGN AND DELIVERY

Third sector organisations make a hugely important contribution to the design and delivery of public services. Two years ago, OTS published the Public Service Action Plan. It committed the Government to a series of actions to reduce the barriers faced by third sector organisations in delivering public services. The past year has seen government take major steps towards achieving this goal. The principles of the action plan are being implemented across government departments and the sector is developing and delivering improved public services.

COMMISSIONING

To enable the third sector to deliver public services, commissioners need to understand what the sector offers and how they can work with them. To deliver this, the National Programme of Third Sector Commissioning was set up.

The programme:

- is engaging with up to 2,000 commissioners working across the public sector to increase awareness of the contribution the third sector makes in delivering public services;
- has set up an online community of practice to share good ideas; and
- has worked with business schools and universities to provide third sector modules on their accredited training.

Those taking part in the training are acquiring a better understanding of working in partnership with the third sector. The programme will continue into 2011.

CONSORTIUM GUIDANCE

Backing up this commitment to working in partnership, last year the Government published practical advice and information for smaller organisations who may wish to work together in order to bid for public service contracts.

FOSTERING INNOVATION

At its best, the third sector's close links with local communities enable it to create innovative approaches to delivering services. To support

the development of these innovative ideas the Innovation Exchange was established. It provides third sector innovators with access to the people and potential capital they need to develop their ideas, and uses their innovations to inform improved public service delivery.

In November 2008 the Innovation Exchange launched its Next Practice Programme. The Programme will support and showcase the best in third sector innovation. Fourteen

projects focusing on independent living and excluded young people are receiving support packages. These can include expert consultancy and a share of a £200,000 NESTA Innovation Exchange Fund. Further details of the programme can be found on the Innovation Exchange website¹².



3,000

The centre will be used by over 3,000 local people and 30 community organisations.

HARNESSING TECHNOLOGY AND NEW SKILLS

Plans for reform will harness technology and new skills to save £2 billion by 2011, while improving services to citizens and IT programme delivery.

Technology provides a vital tool to delivering public service reform. By harnessing the latest digital and IT developments, government can offer citizens public services that are more efficient, effective and put them in the driving seat.

Over the past year we have continued to work closely with other government departments and the public to help shift the focus to the citizen, reducing duplication and enabling more personalised services.

Published in the Comprehensive Spending Review 2007, the Service Transformation Agreement (STA) laid the foundation of these efforts. The agreement aims to ensure that public services are easier and more convenient to use, cheaper for the taxpayer and fully utilise the insight and experience of front-line staff.

(See page 76 for more on the STA).

TELL US ONCE

One of the most innovative initiatives to come out of the STA is the Tell Us Once pilot programme. Led by the Department for Work and Pensions (DWP), it is designed to change the way people inform government (both central and local government) about changes to their circumstances. At its heart is the proposition that people should only have to communicate about a birth or death once, and government will make sure the information is passed on to the relevant departments quickly and efficiently.

Trials are running in the north and south east of the country, covering a population of two million people. These offer face-to-face and telephone services that allow people to notify central and local government of a birth or death. A decision on whether to roll out the birth and bereavement service will be made in the summer this year.

Members of Cabinet Office from the Service Transformation team sit on various Tell Us Once boards to provide expert advice and strategic alignment with other Service Transformation activity.

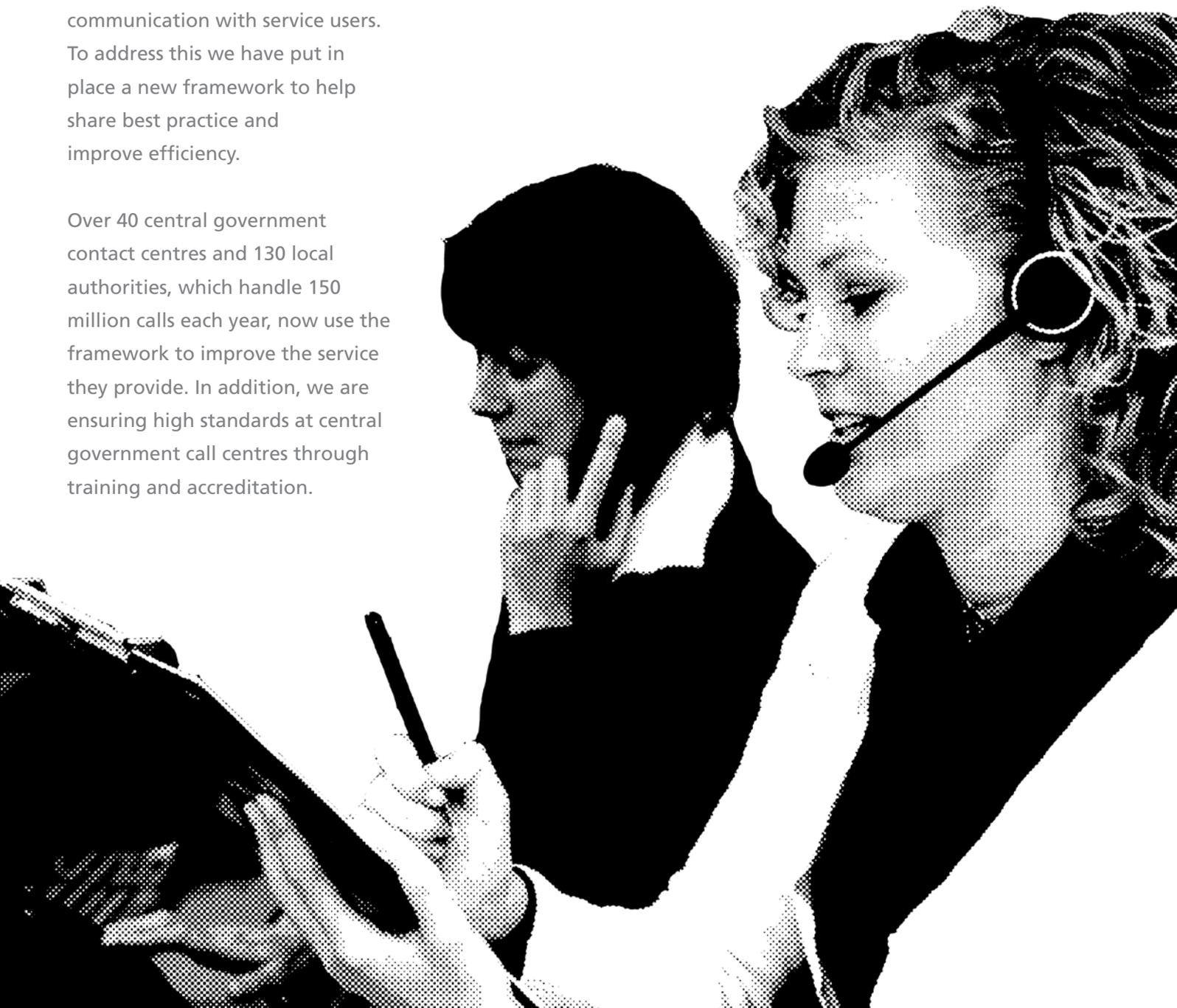
BEST PRACTICE IN GOVERNMENT CALL CENTRES

In the past, a large percentage of calls made to government have resulted from a failure to deliver as promised, from poorly designed services or from poor communication with service users. To address this we have put in place a new framework to help share best practice and improve efficiency.

Over 40 central government contact centres and 130 local authorities, which handle 150 million calls each year, now use the framework to improve the service they provide. In addition, we are ensuring high standards at central government call centres through training and accreditation.

“ PLEASE MAKE THE TELL US ONCE SERVICE AVAILABLE COUNTRYWIDE. IT IS SO HELPFUL AND USEFUL IN A TIME OF GREAT DISTRESS, GIVING DIRECTION TO SCRAMBLED BRAINS. I FELT BOTH POSITIVE AND CALM AFTER THE INTERVIEW. THE STAFF’S ATTITUDE TO ME WAS PERFECT... THANK YOU SO MUCH. ”

Positive feedback from Mrs L, a customer who used the pilot Tell Us Once service



“ WE ARE CURRENTLY THE ONLY GOVERNMENT IN THE WORLD WHO HAS SET MANDATED GREEN ICT TARGETS FOR CHIEF INFORMATION OFFICERS AND WE ARE GOING TO CONTINUE EVOLVING AND LEADING THE WAY IN THIS RAPIDLY MOVING FIELD OF SCIENCE, TECHNOLOGY AND INNOVATION. ”

Chris Chant, Government
Green ICT Champion

FIT FOR THE FUTURE

Innovative ideas need innovative Information and Communications Technology (ICT) to bring them to life. The improvements we have made to the way we use ICT in government include:

- boosting professionalism in ICT and in-house skills across the public sector;
- promoting the use of open source software (which can be used and modified by anyone) and the re-use of existing IT solutions; and
- leading the way in green IT to save money.

GREENING GOVERNMENT

In July 2008, the UK Government set an example to other governments around the world by announcing its intention to reduce the carbon footprint of its computer systems in its Greening Government ICT Strategy. A commitment was also made to make sure government departments use ICT to reduce the amount of carbon dioxide they generate in carrying out work – for example, by reducing travel. Among the departments to take action are the Ministry of Defence (MoD), which has agreed with suppliers to refresh its IT less frequently (every four years rather than two).

SPEEDING UP FREE SCHOOL MEALS

Arranging free school meals for your child has traditionally been a paper-based process that can take several weeks. But a new online system is set to change that.

Parents and carers will soon be able to apply for online free school meals and have their eligibility checked as soon as possible by means of a central hub at the Department for Children, Schools and Families. The hub allows local authorities to access centrally held information. Local authorities can then respond to requests more quickly and efficiently, and children can access healthy, free meals without stigma.

The Deputy Director of Service Transformation (Cabinet Office) sits on the Online Free School Meals Programme Board. The Service Transformation team provide expert advice and strategic alignment with other Service Transformation activity.

SHARING OUR SYSTEMS

As part of our drive to slim down the centre and deliver better value for money for the taxpayer, we are continuing to make savings by sharing resources across government - particularly in HR, IT and Finance. Over 80% of central government employees now use shared services.



7,800

More than 7,800 have been helped by the *Tell Us Once* service and users have rated the service at over 90%.

Around 55% of central government employees are now customers of a 'Shared Services' system.

In April 2009, Cabinet Office made the switch to DWP Shared Services – an online and contact centre service provided by the Department for Work and Pensions for dealing with routine HR, finance and procurement transactions.

By the end of March 2008, DWP's Shared Services had delivered cumulative savings across government of £50 million or around 15% year on year. The Department is on track to deliver a further 13% by the end of 2008/09, bringing the cumulative total to £100 million.

WORK CONTINUES TO:

- measure the performance and cost of corporate services across government;
- cut government's consultancy bill, by boosting in-house skills and delivering better contract control;
- reduce by 50% telephone contact that provides no value for the customer or service provider, including contact that is duplicative or caused by failures in business processes. This target derives from Progress Measure 1 of the Service Transformation Agreement (see page 76);
- cut time and costs of government IT procurement, so that by 2011 at least 50% of procurement processes are completed in 40 weeks;
- re-use the technology solutions we buy and the knowledge and information we collect and reduce the risk of failure on major IT projects; and
- ensure government ICT energy consumption is carbon neutral by 2012.

FROM CONSULTATION TO COLLABORATION

Government is moving from 'consultation' to 'collaboration'.

At the Cabinet Office, we're leading the Government's drive to give people more say on how they want public services to be delivered.

By using technology to improve customer service, we want to make it easier for members of the public to have, for instance, one point of contact with government whenever we can. We believe that where possible services should be shaped around people's lives, rather than provided at the government's convenience.

A major part of this work is a web rationalisation programme managed by the Central Office of Information (COI). It aims to make government websites more effective by bringing together public-facing content on a small number of easy-to-use websites: www.direct.gov.uk for citizens; www.businesslink.gov.uk for businesses and employers; and

www.nhs.uk for patients. The department has already more than halved the number of central government websites

As a result www.direct.gov.uk now has more than 18 million visits a month and commissioned independent research shows the satisfaction rate for businesslink.gov.uk stands at 92%.

KNOWLEDGE IS POWER

In March 2008, following the publication of the *Power of Information Review*, the Government established a new, independent task force to explore how developments on the internet could improve public services and engage better with citizens. The Power of Information Task Force was born. Its highly successful Show Us a Better Way competition attracted 450 innovative suggestions for ways to make better use of existing public

information. Entries came from as far afield as India and Australia, and ranged from maps showing the location of undersea wrecks off the coast of Britain to a text service giving you the location of the nearest public toilets. There was a total prize fund of £80,000 to develop the best ideas.

In March, a report was published with recommendations for carrying this work forward. Produced collaboratively, a version of the report was published online. Members of the public were able to comment on the content and their recommendations were included in the final version.

The Government's response to the report was published on 12 May 2009.

YOUR DATA IN SAFE HANDS

Assuring the safety of personal data is of paramount importance. But, as high-profile cases show, it is not without its risks.

Following the loss of Her Majesty's Revenue and Customs child benefit data in 2007, Cabinet Secretary Gus O'Donnell commissioned a report – *Data Handling Procedures in Government*. The final report was published in July 2008 and its recommendations – which are mandatory across all departments – are now being implemented.

Improvements include enhanced technical precautions such as large-scale encryption programmes (over 20,000 laptops have been encrypted in the Ministry of Defence). Leadership and governance, as well as greater accountability, are being encouraged in the form of the Cabinet Office working with over 50 Senior Information Risk Owners (SIROs) from central government departments and agencies. Meeting once a month SIROs are provided with updates,

training and education to enable data handling culture change within their organisations.

Cultural change has also been a major focus of efforts through education, training and increased professionalism. Cabinet Office, in conjunction with the National School of Government (NSG), has rolled out a Civil Service-wide e-learning package with over 200 public sector organisations already accessing this training. By spring 2008, more than 120,000 staff across the Civil Service have received training in data handling, in support of the Data Handling Review commitment to train all civil servants who handle personal data.

We have also funded the development of an MSc in Information Security and Assurance for the Public Sector at Cranfield University. This is part of the effort to educate the next generation of managers to better understand and manage data security in complex business environments.

FUTURE PLANS

Our future plans are to:

- hold government departments to account for delivering our data security standards by reporting to Parliament in Autumn 2009;
- identify at least six major online communities where we can ensure cross-government impartial information and advice by summer 2009;
- create a government data catalogue offering access to information assets in a re-usable format;
- devise a system to measure the effectiveness of government websites and a method for users to give feedback on content; and
- establish a Web Academy of internet expertise and develop a strategy for maximising innovation in how we present government information online.

IN 2008/09, 17 MILLION MOTORISTS RENEWED THEIR CAR TAX OR COMPLETED A SORN (STATUTORY OFF ROAD NOTIFICATION) ON THE WEBSITE DIRECTGOV – OVER 40% OF THE TOTAL

MAKING GOVERNMENT WORK BETTER FOR PEOPLE

Ensuring that effective change and excellent delivery is led by great people with the right skills and resources

Civil servants deliver a hugely complex set of services, from supporting foreign policy to helping people find work. The key to the success in fulfilling these diverse and important goals is the ability to recruit excellent people, and equip them with the right skills and resources needed to lead effective change and excellent delivery.

The Civil Service Capability Group (CSCG) lies at the heart of this goal, supporting the Cabinet Secretary Gus O' Donnell, in his drive to build the capacity and capability of government departments. CSCG's role is to strengthen the effectiveness of the Civil Service's organisation, leaders and workforce, to deliver the Government's priorities and improve public services.

CAPABLE DEPARTMENTS

Cabinet Office has the task of ensuring government departments constantly improve the capacity and capability to do their job. The Capability Reviews Team in CSCG leads this work by regularly monitoring and assessing the performance of individual departments.

Each department is reviewed by a specially assembled team drawn from the private sector, the wider public sector and board-level members of other government departments. Andy Friend, former chief executive of John Laing and a member of the team that reviewed the Department for Culture, Media and Sport, said:

'Capability Reviews have helped departments follow through on difficult and important changes

over the last two years. This robust process is clearly now embedded as a very positive force for change in the Civil Service.'

The findings of the second phase of reviews – now published – demonstrate that the Civil Service is improving its capability to deliver what the public needs in the challenging times ahead. The reports can be accessed on the Civil Service website¹⁵.

CAPABLE LEADERS

Working more collaboratively across departments than ever before, the challenge for the Top 200 civil servants (Permanent Secretaries and Directors General) now, is to identify and bring on the next generation of leaders and create the platform for more corporate working.

The Civil Service Capability Group helps departments identify new posts, likely vacancies and potential successors – making sure they continue to have the right capability to achieve objectives.

The CSCG also supports Gus O'Donnell and the Senior Leadership Committee on succession-planning for the Top 200. A key part of this involves giving individuals advice and support to manage their careers and meet personal development needs.

DEVELOPING POTENTIAL

The High Potential Development Scheme (HPDS) prepares people at director and deputy director level for the most senior jobs in the Civil Service.

The HPDS is aimed at those who have been identified as potential successors in departments, or who feature in succession plans.



Focusing on board-level leadership, behaviours and skills, the programme shows participants what practical steps they can take in their day-to-day roles to help improve Civil Service delivery and capability.

ACCOUNTABLE LEADERS

In autumn 2008, senior leaders of the Civil Service worked together to develop a shared vision of the future challenges and priorities for the Civil Service.

Permanent Secretaries are held to account, as part of their annual appraisal process, for their department's delivery and performance on a number of priorities, which include:

- skills;
- sustainability of the Government Estate;
- diversity; and
- health and wellbeing, including sickness absence.

Permanent Secretaries meet on a weekly basis with the Cabinet Secretary, Gus O' Donnell, to discuss progress on the long-term challenges, along with other current priorities which affect all government departments.

CAPABLE WORKFORCE

These changes are helping the Civil Service to be seen as a more attractive and worthwhile career. Applications for jobs have risen over the last year with a 33% increase in applications for the Fast Stream graduate programme. The Cabinet Secretary believes a new public service ethos is behind the increased interest.

“ WHAT DEFINES AND BINDS TOGETHER ALL CIVIL SERVANTS IS A SET OF SHARED VALUES: HONESTY, OBJECTIVITY, INTEGRITY AND IMPARTIALITY. I AM PROUD THAT IN A RECENT SURVEY OF FAST STREAMERS, 90% SAID IT WAS IMPORTANT TO THEM TO HAVE A JOB THAT BENEFITED WIDER SOCIETY. IN THE PRIVATE SECTOR THIS WAS JUST 15%. ”

Gus O'Donnell

LIVE AGAIN 2009

Building on the 2008 LIVE Event, just over 1,600 civil servants from across the north of England and Scotland gathered at the Sage Centre in Gateshead on Monday 9 March 2009 for the first ever regional Civil Service Live event.

The one-day Gateshead event, which had the theme of 'Innovation in Action', was aimed squarely at civil servants on the operational front line.

Speaking about the event, Gus O'Donnell said:

'A lot of people think the Civil Service is all about Sir Humphreys tucked away in Whitehall, but 83% of civil servants actually work outside London.

'The vast majority work on the front line, delivering public services that have a vital role to play in helping the country through the downturn.'

Participants heard from a variety of speakers and took part in workshops covering, among others, public service reform and digital engagement.

AWARD OF HONOUR

'I don't think we thank you enough, but I'd like to thank you on behalf of the British people, because you do make a huge difference. When I go out and meet Civil Servants the most common comment I hear is "I want to make a difference", and you certainly do make a difference,' said Prime Minister Gordon Brown, speaking at the Civil Service Awards 2008.

Teams and individuals from across the country were honoured by the Prime Minister and Gus O'Donnell in November 2008, in the third annual awards to recognise exceptional performance across government.

Entrepreneur and BBC Dragon Peter Jones – who recently launched a government-backed National Enterprise Academy – was also there, to present the Innovation Award.

'Over the last 14 months I've been working very closely with the Civil Service and my experience has been really shocking... insofar as it has been staggeringly, amazingly good,' he said.

Civil Servant of the Year was awarded to Emma Hopkins from the Home Office for the leadership she has shown in establishing the 'Virtual Trafficking Team'. This cross-government team brings together officials from the Home Office, Ministry of Justice and UK Border Agency to tackle human trafficking.

A CHANGING CENTRE

Playing a vital role in supporting the Government's agenda

Due to the current domestic and global climate, life for many UK citizens is getting tougher and the Government is facing unprecedented challenges. The Cabinet Office plays a vital role in supporting and driving forward the Government's agenda, and also assists departments to make well-informed collective decisions on major policy issues and priorities.

To continue to meet these challenges the Cabinet Office has had to change internally to ensure that the right structures are in place.

First, the Department has introduced new governance arrangements. By setting up three new committees – the finance and investment, operating, and people and pay committees – which now report to the Cabinet Office Board, the Board is able to focus on strategic decision making.

Second, a shared services model for HR and Finance transactions was introduced, in partnership with the Department of Work and Pensions (DWP). Third, to create an effective and enabling corporate centre to support the work of the Department, the Cabinet Office brought all of its corporate services together – aligning related activities, projects and initiatives to ensure that our core services work together to best enable business delivery.

We have continued to make our reporting as clear as possible for taxpayers, stakeholders and Parliament alike by publishing, for the second year running, this annual report combined with the resource accounts. They were published separately in previous years. Our first combined report was shortlisted for an award by Accountancy Age.

To look at how we work more efficiently across the centre of government, with No.10 and HM Treasury and with other departments, the Cabinet Office set up five matrix teams, considering issues such as crime; health; climate change; communities; and welfare, talent and life chances that require a joined-up approach across several departments.

INFORMATION IN STORE

Cabinet Office completed roll-out of its electronic records management system, Meridio, which has changed the way staff store and retrieve information electronically within the Department.

Following detailed preparatory work Cabinet Office, working closely with DWP, introduced a 'Shared Services' operation

providing routine HR, finance and procurement services. The Cabinet Office has been the pathfinder department in central government for this concept, implementing it before wider roll-out across departments.

ENGAGING OUR PEOPLE

The aim of our staff engagement strategy is to help the Cabinet Office develop organisational capacity, focusing on developing our leadership and business culture – improving collaboration across boundaries and making sure that staff understand how their work fits into the bigger picture. As a result, engagement initiatives have included an all-staff event, focusing on our role at the centre of government.

Events included a ‘Making the right change happen’ workshop; a Ministers Question Time; board member job-shadowing and going ‘back to the floor’; volunteering

seminars; and the first seminar of a new senior civil service leadership seminar programme.

A new staff suggestion scheme, based on the popular *Dragon’s Den* format, was also launched at the event, in which staff presented ideas for the business to a commissioning board.

Successful ideas that have since been implemented include Headlines, a method for sharing our success stories over the year.

HELPING OUT IN THE COMMUNITY

Cabinet Office continued to encourage staff to gain experience in their local community through volunteering. Staff can use ‘special leave’ to take part in an activity of their choice. We are proud to have staff here who are long-term volunteers, coaching young people, helping the homeless and acting as magistrates in their local area.

“CABINET OFFICE SHOULD MIRROR THE SOCIETY WE SERVE... DIVERSITY MATTERS, AS WITHOUT IT WE ARE LESS CREATIVE, LESS RESPONSIVE AND LESS FLEXIBLE AS A DEPARTMENT.”

Paul Britton,
Head of Economic
and Domestic Secretariat



DIVERSE SOCIETY: DIVERSE CABINET OFFICE

Our diversity strategy action plan is supported by a new Board level champion as well as other senior officials who take part in our variety of networks. The latest statistics, as at 31 March 09, show that in the Cabinet Office 52.2% of staff are women, 12.5% are from ethnic minorities and 6.9% are disabled.

The Department's diversity actions include promoting flexible working, offering training to deal with harassment and bullying, a disability toolkit for managers and staff, and new mentoring and coaching schemes. Trading Perspectives is one such scheme – and it has turned mentoring on its head; staff from under-represented groups mentor senior civil servants, allowing each to gain a unique insight in to the other's perspective.

Alexis Cleveland,
Director-General of Corporate Services and diversity champion said:

'We should aim to go beyond compliance and become confident in utilising and promoting best practice.'

PROFESSIONALISM

We continue to provide excellent learning and development support to our staff, and increase the levels of staff with professional qualifications. We were awarded Platinum status by the Association of Certified Accountants for our development scheme for our accountancy trainees, and Approved Employer for our professional development. We already hold Quality Training Partner status from the Chartered Institute of Management Accountants.

Two further members of our central contract management team became members of the British Institute of Facilities management. The head of the team was shortlisted for Facilities Manager of the Year, as well as gaining a national vocational qualification in purchasing and supply chain management, and also membership of the Chartered Institute of Purchasing and Supply.

“ BEING INVOLVED IN A CHARITY IN MY LOCAL COMMUNITY GIVES ME THE CHANCE TO SEE HOW CABINET OFFICE POLICIES WORK ON THE GROUND.

”

Sophie Chapman,
Policy Manager

“ I BELIEVE AS A CABINET OFFICE EMPLOYEE WE CAN BE OF REAL BENEFIT TO LOCAL CHARITIES.

”

Neil Smith,
Policy Manager

MINISTERS

AND BOARD MEMBERS

INTRODUCTION

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.

This section outlines the Ministers and Board members leading the Cabinet Office throughout the 2008-09 financial year and details its corporate governance arrangements. It has been audited for consistency with the financial statements.

MINISTERIAL RESPONSIBILITIES AND MINISTERIAL CHANGES

During the financial year 2008-09, the following changes to the Cabinet Office's Ministerial team were announced.

On 3 October 2008

The Rt Hon. Liam Byrne MP was appointed as Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster.

Tom Watson MP was appointed as Minister for Digital Engagement and Civil Service Issues in addition to maintaining his role as Parliamentary Secretary.

The Rt Hon. Tessa Jowell MP was Minister for London, Minister for the Olympics and Paymaster General until 3 October. From this date onward, she was Minister for the Olympics and Paymaster General.

The Rt Hon. Baroness Royall of Blaisdon was appointed as Lord President of the Privy Council and Leader of the House of Lords.

The Rt Hon. Ed Miliband MP and The Rt Hon. Baroness Ashton of Upholland left the Department.

On 5 October 2008

Kevin Brennan MP was appointed as Parliamentary Secretary and Minister for the Third Sector.

Baroness Vadera was appointed as Parliamentary Secretary and Minister for Economic Competitiveness and Small Business (jointly with the Department for Business, Enterprise and Regulatory Reform)¹.

Chris Bryant MP was appointed as Parliamentary Secretary and Deputy Leader of the House of Commons.

Phil Hope MP and Helen Goodman MP left the Department.

Machinery of government changes

During the financial year 2008-09, the following changes took place within the departmental boundary.

Transfers into the Cabinet Office

Statistical Reform Team

On 1 April 2008, the UK Statistics Authority was established under the Statistics and Registration Service Act 2007. It is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. Overall ministerial responsibility has transferred from

HM Treasury to the Cabinet Office. As part of this change in ministerial responsibility, three posts have transferred from HM Treasury to the Cabinet Office.

Transfers out of the Cabinet Office

Government Skills

On 1 April 2008, Government Skills transferred to the Department for Innovation, Universities and Skills (DIUS)¹. The transfer from the Cabinet Office aims to create a stronger alignment with the team of ministers and officials charged with driving forward the Skills Strategy. Government Skills continues to work closely with the Cabinet Office.

e-Delivery Team

On 1 April 2008, the e-Delivery Team (eDT), within the Transformational Government Unit, transferred to the Department for Work and Pensions. eDT runs the Government Gateway, the on-line service which allows individuals, businesses and other organisations to inter-act securely with Government. The Government Gateway currently offers over 153 on-line services on behalf of 79 public sector organisations. It has been identified by the Government's Chief Information Officer (CIO) Council as champion asset for public sector employee, business, and citizens' services.

Further details of transfers can be found within the section Cabinet Office Finances, Financial Review 2008-09 and at Note 37 to the Resource Accounts.

¹ The Department for Business, Enterprise and Regulatory Reform merged with the Department for Innovation, Universities and Skills to become the Department for Business, Innovation and Skills on 5 June 2009.

MINISTERS

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

The Rt Hon. Ed Miliband MP	Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster <i>until 3 October 2008</i>
The Rt Hon. Liam Byrne MP	Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster <i>from 3 October 2008</i>
Phil Hope MP	Parliamentary Secretary and Minister for the Third Sector and Minister for the East Midlands <i>until 5 October 2008</i>
Kevin Brennan MP	Parliamentary Secretary and Minister for the Third Sector <i>from 5 October 2008</i>
Tom Watson MP	Parliamentary Secretary <i>until 3 October 2008</i>
	Parliamentary Secretary and Minister for Digital Engagement and Civil Service Issues <i>from 3 October 2008</i>
Baroness Vadera	Parliamentary Secretary and Minister for Economic Competitiveness and Small Business (jointly with the Department for Business, Enterprise and Regulatory Reform)² remunerated by the Department for Business, Enterprise and Regulatory Reform <i>from 5 October 2008</i>
The Rt Hon. Tessa Jowell MP	Minister for the Olympics and London and Paymaster General <i>until 3 October 2008</i>
	Minister for the Olympics and Paymaster General <i>from 3 October 2008</i>

² The Department for Business, Enterprise and Regulatory Reform merged with the Department for Innovation, Universities and Skills to become the Department for Business, Innovation and Skills on 5 June 2009.

MINISTERS - CONTINUED

The Rt Hon. Harriet Harman QC MP	Leader of the House of Commons and Lord Privy Seal and Minister for Women and Equality
The Rt Hon. Baroness Ashton of Upholland	Lord President of the Privy Council and Leader of the House of Lords <i>until 3 October 2008</i>
The Rt Hon. Baroness Royall of Blaisdon	Lord President of the Privy Council and Leader of the House of Lords <i>from 3 October 2008</i>
Helen Goodman MP	Parliamentary Secretary and Deputy Leader of the House of Commons not remunerated <i>until 5 October 2008</i>
Chris Bryant MP	Parliamentary Secretary and Deputy Leader of the House of Commons not remunerated <i>from 5 October 2008</i>

Ministers' remuneration is disclosed within the audited Remuneration Report included in the section Resource Accounts 2008-09.

After the financial year ended on 31 March 2009, changes to the Cabinet Office's Ministerial team occurred as follows:

On 5 June 2009

The Rt Hon. Harriet Harman QC MP was appointed to deputise for the Prime Minister at Prime Minister's Questions in addition to her portfolio of Leader of the House of Commons and Lord Privy Seal and Minister for Women and Equality.

The Rt Hon. Baroness Royall of Blaisdon was appointed Chancellor of the Duchy of Lancaster, in addition to her role as Leader of the House of Lords. From this date, she no longer holds the post of Lord President of the Privy Council. As of 17 June 2009, she has been named Lords Spokesperson for the Cabinet Office.

The Rt Hon. Tessa Jowell MP was appointed Minister for the Cabinet Office, in addition to her role as Minister for the Olympics and Paymaster General. As of 9 June 2009, she was also appointed Minister for London.

The Rt Hon. Liam Byrne MP and Tom Watson MP left the Department.

On 8 June 2009

Angela E Smith MP was appointed Minister of State for the Cabinet Office.

Kevin Brennan MP left the Department.

On 17 June 2009

The Rt Hon. Shaun Woodward MP, Secretary of State for Northern Ireland, became part of the Cabinet Office team with responsibilities for Communications (Government Communications Network and Central Office of Information).

CABINET SECRETARY

The post of Cabinet Secretary was held during the year by:

Sir Gus O'Donnell KCB	Cabinet Secretary and Head of the Home Civil Service
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CABINET OFFICE GOVERNANCE

The Cabinet Office reviewed and completely overhauled its governance arrangements during the course of 2008-09. The Board retains overall and strategic responsibility for the Department but, since July 2008, new committees on operations, finance and investment, and people and pay have taken day-to-day and medium term management decisions. Committee members come from all parts of the organisation but play a corporate role in respect of Cabinet Office management.

The Board and committees, alongside a new senior leaders' group comprising all those at or above the level of director, provide the Department's corporate leadership.

The Audit and Risk Committee continues to play its role monitoring risk management, control and governance arrangements. An integrated secretariat team co-ordinates and supports the work of the Board and all committees.

CABINET OFFICE BOARD

The role of the Board is to lead the Cabinet Office to deliver its objectives now and in the future. In particular, it will:

- shape and communicate the vision, strategies and priorities for the Cabinet Office in 'making government work better';
- build effective partnerships with the Treasury to create a strong and effective centre of government, and with Departments to support delivery of the government's objectives;
- protect and enhance the Department's reputation;
- deliver Cabinet Office Departmental Strategic Objectives and review deliverability of key delivery programmes and projects, through establishing an Operating Committee to act on its behalf and to prepare strategic policies for the Board's endorsement;

- ensure effective investment, resource allocation and management of financial resources, through establishing a Finance and Investment Committee to act on its behalf and to prepare strategic policies for the Board's endorsement;
- ensure effective leadership, development, management and reward of a diverse, skilled workforce, through establishing a People and Pay Committee to act on its behalf and to prepare strategic policies for the Board's endorsement;
- ensure talent management and succession planning, working through the People and Pay and Senior Talent Committee;
- maintain a transparent system of prudent and effective audit, risk, governance and management controls, working through the Finance and Investment Committee and the Audit and Risk Committee;
- deliver and keep under review the delivery of the Change Programme, working through the Operating, Finance and Investment and People and Pay Committees;
- ensure effective staff engagement and communication and improved ways of working throughout the Department; and
- take decisions on issues escalated from Committees and provide oversight of their activities.

CABINET OFFICE AUDIT AND RISK COMMITTEE

The Cabinet Office Audit and Risk Committee supports the Accounting Officer by monitoring the adequacy of risk management, control and governance arrangements. The membership of the Committee, which meets at least three times a year, comprises five independent non-executive members: Karen Jordan (Chair), David Blackwood, Kenneth Ludlam, Rosemary Peters-Gallagher and Stephen Wilson.

GOVERNANCE COMMITTEES

The new governance committees reflect the outcomes the Cabinet Office is seeking to achieve, dealing with the day-to-day issues and enabling the Board to be more strategic in leading the Department. The new committees are:

- The Operating Committee, which supports the Board's overall strategy by acting on its behalf on issues of delivery and change.
- The People and Pay Committee, which supports the Board's overall strategy by acting on its behalf on people and workforce issues.
- The Finance and Investment Committee, which supports the Board's overall strategy by acting on its behalf on issues of business planning and performance management.

A Board member chairs each of the committees, and membership, at director general and director level, comes from all parts of the organisation.

MEET THE BOARD

The Members of the Board during the year were:

CHAIR

Sir Gus O'Donnell KCB	Cabinet Secretary and Head of the Home Civil Service
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EXECUTIVE MEMBERSHIP

Alex Allan	Chairman of the Joint Intelligence Committee (JIC) and Professional Head of Intelligence Analysis
Paul Britton CB	Director General, Domestic Policy Group and Head of the Economic and Domestic Secretariat
Alexis Cleveland	Director General, Corporate Services
Jon Cunliffe	Head of the European and Global Issues Secretariat
Jeremy Heywood	Permanent Secretary, No.10
Howell James CBE	Permanent Secretary for Government Communications <i>until 13 June 2008</i>
Roger Marsh	Director General, Business Support Group
Gill Rider	Head of Civil Service Capability Group

INDEPENDENT NON-EXECUTIVE MEMBERSHIP

The independent Non-Executive Members of the Board are responsible for ensuring that the executive members are supported and constructively challenged in their role. They are accountable to the Chair. The Non-Executive Members of the Board during the year were:

Ruth Carnall CBE	
Karen Jordan	Independent Non-Executive Chair, Cabinet Office Audit and Risk Committee
Baroness Prashar CBE	

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.

Senior management remuneration is disclosed within the audited Remuneration Report included in the section Resource Accounts 2008-09.

BIOGRAPHIES

CHAIR



Sir Gus O'Donnell KCB
Cabinet Secretary and Head of the Home Civil Service

Sir Gus O'Donnell took over as Cabinet Secretary on 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.

EXECUTIVE MEMBERSHIP



Alex Allan

Chairman of the Joint Intelligence Committee (JIC) and Professional Head of Intelligence Analysis

Alex Allan joined the Civil Service in 1973, starting in Customs & Excise before transferring to the Treasury a few years later. He worked mainly on international financial issues (sterling, balance of payments) before taking a couple of years off to work in the IT industry in Australia. Soon after his return to the Treasury he was appointed private secretary to the Chancellor of the Exchequer. He subsequently ran the international finance group, and then the public spending policy group before moving to 10 Downing Street in 1992 as the Prime Minister's principal private secretary. He handled the change of government in 1997 and then took up a Foreign Office appointment as High Commissioner in Australia.

Alex moved back to the Cabinet Office in 2000 as the Government's first "e-Envoy" before taking time off to live and work in Australia again. He was appointed Permanent Secretary at the Department for Constitutional Affairs in 2004, and subsequently at the Ministry of Justice following its creation in 2007. In 2008 he was appointed Chairman of the Joint Intelligence Committee, responsible for producing co-ordinated intelligence assessments for Ministers across a wide range of defence, foreign policy and security issues.



Paul Britton CB

Director General, Domestic Policy Group and Head of the Economic and Domestic Secretariat

Paul Britton has been Director General and Head of the Economic and Domestic Secretariat at the Cabinet Office since 2001. The Secretariat supports the Cabinet, Cabinet Committees and other forms of collective decision-taking. It also works closely with No.10 to support the Prime Minister, manages the legislative programme and advises on machinery of government. In 2006 Paul became Head of the Domestic Policy Group, which comprises: the Economic and Domestic Secretariat, the Prime Minister's Strategy Unit, the Social Exclusion Task Force, and the Honours and Appointments Secretariat.

He has previously worked on devolution policy in the Cabinet Office and on a wide range of issues covered by what are now the Department for Communities and Local Government, Department for Environment, Food and Rural Affairs and the Department for Transport.



Alexis Cleveland
Director General, Corporate Services

Alexis Cleveland became Director General for Corporate Services in April 2009, having moved to the Cabinet Office in July 2007 as Director General for Transformational Government and Head of Cabinet Office Management.

Alexis joined the Civil Service as a statistician in the Department of Health and Social Security, after a short academic career. In 1989 she moved to the Information Technology Services Agency where she ran large scale IT development programmes and managed live service delivery. She moved to the Benefits Agency in 1993 as CIO and Director of Operations (South of England). In 2000 she became Chief Executive of the Benefits Agency and managed its restructure into five separate businesses. Alexis became the first Chief Executive of The Pension Service on its launch in April 2002. In November 2005, she became the Customer Group Director for Older People as part of the Transformational Government strategy.



Jon Cunliffe
Head of the European and Global Issues Secretariat

Prior to becoming the Prime Minister's Adviser on International Economic Affairs and Europe, Jon Cunliffe was Second Permanent Secretary at HM Treasury from 2005, leading the Macroeconomic Policy and International Finance Directorate. Prior to that, he led the Finance, Regulation and Industry Directorate in the Treasury, having held a number of senior positions in the department and in the Department of Transport. He leads on European Union business, and the international dimensions of key issues such as trade, energy and climate change, as well as international development and is the Prime Minister's G8 and G20 Sherpa.



Jeremy Heywood
Permanent Secretary, No.10

Jeremy Heywood is now Permanent Secretary to No.10, after returning to the Civil Service in July 2007 to be the Prime Minister's Senior Adviser on Domestic Policy and Strategy. He spent four years as a Managing Director and co-head of the UK Investment Banking Division at Morgan Stanley. Before joining Morgan Stanley, Jeremy occupied a range of Senior Civil Service roles, most recently 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.



Roger Marsh
Director General, Business Support Group

Roger Marsh is currently on secondment from PricewaterhouseCoopers as the Director General, Business Support Group at the Cabinet Office.

He was sponsored in his Metallurgy degree at Leeds University by the former British Steel Corporation and joined Price Waterhouse in 1976. He is a fellow of the Institute of Chartered Accountants in England and Wales. Following qualification he moved into corporate recovery work where he has built his professional career. He was admitted to partnership of Price Waterhouse in 1988 and is a senior partner within the firm. During the merger of Price Waterhouse and Coopers and Lybrand he had the responsibility of melding the two distinct cultures of business recovery in the North and Scotland together, which was done successfully. He has extensive experience of carrying out strategic and financial business reviews for both the commercial and public sectors, other advisory and executory appointments. This includes being the first person to run commercially a power station in insolvency and solving the financial problems of Bradford Cathedral through a voluntary arrangement. He is acknowledged as particularly experienced (and sensitive) in undertaking complex reviews for lenders and other stakeholders in troubled situations.

**Gill Rider****Head of Civil Service Capability Group**

Gill is Head of the Civil Service Capability Group; she deals with the people, capability and leadership side of the Civil Service. She is responsible for the Capability Reviews, which is the 'management tool' for ensuring the Civil Service has the right capabilities to deliver government's future requirements. As part of her role, Gill sits on a number of the Civil Service Governance Groups, including the Civil Service Steering Board. Gill is also Head of Profession for Civil Service HR, chairs the HR Leaders Council and is a member of the Senior Leadership Committee.

Gill has been in her current role since May 2006. Previously, she spent her career spanning 27 years in Accenture, running various parts of the worldwide business. Her penultimate role was as operating head for the energy, utilities, natural resources and chemical business in 37 countries. In 2002 she was appointed Global Chief Leadership Officer – concentrating on Accenture's organisation, change, HR and leadership development. She was a member of Accenture's global Executive Committee from 1999 and appointed an Executive Officer in 2002. Gill is a non-executive director of De La Rue.

INDEPENDENT NON-EXECUTIVE MEMBERSHIP**Ruth Carnall CBE**

Ruth Carnall CBE was appointed Chief Executive of NHS London in March 2007. From September 2006 she worked as NHS London's Interim Chief Executive. Between 2004 and 2006 she was a freelance consultant working for government departments including the Prime Minister's Delivery Unit and the Home Office, as well as for the health service. Prior to 2004 Ruth worked in the NHS for over 25 years. During this time, she undertook senior leadership positions at local, regional and national levels. In 1992 Ruth became Chief Executive at Hastings and Rother NHS Trust. She was Chief Executive of the West Kent Health Authority for six years before taking the position of Regional Director, South East, and then Director of Health and Social Care for the South. From April 2003 to September 2004 Ruth served as Director of the Departmental Change Programme at the Department of Health. She was awarded the CBE for services to the NHS in 2004.

**Karen Jordan****B Soc Sc FCMA****Independent Non-Executive Chair, Cabinet Office Audit and Risk Committee**

Karen Jordan is an accountant by profession, a graduate in Public Policy-Making and Administration, a Fellow of the Chartered Institute of Management Accountants and a member of the Government Internal Audit Standards Oversight Group. She is also the Head of UK Climate Change Policy for National Grid Plc.

Karen began her career in the energy sector in various finance roles, including management accountancy, internal audit, investment management, risk management and corporate governance. She then led a series of technology enabled business transformation programmes, including Y2K readiness, national field force enablement and support to the multi £billion network sales and UK gas business restructuring.

She was appointed as a non-executive director on the Cabinet Office Board and Chair of the Audit and Risk Committee in 2004.

**Baroness Prashar CBE**

Baroness Prashar is the Chair of the Judicial Appointments Commission, a Governor of the Ditchley Foundation, non-executive Director of ITV, Trustee of Cumberland Lodge, non-executive Director of the Cabinet Office, a Governor of Ashridge College and a Patron of The Runnymede Trust.

Her previous posts include First Civil Service Commissioner, Chairman of the Royal Commonwealth Society, Chancellor of De Montfort University, Executive Chairman of the Parole Board for England and Wales, Director of the National Council for Voluntary Organisations and Director of The Runnymede Trust. She sits in the House of Lords as a cross-bencher.

THE PERFORMANCE MANAGEMENT FRAMEWORK

PUBLIC SERVICE AGREEMENTS

Since their introduction in the 1998 Comprehensive Spending Review (CSR), Public Service Agreements (PSAs) have played a vital role in galvanising public service delivery and driving major improvements in outcomes. Building on this success, the Government has been working with frontline professionals, the public and external experts to renew the performance management framework for the next decade.

CSR 2007 announced the culmination of this work, with 30 new PSAs setting a vision for continuous and accelerated improvement in the Government's priority outcomes over the CSR period, 2008/09 to 2010/11.

THE PERFORMANCE MANAGEMENT FRAMEWORK AND THE ECONOMY

At Budget 2009, the Government reshaped its performance management framework to better reflect its economic priorities. The PSA framework now includes an additional overarching objective: "Help people and businesses come through the downturn sooner and stronger, supporting long-term economic growth and prosperity." This objective will be achieved through the delivery of commitments from the National Economic Council (NEC) to help people and businesses come through the downturn sooner and stronger, including packages on repossessions, apprenticeships, business access to finance and help for the unemployed; and PSAs on

economic performance and productivity, skills, employment, housing, business success, transport, science and innovation. The Government will continue to drive forward delivery of these objectives and the rest of the 30 PSAs to improve public services and wider outcomes for citizens.

WHAT ARE PSAS?

PSAs set out the Government's highest priority outcomes for the CSR 2007 period, 2008/09 to 2010/2011.

- Each PSA is underpinned by a single Delivery Agreement shared across all contributing departments and developed in consultation with delivery partners and frontline workers. The Delivery Agreements set out plans for delivery and the role of key delivery partners.
- They also describe the small basket of national outcome-focussed performance indicators that will be used to measure progress towards each PSA. A subset of indicators also have specific national targets or minimum standards attached, and details are set out in the relevant Delivery Agreement. All other national indicators are expected to improve against baseline trends over the course of the spending period.

A Government-wide commitment to build services around the needs of citizens and businesses will be integral to the achievement of each of the PSAs. Also published in CSR 2007 was the Service Transformation Agreement (STA), which underpins delivery of the PSA framework, setting out the Government's vision for building services around the citizen and specific actions for each department in taking forward this challenging agenda.

The 30 PSA Delivery Agreements and the Service Transformation Agreement are all available on HM Treasury website¹⁶.

CSR 2007: PUBLIC SERVICE AND SERVICE TRANSFORMATION AGREEMENTS

CSR 2007 announced that the Cabinet Office would lead on delivery of PSA 16 and the Service Transformation Agreement (STA). Further, Cabinet Office will contribute directly to delivery of PSAs, 21, 26 and 30.

The table opposite details the 30 PSAs and the STA; highlighted text in purple or blue indicates those areas which the Cabinet Office lead, or are delivery partners, and against which its performance will be measured.

At Budget 2009, the Government reshaped its performance management framework to better reflect its economic priorities and the PSA framework

now includes an additional overarching objective: "Help people and businesses come through the downturn sooner and stronger, supporting long-term economic growth and prosperity." This objective will be achieved through the delivery of commitments from the National Economic Council to help people and businesses to come through the downturn sooner and stronger and PSAs on economic performance and productivity, skills, employment, housing, business success, transport, science and innovation. The Government remains committed to improvements in public service delivery as set out in the 30 PSAs introduced in CSR 2007.

KEY

Public Service Agreements groups

- Help people and businesses come through the downturn sooner and stronger, supporting long-term economic growth and prosperity (PSAs 1-8 & 20)
- Fairness and opportunity for all (PSAs 9-11 & 14-16)
- A better quality of life (PSAs 12, 13, 17-19 & 22)
- Stronger communities (PSAs 21 & 23-26)
- A more secure, fair and environmentally sustainable world (PSAs 27-30)

Cabinet Office involvement:

Cabinet Office leading on delivery
Cabinet Office delivery partner
Cabinet Office underpin successful delivery

Help people and businesses come through the downturn sooner and stronger, supporting long-term				
PSA1: Raise the productivity of the UK economy	PSA2: Improve the skills of the population, on the way to ensuring a world-class skills base by 2020	PSA3: Ensure controlled, fair migration that protects the public and contributes to economic growth	PSA4: Promote world class science and innovation in the UK	PSA5: Deliver reliable and efficient transport networks that support economic growth
economic growth and prosperity				Fairness and
PSA6: Deliver the conditions for business success in the UK	PSA7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions	PSA8: Maximise employment opportunity for all	PSA20: Increase long term housing supply and affordability	PSA9: Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020
opportunity for all				
PSA10: Raise the educational achievement of all children and young people	PSA11: Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers	PSA14: Increase the number of children and young people on the path to success	PSA15: Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief	PSA16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training
A better quality of life				
PSA12: Improve the health and wellbeing of children and young people	PSA13: Improve children and young people's safety	PSA17: Tackle poverty and promote greater independence and wellbeing in later life	PSA18: Promote better health and wellbeing for all	PSA19: Ensure better care for all
Stronger communities				
PSA22: Deliver a successful Olympic and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport	PSA21: Build more cohesive, empowered and active communities	PSA23: Make communities safer	PSA24: Deliver a more effective, transparent and responsive Criminal Justice System for victims and the public	PSA25: Reduce the harm caused by Alcohol and Drugs
A more secure, fair and environmentally sustainable world				
PSA26: Reduce the risk to the UK and its interests overseas from international terrorism	PSA27: Lead the global effort to avoid dangerous climate change	PSA28: Secure a healthy natural environment for today and the future	PSA29: Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals	PSA30: Reduce the impact of conflict through enhanced UK and international efforts
Service Transformation Agreement (underpins the PSAs)				

CSR 2007: CABINET OFFICE'S DEPARTMENTAL STRATEGIC OBJECTIVES

The Cabinet Office has a single overarching aim, namely, Making Government Work Better. Announced in the Comprehensive Spending Review (CSR 2007), October 2007, the department set itself six Departmental Strategic Objectives (DSOs) which underpin the delivery of this aim. In CSR 2007, all the main government departments set themselves varying numbers of DSOs which are intended to cover the wider span of departmental activities, including business as usual, while at the same time underpin delivery of government's highest priorities as set out in the 30 PSAs and STA. The Cabinet Office's six DSOs and their linkage to PSAs/STA are described in the table.

DSO Description	PSA/STA Linkage
DSO 1 – Build an effective UK intelligence community in support of UK national interests; and the capabilities to deal with disruptive challenges to the UK	Delivery partner for PSA 26: Reduce the risk to the UK and its interests overseas from international terrorism. Home Office lead on PSA 26 Delivery partner for PSA 30: Reduce the impact of conflict through enhanced UK and international efforts. Foreign and Commonwealth Office (FCO) lead on PSA 30
DSO 2 – Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy making	Not linked to any one PSA, but will underpin successful delivery of all
DSO 3a – Improve outcomes for the most excluded people in society	Cabinet Office leading delivery of PSA16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training
DSO 3b - Enable a thriving third sector	Delivery partner for PSA 21: Build more cohesive, empowered and active communities. Communities and Local Government (CLG) lead on PSA 21
DSO 4 – Transform public services so that they better meet the individual needs of the citizen and business	Cabinet Office leading on delivery of the Service Transformation Agreement (STA)
DSO 5 – Build the capacity and capability of the Civil Service to deliver the Government's objectives	Not linked to any one PSA, but will underpin successful delivery of all
DSO 6 – Promote the highest standards of propriety, integrity and governance in public life	Not linked to any one PSA, but will underpin successful delivery of all

DEPARTMENTAL STRATEGIC OBJECTIVES – PROGRESS AGAINST DELIVERY

Progress against the Cabinet Office's six Departmental Strategic Objectives (DSOs), PSA which we lead, PSA 16, and the Service Transformation Agreement (STA) was last reported in the Cabinet Office's *Autumn Performance Report* (Cm 7517) published in December 2008¹⁷

Standard terminology in line with Treasury central guidance to departments has been adopted when reporting progress against delivery of DSOs. For both interim (biannual) and final assessments, the terms used are:

EVALUATION ASSESSMENT	DEFINITION
Strong Progress	Where more than 50% of indicators had improved
Some Progress	Where 50% or less indicators had improved
No progress	Where no indicators had improved
Not yet assessed	Where 50% or more of the indicators are yet to have first time data produced on progress

DSO1	Build an effective UK intelligence community in support of UK national interests; and the capabilities to deal with disruptive challenges the UK
PROGRESS	Strong Progress
INDICATORS	<p>Promote and protect UK security and national interests through Intelligence and Security Agencies – improvement;</p> <p>Major foreign, defence and security policy decisions are usefully informed by timely, accurate and objective all-source assessments – improvement;</p> <p>Improve the nation's capacity to prepare, absorb, respond to and recover from disruptive challenges – improvement; and,</p> <p>Lead development of effective, protective security polices and practices that allow Government to function undisrupted – improvement.</p>
DATA STATEMENT	Information is confidential
LINK TO CSR 2007 PSAS	<p>PSA 26: Reduce the risk to the UK and its interests overseas from international terrorism.</p> <p>PSA 30: Reduce the impact of conflict through enhanced UK and international efforts.</p>

DS02

Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy making

PROGRESS

Strong Progress

INDICATORS

It is not possible to measure this DSO through numerical indicators, other than process measures which cannot assess the quality of support being provided to Ministers.

Findings from the Cabinet Office *Capability Review: Progress and Next Steps*¹⁵ report published in December 2008, revealed that there has been a noticeable improvement in relationships and coordination of activity at the centre of government, and that a high standard of evidence based work is being achieved in support of the Prime Minister, Cabinet and the Government.

DATA STATEMENT

Strong progress is being made in supporting the Prime Minister and Cabinet.

Particular achievements have included:

- Ensuring a full programme of meetings for the Cabinet, including its first meeting outside of London since 1921 in September 2008 (Birmingham) and following up with four further regional meetings (Leeds, Liverpool, Southampton and Glasgow).
- Providing strong leadership in response to the global economic crisis, supported by the creation of the National Economic Council, and overseeing delivery of measures to help the UK come through the downturn stronger, for example supporting the long-term unemployed back into work and preventing repossessions.
- Delivering the Prime Minister's objective of a globally coordinated response to the most severe world financial and economic crisis for 70 years.
- Production and publication of:
 - *Food Matters* – setting out a future strategic framework for food policy and practical measures for addressing issues around food and health, food and the environment and other concerns.
 - *Excellence and Fairness* – setting out the Government's overall approach to delivering world class public services over the next few years; and
 - *Getting On, Getting Ahead* – a discussion paper analysing the trends and drivers of social mobility, paving the way for publication of a flagship White Paper in the new year.

DS02 DATA STATEMENT continued

- The Cabinet Office also co-authored the following 2 publications:
 - *Fair Rules for Strong Communities* (working with CLG) – setting out Government’s actions and commitment to promoting Fair Rules as a basis for Strong Communities.
 - *The Road to the London Summit* (working with HMT) – setting out the causes of the economic crisis, how it is impacting the global economy and what the agenda for the G20 Summit should therefore cover.
- The active co-ordination of the Government’s domestic, European, foreign and defence policies, through the Cabinet Committee system and other channels.
- Establishment of the National Security Secretariat to manage and coordinate an increasingly diverse but interconnected set of security challenges and some of their underlying factors including climate change, competition for energy, poverty, and globalisation.
- Re-establishment of the Joint Ministerial Committee with the devolved administrations, including the first plenary meeting for six years on 25 June.
- Launching a campaign to raise Whitehall consciousness about devolution including the circulation of new guidance by the Cabinet Secretary.
- Management of the Government’s Legislative Programme, including the production of, and consultation on, the Government’s Draft Legislative Programme, coordination of the Queen’s Speech and supporting the Legislation Committee in managing the progress of the legislative programme in the current session.
- Continued, successful co-ordination, with HM Treasury, of the Government’s policy on public sector pay and pensions.
- Analysis of machinery of government changes ahead of the 2008 and 2009 reshuffles.
- Continued work to ensure enhanced public trust in official statistics, for example the publication of new rules on pre-release access;
- Supporting the intense preparatory and parliamentary process resulting in the successful ratification of the Lisbon Treaty.
- Ensuring that the Prime Minister’s level of ambition for the High Level Event on the Millennium Development Goals in New York was met.
- Securing UK objectives at the Major Economies Meeting, providing momentum towards reaching an international agreement on climate change at Copenhagen.

DS02 DATA STATEMENT

continued

- Delivering agreement on the 3rd Internal Energy Market Package at the June Energy Council – making an important step towards liberalised, efficient gas and electricity markets in the EU which will increase energy security and competitiveness.
- Securing UK objectives at the G8 summit.
- Led policy development and negotiations on EU 2020 Climate and Energy package, which was agreed by Heads of Government at December 2008 European Council.
- Led on policy development for the UK – hosted International Energy Ministers conference in December 2008 which tackled international response to Commodity and Oil Price shocks.
- Successfully delivered 1,000 candidates for honours in each of the Prime Minister's biannual Honours Lists.
- Responding to some 10,000 letters/correspondence from the public about the honours system.
- Supporting departments by providing policy lead on honours, medals and decorations policy.
- Work leading up to publication of *UK policy in Afghanistan and Pakistan: the way forward*⁴ in April 2009. This sets out the UK's strategic objectives in the region, for both UK and international audiences.
- Co-ordination of the 2009 UK-China Summit in February in London between the Prime Minister and Premier Wen. This delivered a number of important agreements between the UK and the Chinese government, including on the global economy in the run up to the London Summit.
- Supported Cabinet agreement to withdrawal of UK forces from NATO's Kosovo Force, in line with re-prioritisation of UK conflict funding and resources.
- Supported the Prime Minister and Cabinet on a review of HMG's Russia strategy and delivered a consistent cross-Whitehall response on the Russia – Georgia conflict in August 08.
- Ensuring that UK objectives were met at the 2009 NATO Summit.
- Co-ordination of work to prepare the Prime Minister's speech at the March 2009 Nuclear Fuel conference in London.
- Assisting Ministers in reaching decisions on Tranche 3 of the Typhoon programme.
- Securing Ministerial agreement to a Strategic Framework for Conflict and cross-Whitehall agreement to Conflict funding arrangements for 2009/10.

DS02 DATA STATEMENT continued

- Co-ordinating the UK Government's response to piracy off the Horn of Africa.
- Co-ordinate the policy, announcement and implementation of the drawdown of UK troops in Iraq.
- Establishment of the National Security Secretariat to manage and co-ordinate an increasingly diverse but interconnected set of security challenges and some of their underlying factors including climate change, competition for energy, poverty and globalisation.

DS03a	Improve the outcomes of the most excluded people in society
PROGRESS	Not Yet Assessed
INDICATORS	2 of 8 Indicators Assessed
DATA STATEMENT	<p>Offenders under probation supervision</p> <p>NI 143: Offenders under probation supervision in settled and suitable accommodation Progress: No progress. Commentary: The 2006-07 baseline figure for offenders under probation supervision in settled and suitable accommodation was 77% (repeated in 2007-08). Data for the first half of 2008-09 shows that this percentage has remained the same.</p> <p>NI 144: Offenders under probation on supervision in employment Progress: No progress. Commentary: The 2006-07 baseline figure for offenders under probation supervision in employment was 36%. Data for 2007-08 showed a statistically significant increase on this figure to 37%. According to the standard formula used for the confidence interval of a proportion, this increase is statistically significant at the 5% significance level. Data for the first half of 2008-09 shows that this percentage has reverted to 36%.</p> <p>Adults with moderate to severe learning disabilities</p> <p>NI 145: Adults with moderate to severe learning disabilities in settled accommodation Progress: Not yet assessed. Commentary: This is a new indicator and the baseline will be established in 2008-09. We expect the first data report for the PSA period will be available July 2009. This will cover the period 2008-09.</p> <p>NI 146: Adults with moderate to severe learning disabilities in employment Progress: Not yet assessed. Commentary: This is a new indicator and the baseline will be established in 2008-09. We expect the first data report for the PSA period will be available July 2009. This will cover the period 2008-09.</p> <p>Care leavers at age 19</p> <p>NI 147: Care leavers at age 19 in suitable accommodation Progress: Not yet assessed Commentary: The 2006-07 baseline figure for care leavers in suitable accommodation was 87.3%. Data for 2007-08 shows a non-significant increase on this figure to 88% The first data report for the PSA period will be available in September 2009 and relate to the period 2008-09.</p> <p>NI 148: Care leavers at age 19 in employment, education or training Progress: Not yet assessed. Commentary: The 2006-07 baseline figure for care leavers in</p>

DS03a DATA STATEMENT continued

employment, education or training was 63%. Data for 2007-08 shows a statistically significant increase on this figure to 65%. The first data report for the PSA period will be available in September 2009 and relate to the period 2008-09.

Adults receiving secondary mental health services

NI 149: Adults receiving secondary mental health services in settled accommodation

Progress: Not yet assessed.

Commentary: This is a new indicator and the baseline will be established in 2008-09. The first data report for the PSA period is expected in July 2009. This will cover the period 2008-09.

NI 150: Adults receiving secondary mental health services in employment

Progress: Not yet assessed.

Commentary: This is a new indicator and the baseline will be established in 2008-09. The first data report for the PSA period is expected in July 2009. This will cover the period 2008-09.

LINK TO CSR 2007 PSA

PSA 16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training.

DS03b

Enable a thriving third sector

PROGRESS

Not Yet Assessed

INDICATORS

0 of 4 indicators assessed

DATA STATEMENT

Baseline information for 2007/08 is now available for all four indicators, however full annual data for 2008/09 is not yet available to assess progress on these indicators.

Leading from Cabinet Office, the Office of the Third Sector (OTS) builds support and leads work across government for developing the environment for a thriving third sector as set out in the final report of the third sector review, published in July 2007. This report sets out how the government will work in partnership with the third sector to empower the sector to excel at what it does best – enable voice and campaigning, strengthen communities, transform public services and enable social enterprise growth and development. This includes work to promote and support volunteering and to build capacity in the sector, including by promoting sustainable funding agreements between the sector and government.

There are four measures being used to assess progress on this Cabinet Office objective to enable a thriving third sector.

These are:

- The proportion of people formally volunteering at least once a month, as measured by the Citizenship Survey

DS03b DATA STATEMENT

continued

- The number of full-time equivalent employees within the third sector, as measured by the Annual Population Survey
- The environment for a thriving third sector (National Indicator 7), as measured by the National Survey of Third Sector Organisations (NSTSO)
- The proportion of government funding to the third sector for three years or more, as measured by annual departmental returns to the OTS.

The baseline for the volunteering component has been set at 27% in 2007/08, with success defined as a statistically significant increase in this component over the PSA period. Latest data from the first three quarters of the 2008/09 Citizenship Survey, up to December 2008, shows volunteering levels are now 26%, although this is not a statistically significant movement from the baseline. The OTS is working across government to remove barriers to participation and build a culture of volunteering and mentoring. This includes significant investment in range of volunteering programmes, including up to £117 million in v to support youth volunteering, which will provide the platform for further growth in voluntary activity. The Government is also investing in a new £5.5 million intergenerational volunteering programme, and further programmes to support volunteer managers and to open up opportunities for people with disabilities to volunteer.

For employment, the baseline has been set at 464,000 FTEs in 2007/08, and success is again defined as a statistically significant increase over the PSA period. Latest data for the first two quarters of 2008/09, up to September 2008, shows the number of FTEs in the sector has increased to 489,000, although this rise is not statistically significant. To maintain this progress, the OTS is leading work across government to increase the third sector's involvement in public service delivery. This includes work to build capacity (Futurebuilders), improve commissioning (National Programme for Third Sector Commissioning), and encourage innovation (Innovation Exchange). In addition, social enterprises have been included in the government's £1 billion Future Job Fund, with a target of creating 15,000 new jobs for the unemployed by 2011.

National Indicator 7 (NI 7) was created by the OTS as part of the National Indicator set and assesses the contribution that local government and its partners make to the environment in which independent third sector organisations can operate successfully. In each local authority area the NI 7 baseline has been set as the percentage of respondents who report that local statutory bodies have a positive or very positive influence on their organisation's success. The target for each local authority area is to achieve a statistically significant increase in this score over the PSA period (as measured by the next wave of the survey, due in 2010). Nationally, the average baseline NI 7 score is 16.2% and further headline results can be found at www.nstso.com. The overall target is for the majority of local authority areas to achieve a statistically significant increase in their NI 7 score over the PSA period. This will be assessed following the second wave of the survey in 2010.

DS03b DATA STATEMENT continued

Further data and analysis from the NSTSO has been provided by the OTS to enable local authorities and partners to understand their NI 7 scores and identify areas for change in order to improve relations with local third sector organisations. NI 7 has been included in Local Area Agreements in 63 out of the 149 top tier local authority areas, demonstrating that local government is increasingly committed to working in partnership with the third sector locally. The OTS is supporting this work around NI 7 through the Third Sector Indicators Community of Practice, which enables officers in both local statutory bodies and in the third sector to share good practice and discuss issues and solutions.

The baseline for three year government funding to the third sector is 65.7%, which reflects the average percentage of grants that were for three years or more across central government departments in 2008. This data is collected annually and new annual data will be available in autumn 2009. The target is to see an increase in the percentage of grants that are for three years or more. The government is committed to promoting sustainable funding practices for the sector, and recognises that this commitment supports efforts towards better strategy and planning and will help to professionalise third sector organisations, allowing them to more effectively lever in other forms of finance.

LINK TO CSR 2007 PSA

PSA 21: Build more cohesive, empowered and active communities.

DS04

Transform public services so that they better meet the individual needs of the citizen and business

PROGRESS

Strong progress

INDICATORS

2 of 2 indicators assessed

DATA STATEMENT

The DSO4 measures are:

- Achieve 50% reduction in avoidable contact by 31 March 2011
- Migrate more than 95% of the total identified websites to Directgov and Businesslink.gov by 31 March 2011

These echo the Service Transformation Agreement (STA) progress measures.

The current position/update for both:

Key Progress Measure I

Reduction in the amount of avoidable contact. To achieve a 50% reduction by 31.03.11 STA OCT 07

Narrative Explanation of Status:

The STA states that existing levels of avoidable contact would be quantified and baselined by April 08 as the first step in implementing this progress measure. However, essential preparatory work has been needed prior to baselining.

Key steps taken forward by the Service Transformation team to deliver this progress measure were as follows:

- One-to-one engagement between April and November 2008 with DWP, HMRC, DfT and NHS Direct, who account for around 90% of customer contact within central government.
- A series of workshops to help identify and reduce avoidable contact were held in late 2008.
- Baseline figures for these departments were agreed by the end of February 2009 to form the basis of ongoing progress reporting via the Performance Management Framework (PMF). These figures were circulated amongst the Contact Council's key stakeholder group.

Local government National Indicator (NI14) successfully rolled out October 2008, 1st annual data reporting on track for April 2009.

DS04 DATA STATEMENT continued

Key Progress Measure 2

Closure of more than 95% of websites and migration of content to Directgov and Businesslink by end of CSR 2007

Summary of Major Departments' progress towards target (95% closed by 2011)

	Total Sites	Approved Sites	Remaining Sites	Closed Sites	Closed Site percentage
End Oct 07	1402	44	1358	256	18.85%
End of Year 07/08	1432	51	1381	441	31.93%
End Sep 08	1555	64	1491	549	36.82%
End Jan 09	1619	197	1422	696	48.95%
End of Year 08/09	1649	271	1378	762	55.30%

Note: Some sites reported by Department Website Reviews were subsequently identified as local, regional or devolved government sites and out of scope. The data, as reported in the Cabinet Office Autumn Performance Report 2008 published in December, has been updated to reflect this.

Narrative Explanation of Status:

Officials have negotiated almost complete settlement on the business cases for exceptions to the guidance which have been agreed with the relevant Secretary of State. In 2008-09 cases did not need to be referred to the Ministerial Committee on Domestic Affairs, Public Engagement and the Delivery of Services (DA(PED)).

[LINK TO CSR 2007 PSA](#)

STA: Service Transformation Agreement

DS05	Build the capacity and capability of the Civil Service to deliver the Government's objectives
PROGRESS	Some Progress
INDICATORS	6 of 7 indicators assessed
DATA STATEMENT	<p>Baselines: Progress is assessed using a basket of seven metrics that underpin three Key Performance indicators (KPIs). These are:</p> <p>1. Capable Departments a) Capability Reviews overall scores – Strong progress b) Overall management of departments – No progress</p> <p>2. Capable Leaders a) Leadership capability – Strong progress b) Confidence in senior management – No progress</p> <p>3. Delivering excellent public services a) Government ability to improve public services – No new data available. Last assessment was no progress b) Likelihood of delivery of PSAs – no new data available. Last assessment was some progress c) International Government Effectiveness Indicators – No data available at this point in time.</p> <p>Progress to date:</p> <p>1. Capable Departments</p> <ul style="list-style-type: none"> • All 11 re-reviews to date have identified positive improvements in departmental capability. Three further re-reviews are currently underway, with the full cycle of re-reviews due to be completed in the autumn. • We are undertaking a refresh of the Capability Review model to ensure it continues to challenge and stretch departments. • CSCG have identified the key capability issues around cross cutting PSA's with PMDU. • We have a bold new model for learning from good practice and increasing capacity to tackle key capability issues. Good progress with Change Directors Network. • Developed a vision for what the Civil Service of the future looks like and what we need to do to develop that capacity with strong feedback from stakeholders and the NAO on impact and value of Capability Review Programme¹⁵.

DS05 DATA STATEMENT continued

2. Capable Leaders and People

- Improved working of corporate leadership with strongly positive feedback from key stakeholders. For example, strategic approach to managing the Top 200.
- Stronger objective setting, appraisal and performance conversation with Perm Secs.
- Ongoing progress towards a single survey with particular focus on employee engagement and how to improve it.
- Capacity building in: 1) The HR profession through HR leader's council; preparing for HR Leadership Programme, 24% of first tranche are now in SCS roles; 2) New preparations for HR leadership programme are already producing successful candidates for promotion; 3) Strengthened the Senior Leadership Committee to improve succession planning at Perm Sec. and DG level, plus established a new Directors Talent Review Board. Fourth cohort of High Potential Development Scheme now underway, as are a number of development events for Perm Secs. and DGs; 4) Award winning FS marketing campaign.

3. Delivering excellent public services

- **Departmental PSAs:** For CSR 2007, 30 PSAs were agreed and measuring the delivery of excellent public services uses the 'likelihood of delivery' indicators for all 30 PSAs.
Progress will be assessed by taking an overall measurement of progress towards achieving the 30 PSA targets.
- **Public Attitudes Index:** IPSOS Mori publish a Delivery Index which monitors the general public's attitude to, and experiences of, public services. This long-running time series will be able to monitor changes from a March 2008 baseline and is a medium with which to measure changes in the quality of public service delivery.
Progress will be assessed by monitoring changes to the percentage of the public reporting favourable experiences of public services.
- **International Government Effectiveness Indicators:** The World Bank produces an annual measure of Government Effectiveness for countries across the world. The most recent of these Indicators was published in June 2008 and relates to the calendar year 2007.
Progress will be assessed by monitoring changes to the UK's performance in this metric.

Delivering Priorities

- PSA reviews adding value and exposing some key challenges.
- A 360° feedback tool being developed for dual use with Perm Secs. and SROs.

DS06

Promote the highest standards of propriety, integrity and governance in public life

PROGRESS

Not Yet Assessed

INDICATORS

0 of 2 indicators assessed

DATA STATEMENT

Measure 1: Publication of Codes, Guidance. Annual Lists etc

Civil Service Code*	2006	Kept under review
Ministerial Code	2007	Usually re-issued following a general election/change of Prime Minister
Code of Conduct and Model Contract for Special Advisers* (as amended April 2009)	2007	Usually re-issued following a general election
Guidance on Codes of Conduct for Board Members of Public Bodies	2004	By 1 July 2009
Model Code for Staff of Executive Non-Departmental Public Bodies Board	2007	By 1 July 2009
Model Code of Practice for Members of NDPBs	2007	By 1 July 2009
Guidance on conduct of civil servants and special advisers in the run up to general, local, European and by-elections	Prior to Election	As necessary. Guidance on conduct in relation to local/ European elections 2009 issued in March 2009
List of overseas travel by Ministers	July 2008	Annually
List of gifts received/ given Ministers valued over £140	July 2008	Annually
List of ministers' financial interests	-	March 2009 (first ever publication)
Hospitality received by departmental board members	-	February 2009 (first ever publication)

*Draft Constitutional Renewal Bill, published in March 2008, makes statutory provision for a Civil Service Code and a Code of Conduct for Special Advisers with minimum requirements for these Codes of Conduct specified on face of the Bill.

DS06 DATA STATEMENT continued

Measure 2: Ensuring public servants are aware of and abide by standards of propriety

Action	Frequency
Ensure Civil Service Code issued to all new appointees (working in conjunction with departments)	On-going
Work with Civil Service Commissioners to promote the Civil Service Code amongst civil servants	On-going
New Ministers given copy of Ministerial Code and other key guidance on taking office	On-going. New ministers appointed following re-shuffle (October 2008) have been sent relevant documentation
Appointment of Prime Minister's Independent Adviser on Ministers' Interests	First Independent Adviser appointed in January 2008 Following re-shuffle (October 2008), model declaration letter has been updated to ensure consistency in information provided. Opportunity for all Ministers to review declarations in light of current economic climate First ever list of Ministers' Interests published in March 2009
Ensure all new Special Advisers issued with contract and code of conduct	Following re-shuffle (October 2008), newly appointed special advisers issued with new contracts (including code of conduct) based on Cabinet Office Model Contract for Special Advisers
Induction for new Ministers and Special Advisers on appointment	Induction Session for new Ministers following re-shuffle (October 2008) took place on 16 October
Advise Ministers, civil servants and Special Advisers about principles of conduct in run up to General, Local, European and By-elections	Guidance on conduct for Glenrothes by-election issued on 9 October 2008 and guidance for the Norwich North by-election issued on 3 July 2009 Guidance on conduct for local and European elections 2009 issued in March 2009
Ensure codes of conduct issued to NDPB board members and staff based on Cabinet Office model codes.	As required
Provide consistent and timely ad hoc advice to departments and others on propriety and ethics issues in relation to ministers, civil servants, special advisers, NDPB staff and board members, and wider public appointees	On-going

PUBLIC SERVICE AGREEMENT

(PSA 16) – PROGRESS AGAINST DELIVERY

PSA 16: INCREASE THE PROPORTION OF SOCIALLY EXCLUDED ADULTS IN SETTLED ACCOMMODATION AND EMPLOYMENT, EDUCATION OR TRAINING

The PSA aims to ensure that most socially excluded adults are offered the chance to get back on a path to a more successful life by increasing the proportion of at-risk adults (aged 18-69) in settled accommodation, employment, education or training. It represents a considerable challenge as the first PSA to focus on the most disadvantaged groups in society. It is cross-cutting in nature being jointly owned and delivered by seven government departments. It is therefore an opportunity for government and local agencies to work across departmental boundaries to improve life outcomes for people facing complex and difficult problems.

Evidence suggests that ensuring individuals at-risk of social exclusion have a stable home and the appropriate life skills to maintain it, and are either in a job or involved in productive employment-focused activity, can help reduce the likelihood of negative outcomes in the future. Without these core foundations – of a job and settled accommodation – the most disadvantaged adults risk a lifetime of social exclusion for themselves, their children and potentially place a lifetime of cost on society.

The PSA focuses on four at-risk groups, who may be negotiating a difficult transition point. While these groups are particularly vulnerable during this transition period, they are also in contact with services that could and should make a difference in preventing persistent exclusion. The client groups are:

1. care leavers at age 19;
2. adult offenders under probation supervision;
3. adults receiving secondary mental health services; and
4. adults with moderate to severe learning disabilities.

The PSA has been developed as part of a package of support across the wider PSA framework, focused on ensuring opportunity for all and reducing social exclusion across the life course (PSA14: for children and young people and PSA 17: for adults in later life).

There are a total of eight indicators that underpin the PSA, which will be used to measure progress for each at-risk group. All the indicators are included in the set of national indicators for local authorities and local authority partnerships.

The Delivery Agreement for PSA 16, Increase the proportion of socially excluded adults in settled accommodation and employment, education or training, can be found on the Treasury website¹⁸.

PROGRESS AGAINST PSA 16

Good progress has been made on PSA 16. A delivery plan setting out how outcomes will be improved has been agreed by ministers from the Cabinet Office and partner departments: Communities and Local Government; Department for Work and Pensions; Ministry of Justice; Department of Health; Department for Children Schools and Families; and department for Business, Innovation and Skills. Service providers, service users and third sector organisations have been consulted on the key areas for action. Detailed regression analysis has shown the factors that are most important in improving the eight outcomes. Internal success measures for the eight indicators are in the process of being agreed.

Oversight of PSA 16 is provided by ministers through a Cabinet Committee and by officials through a Delivery Board. There is an increasing amount of joint working across departmental boundaries to find solutions to cross-cutting problems.



PSA 16

Increase the proportion of socially excluded adults in settled accommodation and employment, education or training

PROGRESS

Not Yet Assessed

INDICATORS

2 of 8 Indicators Assessed

ASSESSMENT OF PERFORMANCE ON INDICATORS

Offenders under probation supervision

NI 143: Offenders under probation supervision in settled and suitable accommodation

Indicator progress: No progress

Commentary: The 2006-07 baseline figure for offenders under probation supervision in settled and suitable accommodation was 77% (repeated in 2007-08). Data for the first half of 2008-09 shows that this percentage has remained the same.

NI 144: Offenders under probation on supervision in employment

Indicator progress: No progress

Commentary: The 2006-07 baseline figure for offenders under probation supervision in employment was 36%. Data for 2007-08 showed a statistically significant increase on this figure to 37%. According to the standard formula used for the confidence interval of a proportion, this increase is statistically significant at the 5% significance level. Data for the first half of 2008-09 shows that this percentage has reverted to 36%.

Adults with moderate to severe learning disabilities

NI 145: Adults with moderate to severe learning disabilities in settled accommodation

Indicator progress: Not yet assessed

Commentary: This is a new indicator and the baseline will be established in 2008-09. We expect the first data report for the PSA period will be available July 2009. This will cover the period 2008-09.

NI 146: Adults with moderate to severe learning disabilities in employment

Indicator progress: Not yet assessed

Commentary: This is a new indicator and the baseline will be established in 2008-09. We expect the first data report for the PSA period will be available July 2009. This will cover the period 2008-09.

Care leavers at age 19

NI 147: Care leavers at age 19 in suitable accommodation.

Indicator progress: Not yet assessed

Commentary: The 2006-07 baseline figure for care leavers in suitable accommodation was 87.3%. Data for 2007-08 shows a non-significant increase on this figure to 88%.

The first data report for the PSA period will be available in September 2009 and relate to the period 2008-09.

PSA 16 DATA STATEMENT continued

NI 148: Care leavers at age 19 in employment, education or training
Indicator progress: Not yet assessed
Commentary: The 2006-07 baseline figure for care leavers in employment, education or training was 63%. Data for 2007-08 shows a statistically significant increase on this figure to 65%. The first data report for the PSA period will be available in September 2009 and relate to the period 2008-09.

Adults receiving secondary mental health services

NI 149: Adults receiving secondary mental health services in settled accommodation

Indicator progress: Not yet assessed

Commentary: This is a new indicator and the baseline will be established in 2008-09. The first data report for the PSA period is expected in July 2009. This will cover the period 2008-09.

NI 150: Adults receiving secondary mental health services in employment

Indicator progress: Not yet assessed

Commentary: This is a new indicator and the baseline will be established in 2008-09. The first data report for the PSA period is expected in July 2009. This will cover the period 2008-09.

PSA DELIVERY PARTNERS

CLG, DWP, MoJ, DCSF, DH and BIS

LINK TO CSR 2007 DSO

DSO 3a: Improve outcomes for the most excluded people in society

SERVICE TRANSFORMATION AGREEMENT

-PROGRESS AGAINST DELIVERY

Citizens' time is not free, yet often the way public services are delivered assumes it to be so.

The aim of the Service Transformation Agreement (STA) is to change public services so they more often meet the needs of people and businesses, rather than the needs of government, and by doing so reduce the frustration and stress of accessing them. The result will be services that are better for the customer, better for front line staff and better for the taxpayer.

Service Transformation is about changing public services so they are tailored more to the needs of people and businesses and less to the structures of government. Public services should be delivered in the ways and at the times that people now expect them; the public service should get it right first time so that people do

not have to initiate contact again and again; and rather than expecting people to 'join up' government for themselves, it should be done for them.

Government will do this by engaging users of public services to learn what really matters to them, and by acting on what is learnt.

The key aim of Service Transformation is to reduce the number of unnecessary contacts that people need to have with government. Achieving this will require the whole of government to look critically and fundamentally at the way in which it designs and delivers services, and at the relationships between those organisations, whether in the public, private or third sectors, who have an interest in a particular area or customer group. By doing this the public sector will improve

quality, accuracy and joining up across government. It will also save money and create more satisfying jobs for public sector staff.

This will require action right across the public sector, specifically in the context of delivering the 30 PSA priority outcomes, and will not be complete within a single Spending Review period. During the CSR 2007 period the Government has committed that it will make practical reductions in the number of contacts; introduce the core services on which further change can be built; make the policy changes which will underpin further improvement; and engage with citizens, businesses and front line staff involving them, listening to them and learning from them, to improve public services.

The long-term aim of the Service Transformation Agreement, now in the context of Public Service Reform, is to establish across the public sector a sustainable culture built upon an understanding of the needs and behaviours of citizens and businesses to create transactional services that are:

- **better for customers.** Services are simpler, more streamlined and intuitive, more accessible and convenient. Services are not designed to trip customers up, even though it sometimes seems that way. Customers will progressively find that when they deal with government each contact they have is easy and joined-up. Each one fulfils a need, adds value to the outcome and is trusted.
- **better for staff.** Front line public sector staff – not just those in face-to-face offices, but also those answering calls in contact centres and developing services for the web – have a strong culture of service. They are closest to the customer and feel the public service strengths and weaknesses the most acutely. By using their own experience, front line staff will increasingly find that they can get on with delivering services of which they can feel proud.
- **better for the taxpayer.** Unnecessary and duplicative contact, cumbersome and complicated processes, fragmented and inaccessible services are as frustrating and costly for government as they are for staff and the customer. Each unnecessary contact removed is a saving, giving greater value for money for the taxpayer.

The Delivery Agreement for the STA can be found on the Treasury website¹⁹.



PROGRESS AGAINST THE SERVICE TRANSFORMATION AGREEMENT

Progress against the Service Transformation Agreement (STA) has been good and a comprehensive reporting mechanism has been established which will enable future progress to be clearly monitored and coordinated across all areas of STA activity, and reported upon within the overall Public Service Reform Group (PSRG) governance framework.

Key to delivery of the STA's aims is its two progress measures on reducing avoidable contact and website rationalisation. These measures also constitute the indicators for Departmental Strategic Objective 4 (DSO 4). In terms of the first measure (Reduction in the amount of avoidable contact. To achieve a 50% reduction by 31 March 2011), the major contributory departments have agreed plans and trajectories and we have baselined approximately 90% of customer contact volumes. Engagement with remaining departments is scheduled. Ongoing progress reporting by departments will be on a quarterly basis via the cross-government contact centre Performance Management Framework (PMF). Cabinet Office is also driving the reduction of avoidable contact in local authority services through the

implementation, from October 2008, of local government indicator NI14. The first data collection for this indicator took place at end April 2009.

In terms of the second STA progress measure (Closure of more than 95% of websites and migration of content to Directgov and Businesslink.gov by end of CSR 2007), 55% of the total number of identified websites not approved to continue (1,378 as at end March 2009) have been closed.

Through the Service Transformation Agreement Cabinet Office also coordinates the delivery of a small number of key strategic activities such as Tell Us Once and Online Free School Meals, led respectively by the Department for Work and Pensions (DWP) and Department for Children, Schools and Families (DCSF). All project leads report on progress monthly in the form of RAG reports (Red/Amber/Green). In addition, the STA acts to drive and monitor a much broader programme of activity across the whole of the public sector, in which every department puts into practice the principles of Service Transformation. Departments are reporting progress on their service transformation plans to Cabinet Office on a six-monthly basis and both success stories and any issues for cross-government consideration will be escalated as appropriate.

STA

Service Transformation Agreement

PROGRESS

Strong Progress

INDICATORS

2 of 2 indicators assessed

ASSESSMENT OF PERFORMANCE ON INDICATORS

A. The two progress measures for the STA are:

1. 'Reduction in the amount of avoidable contact. To achieve a 50% reduction by 31.03.11'

2. Closure of more than 95% of websites and migration of content to Directgov and Businesslink by end of CSR 2007

Progress on these is as follows:

Key Progress Measure 1

Reduction in the amount of avoidable contact. To achieve a 50% reduction by 31.03.11 STA OCTOBER 2007

Narrative Explanation of Status:

The STA states that existing levels of avoidable contact would be quantified and baselined by April 08 as the first step in implementing this progress measure. However, essential preparatory work has been needed prior to baselining.

Key steps taken forward by the Service Transformation team to deliver this progress measure were as follows:

- One-to-one engagement between April and November 2008 with DWP, HMRC, DfT and NHS Direct, who account for around 90% of customer contact within central government.
- A series of workshops to help identify and reduce avoidable contact was held in late 2008.
- Baseline figures for these departments were agreed by the end of February 2009 to form the basis of ongoing progress reporting via the Performance Management Framework (PMF). These figures were circulated among the Contact Council's key stakeholder group.

Local government National Indicator (NI14) successfully rolled out October 2008, first annual data reporting on track for April 2009.

ASSESSMENT OF PERFORMANCE ON INDICATORS continued

Key Progress Measure 2

Closure of more than 95% of websites and migration of content to Directgov and Businesslink by end of CSR 2007

Summary of Major Departments' progress towards target (95% closed by 2011)

	Total Sites	Approved Sites	Remaining Sites	Closed Sites	Closed Site percentage
End Oct 07	1402	44	1358	256	18.85%
End of Year 07/08	1432	51	1381	441	31.93%
End Sep 08	1555	64	1491	549	36.82%
End Jan 09	1619	197	1422	696	48.95%
End of Year 08/09	1649	271	1378	762	55.30%

Note: Some sites reported by Department Website Reviews were subsequently identified as local, regional or devolved government sites and out of scope. The data, as reported in the Cabinet Office Autumn Performance Report 2008 published in December, has been updated to reflect this.

Narrative Explanation of Status:

Officials have negotiated almost complete settlement on the business cases for exceptions to the guidance which have been agreed with the relevant Secretary of State. In 2008/09 cases did not need to be referred to the Ministerial Committee on Domestic Affairs, Public Engagement and the Delivery of Services (DA(PED)).

B. The six underpinning strategic actions of Service Transformation are:

1. Learning from citizens and businesses.
2. Grouping services in ways that are meaningful to the customer.
3. Rationalising services for efficiency and service improvement.
4. Making better use of the customer information the public sector already holds.
5. Linking local and central government.
6. Engaging frontline staff.

Overall progress against these has not been formally assessed, although the Contact Council and Delivery Council were until December 2008 charged with monitoring and steering progress. More formal assessment of progress to be carried out with PMDU at start of 2009/10.

C. The deliverables of the STA are:

1. 'a small number of strategic initiatives such as Tell Us Once, which would not only provide immediate benefit to customers and greater efficiency for government, but which would also lay the foundations for a new generation of public services' (STA October 07).

ASSESSMENT OF PERFORMANCE ON INDICATORS *continued*

2. 'a wide programme of activity across the whole of the public sector in which every organisation puts into practice the principles of service transformation' (*STA October 07*).

Departmental plans are being updated six monthly via the Service Transformation Departmental Plans Group.

3. In addition the STA is represented in the local government indicator set by NI14 'Reducing Avoidable Contact'. This indicator was rolled out in local authorities in October 2008 and the first annual reporting on it is due end of April 2009.

In 2008/09 a formal ST programme performance monitoring framework was introduced incorporating all Service Transformation activity.

LINK TO CSR 2007 DSO

DSO 4: Transform public services so that they better meet the individual needs of the citizen and business.

VALUE FOR MONEY

A RECORD OF DELIVERING EFFICIENCY SAVINGS

The Government is committed to increase investment in important public service priorities over the next few years. Alongside this investment, Budget 2009 announced further measures to improve efficiency and cut down waste.

Since 1997, the Government has made significant progress towards delivering more efficient and effective public services that represent value for money for the taxpayer. The Spending Review 2004 (SR 2004) set stretching efficiency targets for departments to deliver by March 2008, as recommended by Sir Peter Gershon. The Government over-delivered against the original target by 20%. Cabinet Office reported an over-delivery of £10.3 million in efficiency savings against a target of £22.5 million,

and an over achievement of 40 against the headcount reduction target of 100 by 31 March 2008. For more information see Cabinet Office *Autumn Performance Report 2008* (Cm 7517)¹⁷.

The Comprehensive Spending Review 2007 (CSR 2007) set new value for money targets worth an additional £30 billion of savings across departments by end 2010-11 and also set more challenging criteria, with all saving cash-realising and reported net of costs.

Budget 2008 announced the next stage in the Government's rolling programme of value for money improvements, setting up the Operational Efficiency Programme (OEP) and the Public Value Programme (PVP) to capitalise on best practice and leading thinking

in the private and public sectors. These programmes have explored how further efficiency savings can be achieved in the medium term (further information on OEP and PVP can be found on Treasury website at www.hm-treasury.gov.uk).

Budget 2009 announced a new CSR 2007 value for money target across departments by 2010-11. Cabinet Office's contribution to the target is £45 million (including £10 million of additional savings by 2010-11).

VALUE FOR MONEY: PLANS

As part of CSR 2007, Cabinet Office identified scope to save a further £35 million of value for money savings by 2010-11. This includes £20.1 million of savings in administration costs and £14.7 million of savings in procurement costs through a major drive to improve procurement value for money.

Procurement value for money savings:

- procurement savings realising £14.7 million net cash-releasing savings by 2010-11; and a major drive to strengthen the department's procurement capability including:
- greater use of the Government Procurement Card (GPC) to reduce transactional costs;
- improved travel contract arrangements, including on-line rail ticket ordering and delivery, reducing overhead costs;
- new contract arrangements for office supplies;
- use of collaborative frameworks, leveraging the public sector's buying power to get a better deal on commonly procured goods and services;
- implementing the Consultancy Value Programme (CVP);
- improved deals with suppliers, particularly for ICT services; and
- improved project, contract, process and asset management.

This drive to achieve greater procurement savings has already delivered real benefits including through continued exploitation of

collaborative procurement.

Examples include:

- £353,500 savings in the first half of 2008-09 by buying through Buying Solutions frameworks with a similar level of savings expected for the remaining part of the year;
- £318,800 saved in 2008-09 through policy changes on class of travel and an improved management charging regime for rail fares through the use of on-line ordering and on-site ticketing; and
- Our current contract on air travel saved £305,200 in 2008-9. The new Government Air Programme (GAP) for air travel is expected to deliver savings of £462,000 during 2009-10.

Cabinet Office's CSR 2007 value for money targets are challenging, but the Government is determined to go further, which is why in July 2008 the Operational Efficiency Programme was set up to explore whether there was scope for additional value for money savings, including through leveraging best practice from the private sector.

Following the early findings of this programme and a range of other work, Cabinet Office has identified a number of additional savings, including:

- a centralised approach to buying external resources to achieve further downward pressure on expenditure;
- a re-organisation of corporate services function to identify and remove duplication of effort; and
- embedding enhanced performance management and reporting linked to smart business planning to drive down costs.

These savings have allowed the Cabinet Office to increase its value for money target by £10 million to £45 million by 2010-11.

At 31 March 2009, Cabinet Office is reporting having achieved £11.3 million towards its value for money target.

PROGRESS AGAINST DELIVERY

SAVINGS IN PROCUREMENT

Cabinet Office reports the following current progress against delivery of the Procurement element of Value for Money savings:

- £5.475m¹ savings have been achieved in 2008-09 from improved procurement. (It should be noted that this figure will be understated as it excludes anticipated savings for which data was not available at the time of reporting, including those arising from use of collaborative contracts.)
- These savings are cashable, sustained and reported net of costs.
- The savings are made up as follows:

£000's	
130.0	Use of the Government Procurement Card (GPC) – savings on transactional costs
318.8	Improved travel contract arrangements, including on-line rail ticket ordering and delivery resulting in lower overhead costs.
154.7	New contract arrangements for office supplies providing for better prices than previous contract.
353.5 ²	Use of Buying Solutions and other collaborative frameworks
93.5	Consultancy Value Programme (CVP)
4424.0	Other savings, including those generated on contracts starting prior to 2008-09: <ul style="list-style-type: none"> Improved deal with supplier <ul style="list-style-type: none"> • Professional services, including agency staff (£116K) • Print and distribution (£73K) • Pensions administration (£160K) • ICT services (£2,861K) • Reprographics (£100K) • Accommodation services (£36K) Collaborative procurement <ul style="list-style-type: none"> • Re-cycled paper (£4K) • Video conferencing/Telecomms (£24K) Process improvements <ul style="list-style-type: none"> • Books, periodicals etc/IT services (£2K) • Venue hire (£3K) Improved project, contract and asset management <ul style="list-style-type: none"> • Courier/mail services (146K) • Publications (£12K) • Website services (£517K) • Property services (£370K)

¹ Figure excludes savings for which data was not available at the time of reporting

² Figure excludes savings for which data was not available at the time of reporting

SAVINGS IN THE THIRD SECTOR PROGRAMME

Cabinet Office reports the following current progress against delivery of the third sector programmes element of our Value for Money savings:

The third sector programme, as delivered by the Office of the Third Sector (OTS), is set out in the final report of the third sector review. In identifying the priorities for the strategy, savings were identified in some areas of existing policy delivery to make way for new funding streams starting in April 2008 for example the Grassroots Grants programme.

In delivering the strategy the OTS engages with a number of key national delivery partners in order to secure the best route to distribute funding to third sector organisations and to achieve the outcomes in the strategy.

OTS aims to ensure value for money in the distribution of that funding, by for example conducting competitive procurement exercises before appointing fund managers. The re-tender for the management of the Futurebuilders Fund for example has led to improved delivery, with a fixed management fee set out in the contract and a

performance related bonus driving results. The recent NAO study into OTS capacity building programmes³ set out that the management contract contains targets that are more clearly aligned with the objectives of the programme. To meet its targets the new fund manager has to invest in organisations that will use the funds promptly and will win at least a specified number of public service contracts. The new fund manager has undertaken to streamline and speed up the application process and to increase the rate at which funds, once awarded, are drawn down by recipients.

Capacitybuilders, a Cabinet Office Non-Departmental Public Body and delivery partner for the OTS, also aims to deliver its programmes efficiently and effectively, for the benefit of the third sector organisations they support. In 2008-09 Capacitybuilders strengthened its internal control mechanisms, including a complete review of its grant payments processes, which has led to clear, demonstrable improvements, ensuring robust and effective payments to third sector grant recipients. Savings on the core grant-in-aid delivering the Change-Up programme, against the counterfactual of an inflationary increase and re-prioritisation of the

OTS budget to fund a wider range of investment programmes from the 2007-08 baseline amount to around £4.8m realised in 2008-09.

Capacitybuilders is now delivering further third sector funding streams in order to rationalise delivery and to take advantage of existing funding mechanisms. From 2009-10 this includes the delivery of support to the third sector regional networks, previously administered directly by the OTS, the delivery of a new fund for innovative campaigning, the £7 million grants strand of the new Real Help Now: Modernisation Fund, and a new fund to develop training for volunteer managers.

The OTS has also brought the administration of the Millennium Volunteers programme (previously administered by the Department of Children, Schools and Families) into its grant agreement with the youth volunteering charity v, thus streamlining its delivery. In 2007-08 Millennium Volunteer providers exceeded their contracted targets, both for the number of hours volunteered by 154% and for number of volunteer plans which they nearly doubled, by 189%. The programme is now delivered as part of the larger flagship v project involved. Savings on the core v grant, delivered against the counterfactual of an inflationary increase on the 2007-08 baseline was £1.05 million in 2008-09.

³ Building Capacity of the Third Sector, NAO, February 2009.

SPENDING REVIEW 2004

LYONS REVIEW RELOCATION PROGRAMME

The Spending Review 2004 (SR 2004), incorporating the outcomes of the Lyons Review, resulted in a target of 250 posts to be relocated outside of London and south east by 2010/11. Following Machinery of Government (MoG) changes which resulted in the transfer of the Better Regulation Executive (BRE) from Cabinet Office to Department for Business Enterprise and Regulatory Reform (now department for Business, Innovation and Skills (BIS)), that department agreed to deliver 25 of the original Cabinet Office relocations, thus reducing the Cabinet Office target to 225.

To date, 41 posts, from this revised target of 225, had been relocated. A joint review with Office of Government Commerce (OGC) of our ability to meet our relocation target concluded that,

due to changes in structure and function of Cabinet Office since the Lyons report was published in 2004, opportunities for further sensible relocations were limited.

The review recognised that Cabinet Office in its current configuration would be unable to meet the target. Rather than change the target, it was agreed that the target would remain and that Cabinet Office would investigate the relocation opportunities for any units created within the department or transferred in from elsewhere.

PROGRESS AGAINST OUTSTANDING SR 2004 PSA TARGETS

The outcome of the 2004 Spending Review (SR 2004) was announced in July 2004. SR 2004 established the funding available to the Cabinet Office for the period 2005-06 to 2007-08 and set the targets to be

achieved. Opposite are details of progress against the outstanding targets from this period.

Target 1: Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. This is a joint target with HM Treasury.

Target 4 Element 2: Increase the capacity and contribution of the voluntary and community sector to deliver more public services

(Final assessment summaries for all other PSA targets set for the SR 2004 and SR 2002 periods can be found in the Cabinet Office *Autumn Performance Report 2008* (Cm 7517) published in December 2008¹⁷).

TARGET 1 SR 2004

Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules. This is a joint target with HM Treasury

PROGRESS

Slippage

COMMENTARY

The Cabinet Office and HM Treasury jointly support departments in their work to achieve their SR 2004 PSA commitments, but ultimate responsibility for delivery remains with departmental Secretaries of State. 87 per cent of SR 2004 PSAs were given an overall summary assessment by departments in their 2008 Autumn Performance Reports. Of those, almost half were reported as met, met-ongoing, ahead or on course, and progress has also been made on other targets with 22 per cent being partly met. This outturn represents significant progress towards these targets. However, for this overall target to be fully met '100 per cent' of individual SR 2004 PSAs must be met or partly met. There has been some slippage against such an ambitious aim. Presently 17 per cent of targets are rated as slippage and 13 per cent not met.

TARGET 4 ELEMENT 2 SR 2004

Increase the capacity and contribution of the voluntary and community sector to deliver more public services

PROGRESS

Met – Final Assessment

COMMENTARY

This element assesses the capacity and contribution of the sector by combining measures on the number of employees, the number of volunteers and the amount of statutory funding the sector receives. This information was initially drawn from the State of the Sector Panel survey, however following concerns over the quality of this data, the OTS worked to form a new measurement mechanism based on existing data sets of greater robustness. This process was supported by HM Treasury and the National Audit Office, further details of which are contained in the Technical Note below.

This element is measured using a composite (averaged) index of:

- The proportion of people volunteering at least once a month, as measured by the Citizenship Survey
- The number of full-time equivalent employees within the sector, as measured by the Annual Population Survey
- The amount of statutory income to the sector, as measured by data from Caritas.

As the Citizenship Survey did not report in 2004/05, the baseline year was set at 2003/4, with the baseline index set at 100. Data from 2007/08 shows that the index moved to 106, indicating a statistically significant increase and success in meeting this target.

TARGET 4 ELEMENT 2 COMMENTARY continued

Over this period employment in the sector has increased by nearly 10% from 423,000 full-time equivalents in 2003/04 to 464,000 in 2007/08. The proportion of people formally volunteering once a month remained stable, at 27.8% in 2003/04 compared to 27% in 2007/8. Finally, statutory income to the sector increased from £5.15 billion in 2003/04 to £5.80 billion in 2007/08.¹ The majority of growth in the composite index occurred in the earlier part of this period to 2005/06, and this level was sustained in the remaining part of the period to 2007/08.

To maintain this progress the Office of the Third Sector (OTS) is continuing to build support and lead work across government to develop the capacity and contribution of the sector. This includes driving forward the actions to deliver the Third Sector Review. Key achievements are:

- The completion of the first phase of the National Programme for Third Sector Delivery (2007-2009), managed by the Improvement and Development Agency (IDeA) on behalf of the OTS, which has helped to promote greater involvement of the third sector in the shaping and delivery of public services.
- The retendering of the Futurebuilders programme in 2007/8 and the introduction of new products to make the Fund more accessible. From April to December 2008 Futurebuilders investments helped third sector organisations win 90 public service delivery contracts worth over £16 million.
- The Innovation Exchange has launched its Next Practice Programme of projects that focus on innovative public service delivery ideas for the promotion of independent living and support for excluded adults.
- The Prime Minister has appointed the Rt Hon Anne McGuire MP as the Cabinet Office's Advisor on Third Sector Innovation. The Advisor is undertaking a programme of work with two related strands:
 - Promoting the third sector as a vehicle for service users and commissioners to work together to design and deliver more personalised public services
 - Enhancing the third sector's involvement in the development of public service reform policy
- National Indicator 7, has been included in Local Area Agreements by local strategic partnerships in 63 out of the 149 top tier local authority areas, and shows that local government is increasingly committed to working in partnership with the third sector.
- A significant programme of investment is also underway to increase volunteering levels through support to the youth volunteering organisation 'v' (up to £117 million), intergenerational volunteering (£5.5 million) and volunteering for adults from DWP (£8 million). Future programmes include funds to increase volunteering opportunities for disabled people (£2 million), increase the capacity of volunteer managers (£3 million), and a review by the Government Champion for Volunteering, Baroness Julia Neuberger.

¹ Values adjusted for inflation

TARGET 4 ELEMENT 2 COMMENTARY continued

- In addition, in February 2009 the Government announced the £42.5 million action plan *Real Help for Communities: Volunteers, Charities and Social Enterprises*¹⁴ to provide targeted help for the sector to face the challenges of the economic downturn. This funding aims to support third sector organisations in meeting demand and tackling unemployment, in addition to strengthening the sector now and in the future.

REVISED TECHNICAL NOTE FOR PSA 4 ELEMENT 2 SR 2004

In their validation exercise of PSA measurement mechanisms, the National Audit Office reported that the measurement of element two, which at that time was based on the State of the Sector Panel survey, 'needs strengthening'. In addition, the quality of this survey data would have been adversely affected by the continuing attrition of original panel members, and would not be able to deliver the minimum number needed for robust reporting for the end of the PSA period. This undermines the suitability of the Panel to measure progress across the time period as a whole.

As a result of this consultation the three components of the index have been measured using alternative, existing data sets, all of which have greater robustness than the State of the Sector Panel, and all of which are methodologically consistent throughout the PSA period.

ACCOUNTABILITY TO PARLIAMENT

PUBLIC ADMINISTRATION SELECT COMMITTEE (PASC)

Although the Public Administration Select Committee (PASC) is not a departmental Committee, it does scrutinise the work of the Cabinet Office, as the government department with particular responsibility for Civil Service issues.

During the last 12 months, ministers and officials from the department have appeared before PASC on a number of occasions to provide evidence on a range of inquiries being undertaken by the Committee:

Minister/Official	Date	Subject/Inquiry
Tom Watson MP	19 June 2008	Lobbying
Rt. Hon. Ed Miliband MP and Sir Gus O'Donnell	15 July 2008	Data Handling Procedures in Government
Sir Gus O'Donnell	11 December 2008	The Work of the Cabinet Office 2007/08; and Leaks and Whistleblowing in Whitehall
Kevin Brennan MP	5 February 2009	Official Statistics: Knife Crime
Rt. Hon. Liam Byrne MP	26 February 2009	Good Government; and Leaks and Whistle- blowing in Whitehall

In addition to these hearings, PASC also undertakes extensive scrutiny of Cabinet Office accounts, expenditure and performance in relation to its targets, through correspondence on specific details of the Estimates and the Departmental Annual Report.

The Propriety and Ethics team in the Cabinet Office acts as the liaison point and co-ordinates with others in the department, on work involving the Committee.

Details of the Committee's reports, and the Government responses published between 1 April 2008 and 31 March 2009, can be found at the following link: <http://www.publications.parliament.uk/pa/cm/cmpubadm.htm>

INTELLIGENCE AND SECURITY COMMITTEE (ISC)

The Intelligence and Security Committee (ISC) is a statutory committee of Parliamentarians responsible for scrutiny of the security and intelligence agencies (GCHQ, SIS and the Security Service). The Cabinet Office coordinates business with the ISC across government and provides the Secretariat for the Committee and its accommodation.

Cabinet Office officials regularly appear in front of the Committee to give evidence relating to the work of the security and intelligence Agencies. Between 1 April 2008 and 31 March 2009, officials have appeared before the Committee on the following occasions:

Minister/Official	Date	Subject/Inquiry
Sir Gus O'Donnell and Robert Hannigan	29 April 2008	Evidence
Robert Hannigan, Chris Wright and William Nye	11 and 18 November 2008	Evidence
Alex Allan and Tim Dowse	25 November 2008	Evidence
Sir Gus O'Donnell and Robert Hannigan	9 December 2008	Evidence

In addition the Cabinet Office has published a redacted version of the ISC Annual Report 2007-08, coordinated and published the Government response to this report and published a redacted version of the ISC review of the intelligence relating to the London terrorist attacks of 7 July 2005:

Title	Publication Date	Reference
ISC Annual Report 2007-2008	5 March	Cm 7542
Government Response to the ISC Annual Report 2007-2008	5 March	Cm 7543
ISC review of the intelligence relating to the London terrorist attacks of July 7 2005	19 May	Cm 7617

PUBLIC ACCOUNTS COMMITTEE (PAC)

The main work of the Public Accounts Committee is the examination of the reports made by the Comptroller and Auditor General (C&AG) on his value for money studies of the economy, efficiency and effectiveness with which government departments and other bodies have used their resources to further their objectives.

Between 1st April 2008 and 31st March 2009, officials from the Cabinet Office have appeared before PAC on the following occasions to provide evidence on inquiries undertaken by the committee;

Minister/Official	Date	Subject/Inquiry
Gill Rider	28 April 2008	Improving finance resource management to deliver better public services.

BETTER REGULATION

Cabinet Office does not legislate in high volumes and as such produces very little regulation of its own. Key functions of the Cabinet Office are to co-ordinate and promote good policy-making across government.

The Better Regulation Executive (BRE), located in the department for Business, Innovation and Skills (BIS), leads better regulation work across government. Details of BRE's leadership role in the drive for better regulation during 2008/09 can be found in BIS's annual report.

SIMPLIFICATION AND ADMINISTRATIVE BURDEN REDUCTIONS

Although not a significant regulator, Cabinet Office does have units and agencies which contribute to regulation. As with all government departments, the Cabinet Office published its third simplification plan in December 2008, which will continue to be reviewed and updated every year.

The administrative burden imposed by all departments was measured in a systemic exercise. The total administrative burden imposed by the Cabinet Office was measured at £15.4 million from two main areas, the third sector and civil contingencies. It includes all those administrative burdens which are attributable to Cabinet Office legislation, less 'business as usual' costs.

The most significant administrative burden reduction measures are:

- Public charitable collections – when charities wish to carry out street collections or house-to-house collections they face onerous and inconsistent requirements to register their intentions with local authorities and report on the outcome. The existing legislation regulating public charitable collections dates from 1916 and 1939. The Charities Act 2006 provides a new, streamlined, licensing regime for public charitable collection, with benefits worth an estimated £2.6 million to the third sector. The Office of the Third Sector has commissioned independent research to validate the costs

and benefits of the new regime. This is due to report by the end of 2009, and will inform decisions about implementation.

- Charities (Qualified Surveyors' Reports) Regulations 1992 – when charities wish to sell or lease land held by or in trust for them they currently face inflexible requirements to take professional survey advice, regardless of the scale of the transaction. New regulations will be brought in which are more proportionate to different types and sizes of land and property transactions. The Office of the Third Sector aims to consult on proposals in 2009 with changes expected to come

into effect later in 2009/10 delivering anticipated savings for charities of up to £2.4 million per annum.

For further information on Cabinet Office administrative burden reduction and simplification plans, please see Cabinet Office *Simplification Plan 2008*, available on the Cabinet Office website²⁰.

THIRD SECTOR

The Office of the Third Sector (OTS) works closely with the Better Regulation Executive and across Government to tackle regulation that has a disproportionate effect on third sector organisations. In 2008/09 the OTS has implemented a series of de-regulatory financial

threshold changes, removing requirements from up to 50,000 smaller charities. Other OTS work on better regulation over the last year has focused on improving the way government works with the sector, particularly through funding relationships. This has included further developing the National Third Sector Commissioner training programme, and work to develop more proportionate monitoring and reporting requirements in relation to government funding.

CIVIL CONTINGENCIES

Better Regulation is an important feature of the Civil Contingencies Act Enhancement Programme (CCAEP), which is being delivered by the Civil Contingencies Secretariat (CCS). By developing policy solutions in partnership with emergency

responder organisations and other government departments and agencies, a suite of new guidance is emerging which will help responders secure further efficiency savings by consolidating good practice and improving mutual aid arrangements.

EUROPE

The Cabinet Office European and Global Issues Secretariat (EGIS) works with the Better Regulation Executive in BIS and across Whitehall to ensure that departments are aware of Better Regulation initiatives at an EU level and the European Commission's better regulation priorities. Building on the target set at the March 2007 European Council to reduce EU level administrative burdens by 25% by 2012, Cabinet Office and BIS are encouraging the European Institutions to take further steps towards embedding the better regulation principles. This includes ensuring that impact assessments are completed in good time and to a high quality standard.

In a Written Ministerial Statement in April 2009, the Government committed itself to 'working closely with EU partners to further embed the EU better regulation agenda and to ensure the current pressures on business are taken into account when new European regulation is being considered'. Based on this, Cabinet Office and BIS are working to ensure Whitehall Departments are fully engaged in the EU legislative process, including in the very early stages. Cabinet Office and BIS are also taking steps to improve transposition of EU legislation in the UK and embed better regulation principles in that process.

The Cabinet Office has not implemented any European legislation in the period covered by this report, and there are no forthcoming Cabinet Office regulations that impact specifically on business. Therefore no Common Commencement Date Statement has been made.

CONSULTATIONS

Cabinet Office has conducted one formal public consultation since April 2008 and lasted at least 12 weeks:

- *The Charitable Incorporated Organisation (CIO): Consultation on the new corporate form for charities*²¹. This was conducted jointly with the Charity Commission.

SUSTAINABILITY

SUSTAINABLE DEVELOPMENT IN THE CABINET OFFICE

As individuals, we can all contribute to improving sustainability, and government departments, too, have their part to play. Cabinet Office is playing its part and we have taken a number of steps to build sustainability into our way of working. Most recently, we have undertaken a comprehensive analysis of energy consumption across our estate, thereby allowing us to further pinpoint areas for potential savings. We are investing money in the Department's buildings and

infrastructure and are continuing to consolidate our estate, greatly reducing our utility consumption. We have recalibrated our baselines after identifying shortcomings with the way in which the previous figures were calculated, putting us in a much stronger position to achieve the challenging Sustainable Operations on the Government Estate (SOG E) targets. The Department has also recently published its third Sustainable Development Action Plan (SDAP) which sets out the steps which the Department will take towards achieving this goal and how Cabinet Office will continue to support, contribute to and deliver the commitments and objectives within the UK sustainable development strategy, *Securing the*

*Future*²². The SDAP and the Department's environmental policy are available on line on the Cabinet Office website²³.

We are very pleased to be able to publish these figures relating to our sustainability performance and expenditure. This is the first year we have been able to publish information at this level of data. It should be noted that some of the information which follows supersedes that which was published in our *Autumn Performance Report 2008*¹⁷. We hope that in future we will be able to expand on this work and broaden the scope of the report.

OPERATIONAL DEVELOPMENTS

Over the past year the Cabinet Office has introduced a number of measures which will improve the Department's sustainability and performance against the SOGE targets.

These include:

- Introducing a scheme to separate and recycle white office paper.
- Reducing water consumption across the estate through the installation of waterless urinal inserts, volume cistern reducers and water flow restrictors, with the effect of reducing our water consumption by 30% on the central London estate.
- Introducing a 'binless office' and expanding the range of materials we recycle to include plastic bags, CDs, batteries, spectacles, books, stamps, mobile phones and keys.
- Switched those buildings not currently supplied by green energy onto energy from good clean Combined Heat and Power (CHP) supply. The Cabinet Office has exceeded the government targets for these types of energy.
- Participating in a working group investigating installing automatic meter readers (AMR) to allow better management and monitoring of utility consumption – vital for the introduction of the Carbon Reduction Commitments (CRC). We hope to roll these out over the next year.
- Rolling out thin-client technology as part of the FLEX IT contract thereby cutting our energy consumption and associated carbon emissions and costs.

OTHER DEVELOPMENTS

The Cabinet Office recognises that sustainability is not simply about greening operations, but concerns every aspect of an organisation's business. To this end, we are continuing our efforts to embed sustainability in a number of other areas:

- Introducing a new IT-based system for communicating with the Department's Green Coordinators. This will act as a hub for communications between members of the network and relevant officials and improve the effectiveness of the group.
- Incorporate sustainability into business case bidding process in order to ensure that all future projects and programmes are developed with sustainability in mind.
- Working to ensure that sustainability is a consideration in all of the policy outputs from the Department from the outset.
- Continuing to implement the recommendations made in the Sustainable Procurement Task Force's report and further developing the Department's own Sustainable Procurement Action Plan.

ENERGY

The Cabinet Office has made good progress in bringing about a reduction to its carbon emissions from offices. However, it recognises that there is still progress that needs to be made if the targets are to be achieved. To this end, a number of energy saving opportunities are being explored. In 2008/09, gas consumption has increased over the estate compared to the previous year. This was mainly due to a number of buildings switching from heating from the Whitehall Systems to gas over the winter period. As a result consumption of WDHS has slightly decreased. Furthermore, November and January have been particularly cold months resulting in significant increases in gas consumption during this period. Electricity consumption has gone up in 2008/09 due to the increased building occupation compared to the previous year. Many buildings are now nearly full to capacity, requiring greater use of ICT systems and other energy intensive kit.

See page 98

WASTE

In 2007/8 the Department recycled 65.7% of its waste; higher than the 2010 target of 40% and firmly on track to achieve the 2020 target of 75%. It is hoped that a number of measures, such as the introduction of a dedicated office paper recycling stream, which will be rolled-out over the coming months, will continue to drive this forward. The overall waste sent to landfill has decreased for 2008/09 with the proportion recycled has increased; this is attributed to the fact that the Department is recycling a wider range of items and has improved waste separation on its estate.

See page 99

TRAVEL

Accurate management information delivered via new contracts has enabled the Cabinet Office to question all travel decisions. Top down endorsement has further helped facilitate a decreased taxi and hire car spend while online ordering, in house ticket delivery and stringent adherence to a new travel policy has resulted in rail spend falling by 43%, or over 440k. Air travel has increased as result of the global economic crash requiring staff to travel far more

than usual, but when considered against the global increase in fuel prices, the increase has been well managed and contained.

See page 100

WATER

The Department has made significant improvements to its water consumption figures which were among the highest per capita in government. Since 2007/08, water consumption has decreased significantly over the estate. This is primarily due to a number of water projects introduced over the last 12 months. For example, the introduction of waterless urinals, the installation of flow restrictors and hippo bags.

See page 101

ENERGY

Cabinet Office Sustainability Report 2008-9

ENERGY CONSUMPTION		2006-7	2007-8	2008-9	
Non-Financial Indicators	Consumption (kWh)	Gas	3,353,131.0	1,922,853.0	3,055,397.0
		Electricity from CHP	0.0	1,237,745.2	2,709,927.0
		Renewable and fossil fuel electricity	10,315,431.0	8,238,274.5	7,172,857.3
		Whitehall District Heating System	3,013,634.0	3,474,356.0	3,431,090.0
		TOTAL	16,682,196.0	14,873,228.7	16,369,271.3
	Emissions (tonnes/CO2e)	Gas	620.3	355.7	565.2
		Electricity from CHP	0.0	376.3	823.8
		Renewable and fossil fuel electricity	5,539.4	4,424.0	3,851.8
		Whitehall District Heating System	813.7	938.1	926.4
		TOTAL	6,973.4	6,094.0	6,167.3
Financial Indicators	Expenditure (£k)	Gas	£41,870.95	£22,601.77	£47,544.00
		Total Electricity	£962,023.11	£839,187.27	£1,083,361.98
		Whitehall District Heating System	£652,036.85	£576,609.87	£619,506.97
		TOTAL	£1,655,930.92	£1,438,398.91	£1,750,412.95
		Sustainability Expenditure	N/K	£29,164.00	£338,447.76

TARGETS AND COMMENTARY

Reduce carbon emissions by 12.5% by 2010-11, relative to 1999-00 levels.

Reduce carbon emissions by 30% by 2020, relative to 1999-00 levels.

Data covers the Cabinet Office's central London estate only.

CONVERSION FACTORS USED

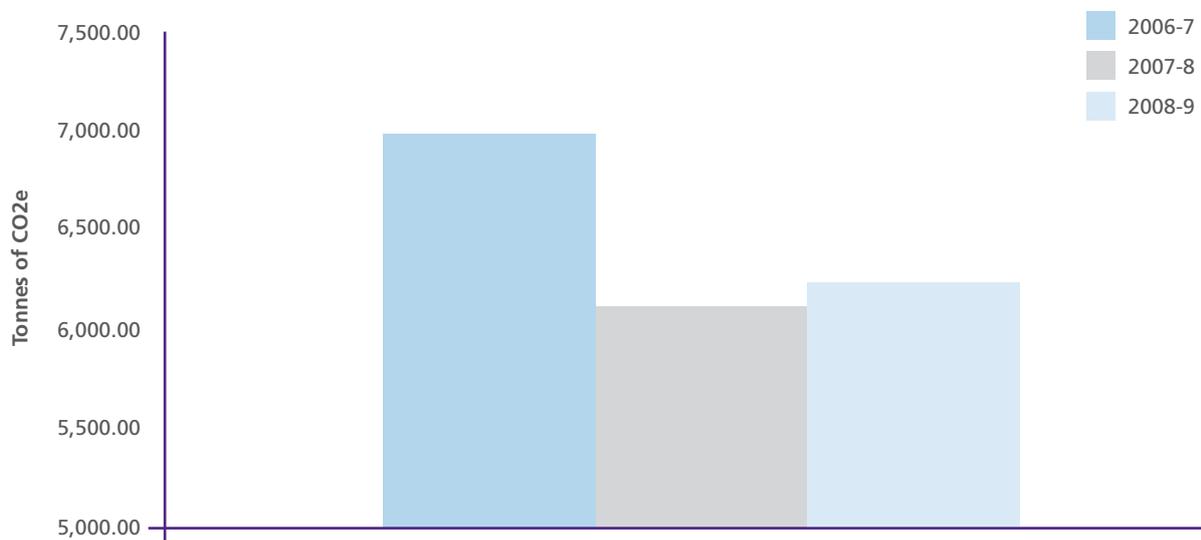
Gas	0.185 kg of CO2 per kW/h
Electricity - CHP	0.304 kg of CO2 per kW/h
Electricity - Other	0.537 kg of CO2 per kW/h
WDHS	0.27 kg of CO2 per kW/h

Conversion factors provided by Defra

Data taken from meter readings

GRAPHICAL ANALYSIS

Cabinet Office Carbon Emissions from Offices 2006 to Date



WASTE

Cabinet Office Sustainability Report 2008-9

WASTE			2006-7	2007-8	2008-9
Non-Financial Indicators	Non-Hazardous Waste (tonnes)	Landfilled	367.5	371.8	281.2
		Reused/Recycled	682.3	665.6	633.6
		TOTAL	1,049.8	1,037.5	914.8
		% Recycling	64.99%	64.16%	69.26%
Financial Indicators - Disposal Cost	Non-Hazardous Waste (£k)	Landfilled	£21,323.90	£23,118.54	£20,790.94
		Reused/Recycled	£39,584.12	£41,386.31	£46,843.87
		TOTAL	£60,908.02	£64,504.85	£67,634.81
	Sustainability Expenditure	TOTAL	N/K	£20,116.00	£1,071.05
TARGETS AND COMMENTARY					

Departments to reduce their waste arisings by 5% by 2010, relative to 2004-05 levels.

Departments to reduce their waste arisings by 25% by 2020, relative to 2004-05 levels.

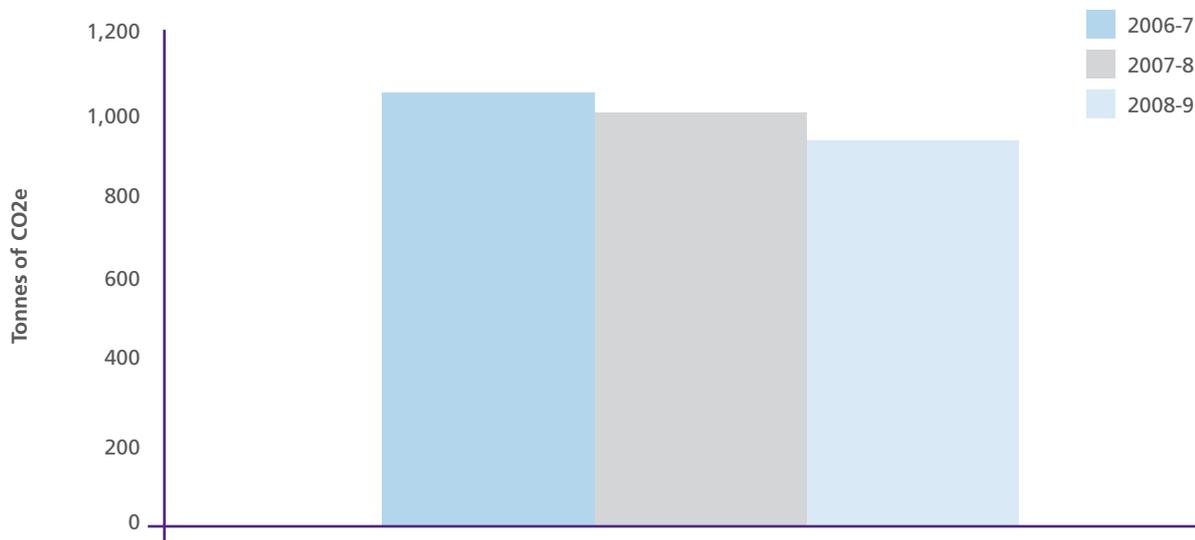
Departments to increase their recycling figures to 40% of their waste arisings by 2010.

Departments to increase their recycling figures to 75% of their waste arisings by 2020.

Data covers the Cabinet Office's central London estate only.

GRAPHICAL ANALYSIS

Cabinet Office Total Waste 2006 to Date



TRAVEL

Cabinet Office Sustainability Report 2008-9

BUSINESS TRAVEL			2006-7	2007-8	2008-9
Non-Financial Indicators	Distance (km)	Taxi	N/K	18,134.0	11,501.0
		Car Hire	N/K	108,734.0	116,558.3
		Rail	N/K	1,550,035.6	1,654,468.4
		Air travel - short haul	11,160,820.5	11,914,461.2	19,138,411.2
		Air travel - long haul	4,149,982.6	3,971,487.1	4,137,370.2
		Air travel - domestic	N/A	295,273.7	98,429.0
		TOTAL	15,310,803.1	17,858,125.6	25,156,738.1
	CO2e Emissions (tonnes)	Taxi	N/K	3.1	1.9
		Car Hire	N/K	22.2	23.8
		Rail	N/K	93.3	99.6
		Air travel - short haul	3,348.2	3,387.0	5,440.5
		Air travel - long haul	818.5	914.3	952.5
		Air travel - domestic	N/A	50.9	17.0
		TOTAL	4,166.7	4,470.6	6,535.3
Financial Indicators	Expenditure (£k)	Taxi	N/K	£66,732.21	£51,083.83
		Car Hire	N/K	£40,360.00	£23,817.00
		Rail	N/K	£1,044,306.00	£602,444.00
		Air travel	£3,302,805.96	£3,216,143.53	£5,100,132.00
		TOTAL	£3,302,805.96	£4,367,541.74	£5,777,476.83
	Carbon Offsetting Expenditure	Air travel - short haul	£33,181.10	£33,564.65	£53,915.50
		Air travel - long haul	£8,110.94	£8,740.19	£9,438.84
		Air travel - domestic	N/A	£503.94	£167.99
		TOTAL	£41,292.04	£42,808.78	£63,522.321¹

TARGETS AND COMMENTARY

Reduce carbon emissions from road vehicles used for Government administrative operations by 15 % by 2010/11, relative to 2005-06 levels.

In the 2007-8 reporting round, the category of domestic flights was introduced. For the previous years' returns, domestic flights have been included under the short haul flight figures

Data covers the Cabinet Office's central London estate only.

CONVERSION FACTORS USED

Taxi - Average car	(km x 168.5) per gramme of CO2e
Car Hire - Average car	(km x 204.2) per gramme of CO2e
Rail	(km x 60.2) per gramme of CO2e
Air travel - short haul	(km x 0.1304 x 109 %) x 2 ÷ 1000 per tonne of CO2e
Air travel - long haul	(km x 0.1056 x 109 %) x 2 ÷ 1000 per tonne of CO2e
Air travel - domestic	(km x 0.1580 x 109 %) ÷ 1000 per tonne of CO2e

Data covers the Cabinet Office's core Department only.

Where MI was unavailable for air travel, a metric of 5.03 km per £ has been assumed.

The cost to offset CO2e emissions under GCOF1 is £9.91 per tonne of CO2e

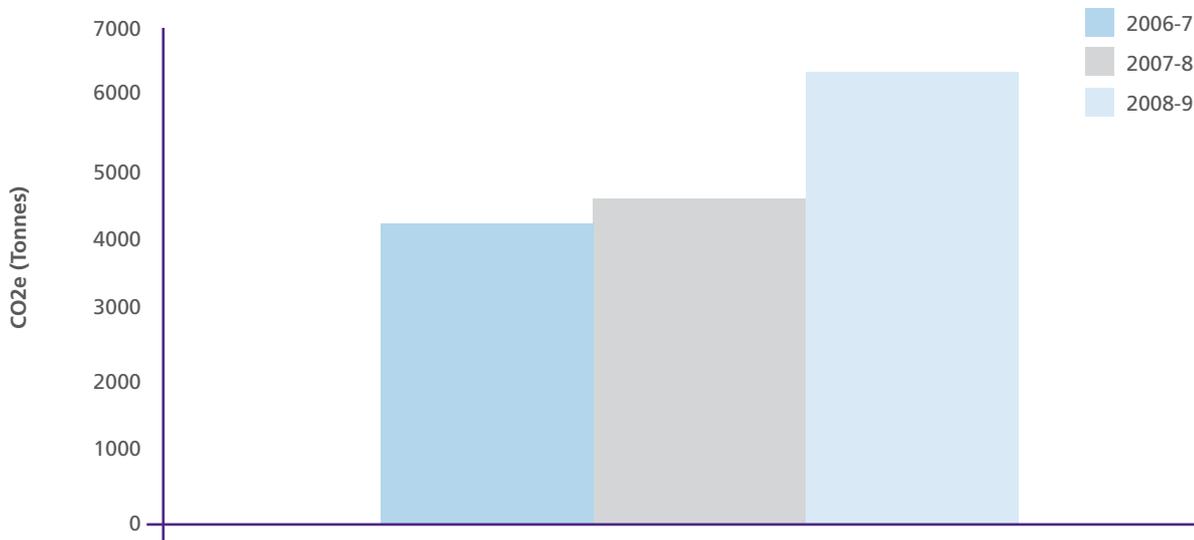
Conversion factors provided by Defra and the Government Carbon Offsetting Fund.

¹ Figure pending approval from the Government Carbon Offsetting Fund (GCOF)

TRAVEL CONTINUED

GRAPHICAL ANALYSIS

Cabinet Office CO2e Emissions from Travel 2006 to Date



WATER

Cabinet Office Sustainability Report 2008-9

WATER		2006-7	2007-8	2008-9
Non-Financial Indicators	Water Consumption (m3)	48,530	40,544	31,444
Financial Indicators	Water Supply Costs (£)	£57,393.00	£37,596.00	£35,054.00
	Sustainability Expenditure	N/K	£544.00	£21,195.72

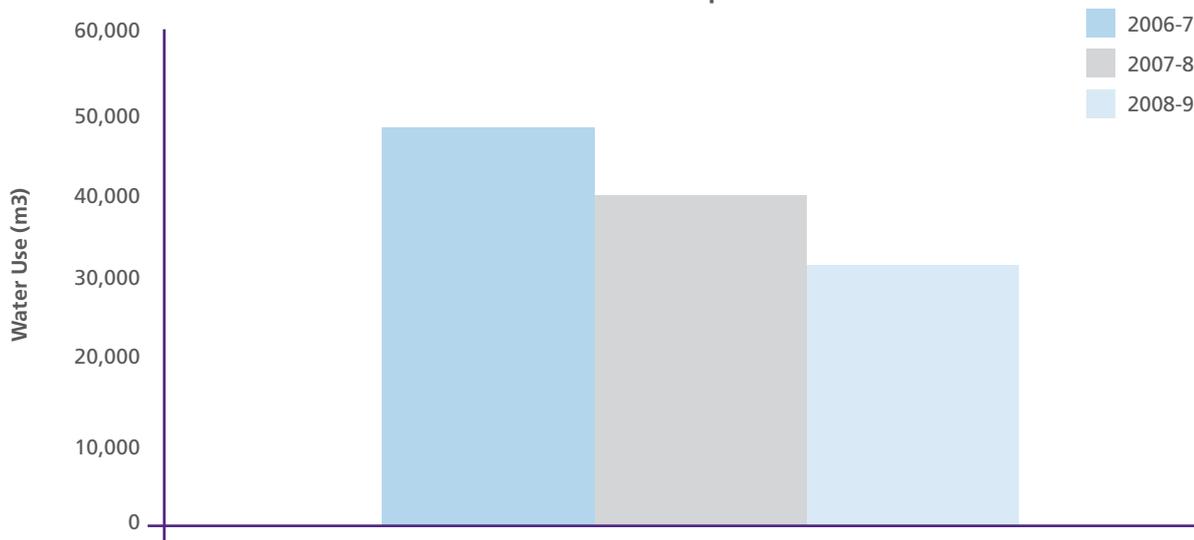
TARGETS AND COMMENTARY

Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004-05 levels. Reduce water consumption to an average of 3m² per person/year for all new office builds or major office refurbishments.

Data covers the Cabinet Office's central London estate only.

GRAPHICAL ANALYSIS

Cabinet Office Water Consumption 2006 to Date



PUBLIC APPOINTMENTS

This section covers the Non-Departmental Public Bodies (NDPBs) sponsored by the Cabinet Office and a number of units and organisations that have links to the Cabinet Office, but whose work does not contribute directly to the achievements of the department's objectives or whose funding arrangements are separate.

NON-DEPARTMENTAL PUBLIC BODIES

CIVIL SERVICE APPEAL BOARD

The Civil Service Appeal Board is an independent body sponsored by the Civil Service Capability Group (CSCG). It hears appeals from civil servants and staff bodies which offer analogous terms and conditions of service against;

- dismissal and early retirement
- the non-payment of compensation or the amount of compensation paid under the Civil Service Compensation Scheme to civil servants dismissed on inefficiency grounds;
- refusal to allow participation in political activities; and
- forfeiture of superannuation.

If the Board concludes that a department or Agency's decision has been unfair, it has the power, as appropriate, to:

- recommend reinstatement, reinstatement with a lesser penalty or re-engagement;
- order the payment of compensation in line with either Employment Tribunal guidelines (in dismissal appeals) or under the inefficiency terms of the Civil Service Compensation Scheme;
- recommend the granting of permission to take part in political activities; or
- order the payment of compensation.

The Civil Service Appeal Board is chaired by an external recruit supported by the Deputy Chairs, one appointed from the management side and the other from the trade union side. They are supported by 18 Board members, nine from the management side and nine from the trade union side. All appointments to the Board are made in line with the guidance on public appointments to advisory non-departmental public bodies issued by the Office of the Commissioner for Public Appointments.

You can access more information, including the Board's Annual Report, on the website at: www.civilserviceappealboard.gov.uk

HOUSE OF LORDS APPOINTMENTS COMMISSION (HOLAC)

The House of Lords Appointments Commission is an advisory, non-departmental public body with two core functions: to recommend individuals for appointment as non-party political life peers; and, to vet most nominations for life peers, including those nominated by the UK political parties, to ensure the highest standards of propriety.

The Commission was established in May 2000 as part of the transitional arrangements for reform of the House of Lords.

The Commission comprises an externally recruited independent Chairman, three externally recruited independent Members, and representatives of the three major political parties. The Commission publishes an annual report on its activities. Members of the Commission are appointed by the Prime Minister. Further information about the Members of the Commission and its work is set out on the Commission's website at: www.lordsappointments.gov.uk

MAIN HONOURS ADVISORY COMMITTEE

The Main Honours Advisory Committee is formed by the chairs of eight specialist committees which look at nominations for honours from members of the public, government departments and others. Other members of the committee are the Chief of Defence Staff, the Permanent Secretary, Foreign and Commonwealth Office and another Permanent Secretary. The Committee is chaired by the Cabinet Secretary and Head of the Home Civil Service.

The Committee, and the sub-committees, each normally meet twice a year to consider candidates for the New Year and Birthday Honours rounds. The Main Honours Advisory Committee was established as part of the programme of reform to the honours system set out in *Reform of the Honours System* (cm 6479), published in February 2005. The individual specialist committees comprise a non-Civil Service chair and a majority of non-Civil Service members, all selected after open advertisement. There are also permanent secretaries and other officials on the specialist committees, depending on the subject matter. Details of the composition on the committees can be found at: www.honours.gov.uk

ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS (ACOPA)

The Advisory Committee on Business Appointments is an advisory non-departmental public body which provides advice to the Prime Minister or the Foreign Secretary on applications from the most senior Crown servants who wish to take up outside appointments within two years of leaving Crown service in accordance with the *Rules on the Acceptance of Outside Appointments by Crown Servants*.

The Committee also acts as a joint body providing advice directly to former Ministers of the UK Government, the Scottish Executive and the National Assembly for Wales about any appointments they wish to take up after leaving office.

The Committee publishes an annual report on its activities. Members of the Committee are appointed by the Prime Minister. Further information about the members of the Committee and its work is set out on the Committee's website at www.acoba.gov.uk/

The Committee also publishes information on its website about the advice it has given once an appointment is taken up or announced.

COMMISSION FOR THE COMPACT

The Commission for the Compact was set up as an independent public body (NDPB and company limited by guarantee) in order to promote and advance the implementation of the Compact and associated codes of practice and to bridge the gap between Government and the third sector to enable better partnership working. Its independence has been seen as the most vital asset and means of achieving its aims and objectives which are as follows:

- increase awareness and understanding of the Compact within public sector bodies and voluntary and community organisations;
- promote greater use of the Compact by those bodies and organisations;
- collect and publish evidence of the benefits of using the Compact;
- identify examples of good and bad practice in Compact working; and
- ensure that the Compact keeps up to date with relevant changes in legislation and policy.

The Commission does not investigate individual breaches of the Compact or adjudicate on questions about the scope or application of the Compact.

The Commission was launched in April 2007 and reached financial independence in November 2007. It is currently headed by Commissioner Sir Bert Massie CBE and Chief Executive Officer Richard Corden. The Commission employs 15 staff and is based in Birmingham.

Further information can be found on the Commission website www.thecompact.org.uk

COMMITTEE ON STANDARDS IN PUBLIC LIFE (CSPL)

The Committee on Standards in Public Life is an advisory non-departmental public body. Its role is to promote the highest standards of propriety in public life. It examines general concerns about standards of conduct of public office holders in a variety of ways, and where appropriate makes recommendations to address those concerns.

The Committee does not have powers to investigate specific allegations of misconduct. Its role is to review the rules, and the arrangements for the promotion and enforcement of the Seven Principles Public Life in the UK¹.

The Committee takes an evidence based approach and seeks to make recommendations which are both targeted and proportionate.

It conducts in depth inquiries into issues of public concern. It has produced eleven major studies since it was first set up. The inquiries have touched on many aspects of public life – they have looked at standards in both Houses of Parliament, local government, and in NDPBs and NHS Trusts. The Committee has launched an inquiry into Openness and Accountability in Local and London Government; it has also been preparing

¹ The Seven Principles of public life are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. The Committee believes that these principles should be observed by all public office holders.

to conduct an inquiry into MPs' pay and allowances, which will be taken forward over the coming year. In addition to its inquiries, the Committee conducts research into public attitudes of standards in public life. It published the results of its 3rd biennial survey of public attitudes towards conduct in public life in November 2008. It also makes strategic interventions on pressing issues and concerns as and when they arise throughout the year.

The current chair, Sir Christopher Kelly, was appointed in January 2008, on a five year, non-renewable term.

The Committee reports to the Prime Minister, who approves the appointment of the chair and members. Further information is available from the Committee's website at www.public-standards.org.uk

SECURITY COMMISSION AND SECURITY VETTING APPEALS PANEL

The Security Commission and Security Vetting Appeals Panel are independent bodies sponsored by the Directorate, Security and Intelligence (Security Policy Division).

The Security Commission is available, at the request of the Prime Minister, to investigate and report on the circumstances in which a breach of security has occurred in the public service and to advise whether any change in security arrangements is necessary or desirable. An appointments exercise is underway and new appointments will be made in due course.

The Security Vetting Appeals Panel exists to provide an independent avenue of appeal for existing staff and contractors whose security clearance has been refused or withdrawn and to make recommendations to the appropriate head of department.

The current membership of the Panel is Sir George Newman (Chair), Sir David Penry-Davey, Sir Stephen

Silber, Sir Ian Burnett (Deputy Chairs), Mr Clive Tucker and Mr Robert Wright. An appointments exercise is underway and additional new members will be appointed in due course.

CAPACITY BUILDERS

Capacitybuilders was established in April 2006 to manage and administer the ChangeUp programme. ChangeUp is a government funding programme, developed with third sector organisations, to build capacity and infrastructure in their sector.

Capacitybuilders' overall aim is to help create a more effective third sector so that third sector organisations are able to access high quality support that meets their needs, when they need it. Their key objectives are to:

- increase awareness and understanding of the Compact within public sector bodies and voluntary and community organisations;
- promote greater use of the Compact by those bodies and organisations;
- collect and publish evidence of the benefits of using the Compact;
- identify examples of good and bad practice in Compact working;
- ensure that the Compact keeps up to date with relevant changes in legislation and policy.

The legal form of Capacitybuilders is a Company Limited by Guarantee; it has not been established in statute. Capacitybuilders is led by a board of 12 directors. Ten of the directors are ministerial appointments and non-executive directors.

THIRD SECTOR ADVISORY BODY

The Third Sector Advisory Body primarily provides advice to Ministers and Office of the Third Sector (OTS) in overseeing the implementation of the Third Sector Review commitments and priorities. It also acts as an honest broker and informed voice for the sector; and works with OTS strategic partners.

- The Advisory Body is an advisory NDPB providing advice to the Minister for the Third Sector and OTS. It has a chair and 12 members. They meet around every two months.
- The Advisory Body remit is primarily to provide advice to Ministers and OTS in overseeing the implementation of the Third Sector Review commitments and priorities;

The body also:

- has an overview of the work of OTS and is able to horizon-scan to pick up trends and advise Ministers. (Ministers will also be looking to members of the OTS Advisory Body to present ideas about future priorities, issues and policies which might affect the sector);
- is involved in interpreting policy, developing policy – balanced with a degree of practical advice on live issues;
- is an honest broker and informed voice for the sector; and
- works with OTS strategic partners.

The Body is chaired by Baroness Jill Pitkeathley and the members are:

- Lynne Berry OBE, Chief Executive, WRVS
- Stan Crawford OBE, Managing Director, Sherwood Energy Village
- Stephen Dunmore, Consultant & former Chief Executive Officer, Big Lottery Fund

- Clare Gilhooly, Chief Executive, Cambridge House
- Michael Kelly, Europe Head Corporate Social Responsibility, KPMG
- John Knight, Assistant Director - Policy & Campaigns, Leonard Cheshire Disability
- Bhupendra Mistry, Board Member Carnegie UK Trust, Harvest Housing Group & BBC World Service
- Penny Newman OBE, Non Executive Director Social Finance Ltd, former CEO Café Direct Plc and Social Enterprise Ambassador
- Helen Paterson, Director of Children's Services, Sunderland City Council
- Cliff Prior CBE, Chief Executive, UnLtd
- Abbie Rumbold, Partner, Bates Wells & Braithwaite
- Danielle Walker Palmour, Director, Friends Provident Foundation
- Sir Nick Young, Chief Executive, British Red Cross

SENIOR SALARIES REVIEW BODY

The Senior Salaries Review Body provides independent advice to the Prime Minister, the Lord Chancellor and the Secretary of State for Defence on the remuneration of senior civil servants, holders of judicial office and senior members of the Armed Forces. It also advises the Prime Minister from time to time on the pay, pensions and allowances of Members of Parliament and ministers and, if asked to do so, it may advise the devolved administrations and Greater London authority and the remuneration of their members and office holders. Appointments to the Review body are made in accordance with the requirements of the Commissioner for Public Appointments. Its secretariat is provided by the Office of Manpower Economics.

More information about the Office of Manpower Economics and the Senior Salaries Review Body can be found at: www.omn.uk.com

OTHER OFFICE HOLDERS

CIVIL SERVICE COMMISSIONERS AND COMMISSIONER FOR PUBLIC APPOINTMENTS

The Civil Service Commissioners and the Commissioner for Public Appointments are Independent Statutory Officeholders supported by the Department. They are the independent regulators in areas for which the Cabinet Office has policy responsibility. The Civil Service Commissioners and the Commissioner for Public Appointments are all appointed through Prerogative powers by orders in council.

CIVIL SERVICE COMMISSIONERS

The Civil Service Commissioners contribute to the development and maintenance of an effective and impartial Civil Service, and support its core values, by giving an assurance that appointments are made on merit on the basis of fair and open competition, and by helping departments to promote the Civil Service Code.

There are 15 Commissioners, including the First Civil Service Commissioner, Janet Paraskeva. The Commissioners are appointed directly by the Crown under Royal Prerogative, and are not civil servants. They are appointed following fair and open competition, and between them bring experience from a wide variety of backgrounds. They are independent from Ministers and Government Departments.

The Commissioners' activities include:

- Issuing Recruitment Principles which set out the basis on which recruitment into the Civil Service can take place;

- Auditing compliance with the Recruitment Principles and considering complaints in relation to the application of the Principles;
- Chairing and overseeing the process of selection of senior civil servants;
- helping departments in their promotion of the core Civil Service values of integrity, honesty, objectivity and impartiality as set out in the Civil Service Code;
- Investigating appeals under the Civil Service Code, the Diplomatic Service Code of Ethics, and the Code of Conduct for Special Advisers;
- Auditing departments' policies and procedures for the promotion of the values in the Civil Service Code and the Diplomatic Service Code of Ethics, and departments' handling and recording of concerns raised under the Code.

The Commissioners report annually on their work to The Queen. The annual report, and further information on their role and work, is available on the Commissioners' website at www.civilservicecommissioners.org/

COMMISSIONER FOR PUBLIC APPOINTMENTS

The Commissioner for Public Appointments is an independent statutory office-holder, established under Order in Council and appointed by The Queen. The role of the Commissioner is to regulate and report on around 10,000 Ministerial appointments to the boards of over 1,000 public bodies. The current Commissioner, Janet Gaymer CBE QC, took up office in January 2006.

The Commissioner produces a Code of Practice which Ministers and Government departments follow during the appointments process. The Code requires public appointments to be made on the basis of merit, following an open and transparent process. These processes must involve an Independent Public

Appointments Assessor (IPAA) (and from October 2008 all such IPAA's must be accredited by the Commissioner). The Commissioner may also investigate complaints received about a selection process.

The Commissioner is required by Order in Council to audit appointment policies and practices, and also to publish an annual report. The Commissioner also has a remit to promote equal opportunities and diversity.

The Commissioner is supported by an independent office called the Office of the Commissioner for Public Appointments (OCPA). More information about the Commissioner may be found on the OCPA website: www.publicappointmentscommissioner.org

CABINET OFFICE FINANCES

OVERVIEW

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 Resource Accounts.

This section explains the framework for managing public money and sets out Public Expenditure Data from 2003-04 to 2010-11 and a detailed Financial Review for 2008-09. It has been audited for consistency with the financial statements.

CABINET OFFICE CORE BUSINESS

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

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

Administration costs in respect of core business have been more or less constant over the years. With the requirement to deliver objectives within an administration budget that falls by 5 per cent in real terms annually in each of the years 2008-09, 2009-10 and 2010-11, as set out in the Cabinet Office's 2007 CSR settlement, this will see a decline in spend on core administration.

In order to release resources required to meet the challenges ahead, the Cabinet Office has committed to an ambitious value for money delivery programme of 3 per cent net cashable value for money gains each year. In order to release resources to support new investment, the Cabinet Office has also agreed to a target of £13 million for asset disposals over the next three years.

The 2009 Budget announced that the Cabinet Office will contribute a further £15 million value for money savings in 2010-11 as part of the Government's £35 billion value for money target. It rests with the Minister and the Cabinet Office Board to decide how the reduction will be allocated within the Cabinet Office.

MANAGING PUBLIC MONEY FRAMEWORK

The Cabinet Office, like other government departments, needs to report its financial performance in a number of ways. These are identified below:

Resource 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 outturns against these Estimates are reported in the Statement of Parliamentary Supply within the Resource Accounts. This is a statement which only applies to central government and has no equivalent statement in UK GAAP (Generally Accepted Accounting Practice) based accounts.

Resource Accounts (Accounting Boundary)

The Resource Accounts are prepared annually and present the financial results of the Cabinet Office. These accounts are prepared on the basis of UK GAAP and the *Government Financial Reporting Manual (FRM)*. The Operating Cost Statement, Statement of Recognised Gains and Losses, the Balance Sheet and the Cash Flow Statement have been adapted for central government from their commercial equivalents. The accounting boundary includes the financial results for the Cabinet Office together with some of its Non-Departmental Public Bodies.

Entities within the departmental boundary are Advisory Non-Departmental Public Bodies (ANDPBs); these 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.

Entities outside the departmental boundary are Executive Non-Departmental Public Bodies (eNDPBs). 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. Entities outside the departmental boundary are not consolidated for accounting purposes but are consolidated for budgeting purposes.

The Resource Accounts only include the grant-in-aid paid to the Executive Non-Departmental Public Bodies (eNDPBs) sponsored by the Cabinet Office. The financial performance and assets and liabilities of the eNDPBs are not consolidated within these accounts. Further detail regarding the departmental boundary can be found at Note 35 to the Resource Accounts.

Resource Budgeting (Budgeting Boundary)

Resource budgeting involves using resource 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.

Parliament controls Cabinet Office spending through the use of Departmental Expenditure Limits (DEL) and controls capital spending separately from resource spending. This is the basis on which Parliament controls, and the Cabinet Office manages, spending in-year. It 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. See later section on Public Expenditure Data 2003-04 to 2010-11.

Relationship between Estimates and Resource Accounts

The difference between the Cabinet Office's Estimate and Resource Accounts is where the Department is required to surrender income to the Consolidated Fund. This is income which is included in the Resource Accounts but has not been appropriated in aid and, as such, has not been approved by Parliament for inclusion in the Department's Estimate. Note 5 to the Resource Accounts details income payable to the Consolidated Fund.

Relationship between Resource Accounts and Budgets

The Department's Resource Accounts then differ from Budget in the following ways:

Resource Accounts may include income payable to the Consolidated Fund that cannot be recorded against budgeted Departmental Expenditure Limits. Budgets remove voted grant-in-aid paid to Capacity Builders (UK) Limited and to the Commission for the Compact Limited (eNDPBs) and replace it with their non-voted resource and capital consumption as reflected in their audited accounts.

Capital grants, classified as resource in Estimates and Resource Accounts, are classified as capital in Budgets to reflect the creation of assets in the wider economy. Gains and losses from the sale of capital assets, classified as resource in Estimates and Resource Accounts, are reported as capital within Budgets since they are a component of sales proceeds on asset disposal.

Finally, Budgets include non-voted resource expenditure in relation to the salaries and pension costs of the UK Members of the European Parliament (MEPs); these are not included in Estimates since

they are paid directly from the Consolidated Fund as a standing service and these are not included in Resource Accounts, since the Cabinet Office does not benefit directly from MEPs' services and may not choose to re-deploy the funds.

Reconciliation between Estimates, Resource Accounts and Budget

Financial Review 2008-09 presents a reconciliation between Estimates, Resource Accounts and Budget for both resource and capital at Figure 2.

PUBLIC EXPENDITURE DATA 2003-04 TO 2010-11

(including Public Expenditure Tables 1 to 9)

INTRODUCTION

The aim of the published expenditure 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) for three years and the most recent is the Comprehensive Spending Review (CSR) 2007 covering financial years 2008-09, 2009-10 and 2010-11. The CSR is the starting point for departments to plan their expenditure over a three year period and, once agreed by HM Treasury, 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, 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 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 will result in an offsetting reduction in DEL for the year following the year of the breach.

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 Winter and Spring Supplementary Estimates and all are subject to parliamentary approval.

The Cabinet Office itself does not have AME expenditure but included in the figures are AME Budget and Outturn for Civil Superannuation (Civil Service Pensions). The Civil Superannuation (Civil Service Pensions) figures are included in Tables 1 and 2 only. Civil Service Pensions' Annual Report and Accounts provide details of expenditure.

Public Expenditure Tables

All tables provide financial data covering financial years from 2003-04 including the Comprehensive Spending Review period up to 2010-11. Tables 1 to 6 provide information on the Cabinet Office. Tables 7 to 9 provide information on the Security and Intelligence Agencies; these tables are included since the information is not published elsewhere.

Cabinet Office outturn is reported from 2003-04 to 2008-09 and plans are reported from 2009-10 to 2010-11. Funding has been agreed by HM Treasury in the Estimates covering all financial years up to 2009-10. In 2008-09 various machinery of government changes took place. They include transfers of

Government Skills to the Department for Innovation, Universities and Skills (DIUS)¹ and of the e-Delivery Team to the Department for Work and Pensions and a transfer into the Cabinet Office of the Statistical Reform Team from HM Treasury. All tables reflect these changes.

Cabinet Office budgetary spend for 2008-09 is reconciled to Estimates and Accounts in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary control totals.

COMMENTARY ON TABLES 1 TO 9

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).

TABLE 2 – RESOURCE BUDGET DEL AND AME

This table provides a breakdown of Near Cash Resource Budget DEL by pay, procurement, current grants to the private sector and current grants to local authorities and separately reports depreciation.

Non-Cash within Resource Budget DEL includes depreciation which measures the amount of consumption of fixed assets and cost of capital which reflects the cost to government of financing investment.

Near Cash within Resource Budget DEL is a control total aggregate close to the measure of current spending that impacts on the current balance used to assess a fiscal rule known as the Golden Rule. It

excludes non-cash items such as depreciation and cost of capital charges and movements in provisions. The Golden Rule requires that over the economic cycle the Government will borrow only to invest and not to fund current spending.

Resource DEL (RDEL) - Cabinet Office

Commencing 2008-09 there is a decrease in spending plans compared to the budgets for 2006-07 and 2007-08. This decrease is not apparent from these tables due to lower than expected spend in 2006-07 and 2007-08 and due to the 2008-09 provision being supplemented through a permitted draw down on the Reserve by the Office of the Third Sector and budgetary cover transfers from the Security and Intelligence Agencies in support of the SCOPE and Information Technical Assurance Programmes.

A comparison between 2008-09 outturn against Estimate and budget is set out in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary control totals.

The main features in variations in budget between the years are:-

Pay

2008-09 outturn may be reconciled to staff costs at Note 9 to the Resource Accounts by excluding agency/temporary staff costs at Note 9 and by adding the salaries and pensions of the UK Members of the European Parliament shown at Figure 2(a) Reconciliations between Estimates, Accounts and Budgets later in this section. Increases on prior year are explained in the next section, Financial Review 2008-09.

¹ The Department for Innovation, Universities and Skills has merged with the Department for Business, Enterprise and Regulatory Reform to become the Department for Business, Innovation and Skills on 5 June 2009.

Procurement

Commencing 2006-07 there is an increase in procurement expenditure due to BBC Monitoring. Following Sir Quentin Thomas' review of the BBC Monitoring financial regime, it was agreed that, from 1 April 2006, the Cabinet Office should become the lead stakeholder and hold the previously disaggregated stakeholder funding. The increase in expenditure in 2007-08 reflects the design and development of the SCOPE programme; see Note 11 to the Resource Accounts.

Current grants and subsidies to the private sector and abroad

Commencing 2005-06 there is an increase in grant programmes delivered by the Office of the Third Sector. Key programmes include Capacitybuilders, Futurebuilders, v, Strategic Partners Programme, Grassroots Grants and Community Assets Fund.

In 2008-09 the Office of the Third Sector made agreed claims on the Reserve of £36.279 million allowed for within the CSR07 settlement to support the programmes for v Matched Funding of £13 million and Grassroots Grants of £23.279 million. 2008-09 outturn cross references to Resource Accounts Note 11.

Current grants to local authorities

Commencing 2006-07 there is a decrease in Civil Defence Grants to Local Authorities; these were transferred to the Wales Office and Department for Communities and Local Government. The remaining grant is made to the London Fire and Emergency Planning Authority.

Commencing 2007-08 the Office of the Third Sector made grants to Local Authorities under the Invest to Save Project scheme. 2008-09 outturn cross references to Resource Accounts Note 11.

Depreciation

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; an impairment arose in 2006-07 as a result of changing business requirements and technological advances. At 31 March 2009 £24.388 million of assets under construction relating to the SCOPE programme have been written out of the books and reported as a loss and £1.511 million impairment has been recognised following the property recession. 2008-09 outturn cross references to Notes 10 and 11 and losses are reported at Note 33(a) to the Resource Accounts.

Increases in depreciation during 2009-10 to 2010-11 reflect original plans to bring assets under construction into service.

Consultancy

Expenditure on consultancy is disclosed at Notes 10 and 11 to the Resource Accounts. Further details may be found in the section Financial Review 2008-09, sub section Other Programme near cash costs.

TABLE 3 – CAPITAL BUDGET DEL AND AME

This table provides details of the capital expenditure plans in the same format as Table 2. It shows in detail capital expenditure on fixed assets, capital grants to the private sector, net lending to private sector, capital support to public corporations and capital support to local authorities.

Capital budget spending is controlled because net investment increases net borrowing and hence the level of debt. The sustainable investment fiscal rule requires that net debt remains at or below sustainable levels over the economic cycle.

Capital DEL (CDEL) – Cabinet Office

A comparison between 2008-09 outturn against Estimate and budget is set out in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary control totals.

The main features in variations in budget between the years are:-

Capital expenditure on fixed assets net of sales

Commencing 2008-09 there is a large decrease in capital expenditure on fixed assets. In previous years, large investments in capital IT programmes took place but these have peaked. In 2008-09 capital expenditure on fixed assets was very largely focused on upgrading the Department's core freehold estate and crisis management facilities.

Future plans see this investment continuing, including towards achieving the consolidation of the Department into the freehold buildings and disposal of non-core leased buildings. It is anticipated that the expected proceeds of the sale of the non-core 53 Parliament Street building will contribute to the funding of this strategy. Fixed asset expenditure is classified at Notes 14 and 15 to the Resource Accounts.

Capital grants to the private sector and abroad

Commencing 2004-05 capital grants to the private sector have been steadily increasing. Expenditure from 2004-05 to 2007-08 represents capital grants to Futurebuilders England Limited to deliver the Futurebuilders programme.

During 2008-09 the capital grant expenditure includes the on-going Futurebuilders programme and additionally the newly established programmes for Grassroots Grants and Community Assets. These programmes will continue during 2009-10 and 2010-11. 2008-09 outturn cross references to Resource Accounts Note 11.

Net lending to private sector

The net lending to private sector represents a constant level of loan repayments received from the London Hostels Association and the Civil Service Sports Council. During 2008-09 the Civil Service Sports Council repaid its outstanding loan in full. 2008-09 outturn cross references to Resource Accounts Note 16.

Capital support to local authorities

Commencing 2006-07 capital support was offered to Local Authorities in respect of the Government Security Zone project. Commencing 2008-09 capital support was offered to Local Authorities in respect of Community Assets sponsored by the Office of the Third Sector. A description of capital grant programmes may be found at Note 11 to the Resource Accounts.

TABLE 4 – CAPITAL EMPLOYED FOR THE CABINET OFFICE

This table shows the capital employed by the Department in a balance sheet format. It provides high level analysis of the value of the various categories of fixed assets, debtors and creditors, and also the extent of provisions made. Outturn is as reported in the Cabinet Office Annual Report and Accounts for all years to 2008-09 (not restated for Machinery of Government changes) and balance sheet projections are reported for 2009-10 to 2010-11.

The main features in variations between the years are:-

Total capital employed

An overall 22.1 per cent decrease between 2007-08 and 2008-09 is due to reductions in both fixed and net current assets as detailed below. The future trend is for this to increase marginally due to investment in land and buildings.

Fixed assets

The fixed asset base decreased from 2007-08 to 2008-09 by 14.6 per cent, largely due to a write-off of £24.388 million relating to the SCOPE programme and a machinery of government transfer of Transformational Government assets and assets under construction to the Department for Work and Pensions of £5.899 million.

A professional property valuation also saw an overall downward movement in land and building values (including dwellings) of £4.754 million. There were additions to fixed assets in the areas of information technology, plant and machinery and intangible assets software licences of £9.541 million.

Plans for 2009-10 include disposing of 53 Parliament Street, refurbishing 70 Whitehall and advancing IT projects. Plans for 2010-11 will include continued investment in refurbishing 70 Whitehall. Further details on fixed assets can be found at Notes 14 and 15 to the Resource Accounts.

Net current assets and liabilities

There was a small increase in the net current liability position between 31 March 2008 and 31 March 2009. The movement was the result of an increase in accruals and deferred income and a decrease in debtors.

Carried forward from last year were entries in the balance sheet in respect of Futurebuilders England Limited and the expiry of their tri-partite agreement in March 2008. This was between Futurebuilders England Limited, the Minister for the Cabinet Office and The Charity Bank Limited. Prior to the expiry of the agreement, the cash balance of £77.235 million held in the Futurebuilders Trust Account was transferred to the Cabinet Office's account with the Office of the Paymaster General. Accordingly, amounts due to the Consolidated Fund were recognised at the balance sheet date and then the amounts were paid in 2008-09 causing a large decrease in cash held. Further details can be found in the Financial Review section.

Provisions

Provisions are made for early departure costs and specific dilapidations on leased properties. For forecasting purposes, it is assumed that any new provisions established will be similar in amount to the expected utilisation level of existing provisions.

The Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) in respect of employees who retire early. Specific dilapidations are provided where the Department leases a property and is required to bring the property into a good state of repair at the end of the lease.

When a provision is created or increased, this is a charge against non-cash RDEL, and when it is utilised and paid out, it is a charge against near cash RDEL and a benefit to non-cash RDEL. Further details on provisions can be found at Note 21 to the Resource Accounts.

TABLE 5 – ADMINISTRATION COSTS

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 main features in variations between the years are:-

2008-09 outturn records a net increase in administration costs compared to 2007-08.

Increases occurred in both income and expenditure lines. Increases in income were mainly attributable to the Fast Stream programme and rental income. Fast Stream is a staff placement programme involving government departments; see Note 12 to the Resource Accounts.

Near cash expenditure saw rises in staff costs due to secondments, accommodation and utilities due to facilities management contracts, and travel.

Non-cash items increased with respect to fixed asset impairment and provisions for dilapidations.

Further information is detailed in the Financial Review section. 2008-09 outturn cross references to Note 3(b) to the Resource Accounts.

2009-10 plans show an overall apparent increase compared to the outturn in 2008-09. This does not represent any substantive increase in administration expenditure.

Historically, the majority of the budget has been classed as administration expenditure which includes all non-cash but the Cabinet Office now has a number of projects which are classified as non-grant programme expenditure. The Department will continue over the coming CSR07 period to re-classify expenditure from administration to programme once the actual position becomes clear during each financial year.

TABLE 6 – STAFF NUMBERS

Table 6A

The table on Staff Numbers for the Cabinet Office analyses the actual and projected staffing in the Department and splits them into permanent and temporary staff.

The figures include Cabinet Office Civil Service workforce reductions agreed in Spending Review 2004 as the Cabinet Office's contribution to the Efficiency Review. The decrease in staff numbers between 2006-07 and 2007-08 also includes machinery of government changes announced during 2007-08. Staff numbers for the National School of Government (NSG) are included within Cabinet Office numbers up to 2005-06, where-after NSG transferred out of the Cabinet Office to become a non-ministerial department.

The figure for 2008-09 is the actual number of staff as at 31 March 2009. In accordance with current Civil Service statistics methodology, figures for 2008-09 onwards include Special Advisors. Projected staff numbers for 2009-10 and 2010-11 are current business planning assumptions.

Note 9 to the Resource Accounts and the staff numbers table in the Performance Report section show additional headcount information expressed as the average number of whole-time equivalent persons employed.

Table 6B

The table on Senior Civil Servant (SCS) Staff Numbers for Cabinet Office shows total SCS by Pay Band as at 31 March 2009. This figure includes 52 from the Office of the Parliamentary Counsel.

TABLES 7 TO 9 THE SINGLE INTELLIGENCE ACCOUNT

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 Autumn 2007, the Cabinet Secretary has been the Principal Accounting Officer (PAO) for the SIA. The PAO delegates authority to spend to the three Agency Heads (who are themselves Accounting Officers) at levels agreed with the Treasury.

TABLE 7 – TOTAL DEPARTMENTAL SPENDING FOR THE SECURITY AND INTELLIGENCE AGENCIES

The figures shown here are consistent with those published in the SIA Financial Statements. The increase in total departmental spending in 2006-07 and 2007-08 arises from spending on the expansion and capabilities of the Security and Intelligence Agencies.

TABLE 8 – ADMINISTRATION COSTS FOR THE SECURITY AND INTELLIGENCE AGENCIES

The SIA has re-stated its administration figures for prior years to reflect figures consistent with those across the CSR07 period.

TABLE 9 – STAFF NUMBERS FOR THE SECURITY AND INTELLIGENCE AGENCIES

Table 9 shows staff numbers from 2003-04 to 2010-11 by function, expressed in full-time equivalents.

TABLE 1 - CABINET OFFICE TOTAL DEPARTMENTAL SPENDING

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Resource budget								
<i>Resource DEL</i>								
Cabinet Office	253,820	251,038	295,904	295,564	335,036	387,227	361,415	327,585
Total resource budget DEL	253,820	251,038	295,904	295,564	335,036	387,227	361,415	327,585
<i>of which: Near-cash</i>	227,279	220,107	261,242	262,958	318,239	344,007	316,637	287,834
<i>Resource AME</i>								
Cabinet Office	450	-	-	-	-	-	-	-
Civil Superannuation (Civil Service Pensions)	5,014,217	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500
Total resource budget AME	5,014,667	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500
<i>of which: Near-cash</i>	1,078,235	1,040,935	33,342	535,836	724,700	1,069,658	1,501,500	1,504,000
Total resource budget	5,268,487	5,629,454	6,020,794	6,338,831	7,908,269	7,543,736	7,502,415	7,807,085
<i>of which: depreciation</i>	15,628	23,489	27,520	24,277	8,352	34,495	34,805	30,760
Capital budget								
<i>Capital DEL</i>								
Cabinet Office	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
Total capital budget DEL	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
<i>Capital AME</i>								
Total capital budget AME	-							
Total capital budget	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
Total departmental spending†								
Cabinet Office	264,298	249,300	299,093	301,875	359,771	392,936	377,081	348,212
Civil Superannuation (Civil Service Pensions)	5,014,217	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500
Total departmental spending†	5,278,515	5,627,716	6,023,983	6,345,142	7,933,004	7,549,445	7,518,081	7,827,712
<i>of which:</i>								
Total DEL	263,848	249,300	299,093	301,875	359,771	392,936	377,081	348,212
Total AME	5,014,667	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

TABLE 1 - CABINET OFFICE TOTAL DEPARTMENTAL SPENDING - CONTINUED

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Spending by local authorities on functions relevant to the department								
Current spending	32,583	39,020	49,084	54,104	51,179	64,326		
<i>of which:</i>								
financed by grants from budgets above	18,901	19,915	1,373	380	621	606		
Capital spending	-	-	-	-	-	-		
<i>of which:</i>								
financed by grants from budgets above††	-	-	-	10,554	5,268	13,293		

†† This includes loans written off by mutual consent that score within non-cash Resource Budgets and are not included in the capital support to local authorities line in Table 3.

TABLE 2 - CABINET OFFICE RESOURCE BUDGET DEL AND AME

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Resource DEL								
Cabinet Office	253,820	251,038	295,904	295,564	335,036	387,227	361,415	327,585
<i>of which:</i>								
Cabinet Office	253,820	251,038	295,904	295,564	335,036	387,227	361,415	327,585
Total resource budget DEL	253,820	251,038	295,904	295,564	335,036	387,227	361,415	327,585
<i>of which:</i>								
Near-cash	227,279	220,107	261,242	262,958	318,239	344,007	316,637	287,834
<i>of which:†</i>								
Pay	88,179	90,283	97,078	82,998	88,742	91,936		
Procurement	82,595	63,881	69,331	93,236	109,545	109,869	97,359	85,741
Current grants and subsidies to the private sector and abroad	37,604	46,578	94,566	87,867	122,105	136,471	124,431	111,143
Current grants to local authorities	18,901	19,915	1,373	380	621	606	606	606
Depreciation	15,628	23,489	27,520	24,277	8,352	34,495	34,805	30,760
Resource AME								
Cabinet Office	450	-						
<i>of which:</i>								
Cabinet Office	450	-	-	-	-	-	-	-
Civil Superannuation (Civil Service Pensions)	5,014,217	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500
<i>of which:</i>								
Civil Superannuation (Civil Service Pensions)	5,014,217	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500
Total resource budget AME	5,014,667	5,378,416	5,724,890	6,043,267	7,573,233	7,156,509	7,141,000	7,479,500
<i>of which:</i>								
Near-cash	1,078,235	1,040,935	33,342	535,836	724,700	1,069,658	1,501,500	1,504,000
<i>of which:†</i>								
Pay	35,500	23,000	12,500	4,500	-	-		
Procurement	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Total resource budget	5,268,487	5,629,454	6,020,794	6,338,831	7,908,269	7,543,736	7,502,415	7,807,085

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

TABLE 3 - CABINET OFFICE CAPITAL BUDGET DEL AND AME

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Capital DEL								
Cabinet Office	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
<i>of which:</i>								
Cabinet Office	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
Total capital budget DEL	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
<i>of which:</i>								
Capital expenditure on fixed assets net of sales†	21,952	15,959	16,488	20,753	17,739	9,568	9,219	8,043
Capital grants to the private sector and abroad	2,488	5,814	14,242	8,384	16,813	22,871	41,272	43,364
Net lending to private sector	-31	-22	-21	-22	-22	-28	-20	-20
Capital support to public corporations	1,247	-	-	-	-	-	-	-
Capital support to local authorities††	-	-	-	10,554	5,268	13,293	-	-
Capital AME								
Total capital budget AME	-							
Total capital budget	25,656	21,751	30,709	30,588	33,087	40,204	50,471	51,387
<i>Of which:</i>								
Capital expenditure on fixed assets net of sales†	21,952	15,959	16,488	20,753	17,739	9,568	9,219	8,043
Less depreciation†††	15,628	23,489	27,520	24,277	8,352	34,495	34,805	30,760
Net capital expenditure on tangible fixed assets	6,324	-7,530	-11,032	-3,524	9,387	-24,927	-25,586	-22,717

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

††† Included in Resource Budget.

TABLE 4 - CABINET OFFICE CAPITAL EMPLOYED

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Assets and liabilities on the balance sheet at end of year:								
Assets								
Fixed assets								
Intangible assets	2,073	772	220	77	29	192	182	180
Tangible assets								
<i>of which:</i>								
Land and Buildings	130,126	146,273	162,998	159,070	170,331	152,351	153,962	167,311
Dwellings	15,836	16,013	12,382	13,444	13,898	27,019	26,024	26,423
Transformational Government Projects	63,602	37,116	16,931	1,055	68	-	-	-
Information Technology	7,242	6,486	5,514	8,554	6,644	12,260	9,876	8,747
Plant and Machinery	6,253	4,945	4,087	3,819	3,530	2,988	3,117	3,037
Furniture and Fittings	2,742	2,205	1,724	1,099	663	328	120	56
Art and Antiques	7,746	8,297	10,196	10,177	10,239	10,289	10,289	10,289
Assets under construction (AUC)	16,609	14,287	13,688	26,087	33,797	3,777	4,919	4,919
AUC - Transformational Government	5,195	3	328	4,303	5,831	-	-	-
Investments	479	457	436	414	392	364	344	324
Debtors (amounts falling due after more than one year)	7,717	8,047	-	-	-	-	-	-
Current Assets	53,936	49,880	34,145	122,906	96,208	22,760	22,760	22,760
Liabilities								
Creditors (amounts falling due within one year)	-56,751	-59,793	-63,349	-64,256	-119,785	-58,017	-54,582	-51,147
Creditors (amounts falling due after more than one year)	-38	-	-3,497	-	-	-	-	-
Provision for liabilities and charges	-7,589	-7,321	-7,053	-5,594	-3,189	-4,072	-4,072	-4,072
Capital employed within the Cabinet Office	255,178	227,667	188,750	281,155	218,656	170,239	172,939	188,827

Outturn figures are as reported in the audited Cabinet Office Annual Report and Accounts published for that year.

TABLE 5 - CABINET OFFICE ADMINISTRATION COSTS

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Administration Expenditure								
Paybill	80,863	82,009	84,523	76,413	80,576	85,869		
Other	97,975	99,388	116,673	96,279	93,908	115,957		
Total administration expenditure	178,838	181,397	201,196	172,692	174,484	201,826	253,006	232,479
Administration income	-24,362	-32,791	-45,128	-33,473	-31,085	-40,220	-45,173	-35,173
Total administration budget	154,476	148,606	156,068	139,219	143,399	161,606	207,833	197,306
Analysis by activity								
Cabinet Office	154,476	148,606	156,068	139,219	143,399	161,606	207,833	197,306
Total administration budget	154,476	148,606	156,068	139,219	143,399	161,606	207,833	197,306

TABLE 6A - CABINET OFFICE STAFF NUMBERS

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual	Actual	Actual	Actual	Actual	Actual	Plans	Plans
CS FTEs	1,790	1,795	1,735	1,455	1,271	1,279	1,279	1,279
Casuals (incl. short-term/fix term appointments)	50	145	95	24	12	26	26	26
Total Cabinet Office	1,840	1,940	1,830	1,479	1,283	1,305	1,305	1,305

TABLE 6B - CABINET OFFICE STAFF NUMBERS

Grade	Pay Band	Full-time equivalents (FTEs)
Permanent Secretary	£139,740 - £273,250	6
SCS 3	£99,960 - £205,000	26
SCS 2	£81,600 - £160,000	37
SCS 1	£56,100 - £116,000	136
Total		*205

*Total includes 52 from the Office of the Parliamentary Counsel (OPC)

TABLE 7 - SECURITY AND INTELLIGENCE AGENCIES TOTAL DEPARTMENTAL SPENDING

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans
Resource budget								
<i>Resource DEL</i>								
Security and Intelligence Agencies	999,908	1,126,394	1,251,088	1,395,388	1,426,731	1,636,121	1,867,361	2,053,361
Total resource budget DEL	999,908	1,126,394	1,251,088	1,395,388	1,426,731	1,636,121	1,867,361	2,053,361
<i>of which: Near-cash</i>	818,920	962,091	1,056,767	1,192,567	1,239,295	1,402,078	1,520,222	1,693,956
<i>Resource AME</i>								
Security and Intelligence Agencies	-	-	-	-	51,290	14,152	6,500	6,500
Total resource budget AME	-	-	-	-	51,290	14,152	6,500	6,500
<i>of which: Near-cash</i>								
Total resource budget	999,908	1,126,394	1,251,088	1,395,388	1,478,021	1,650,273	1,873,861	2,059,861
<i>of which: depreciation</i>	150,979	111,078	134,894	130,509	190,115	193,195	283,350	301,741
Capital budget								
<i>Capital DEL</i>								
Security and Intelligence Agencies	509,808	150,814	204,145	221,849	286,567	320,054	338,000	301,000
Total capital budget DEL	509,808	150,814	204,145	221,849	286,567	320,054	338,000	301,000
<i>Capital AME</i>								
Total capital budget AME	-	-	-	-	-	-	-	-
Total capital budget	509,808	150,814	204,145	221,849	286,567	320,054	338,000	301,000

TABLE 7 - SECURITY AND INTELLIGENCE AGENCIES TOTAL DEPARTMENTAL SPENDING - CONTINUED

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans
Total departmental spending†								
Security and Intelligence Agencies	1,358,737	1,166,130	1,320,339	1,486,728	1,574,473	1,777,132	1,928,511	2,059,120
Total departmental spending†	1,358,737	1,166,130	1,320,339	1,486,728	1,574,473	1,777,132	1,928,511	2,059,120
<i>of which:</i>								
Total DEL	1,358,737	1,166,130	1,320,339	1,486,728	1,574,473	1,777,132	1,928,511	2,059,120
Total AME	-	-	-	-	-	-	-	-

† 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

Current spending	-	-	-	-	-	-	-	-
<i>of which:</i>								
financed by grants from budgets above	-	-	-	-	-	-	-	-
Capital spending	-	-	-	-	-	-	-	-
<i>of which:</i>								
financed by grants from budgets above††	-	-	-	-	-	-	-	-

†† This includes loans written off by mutual consent that score within non-cash Resource Budgets and are not included in the capital support to local authorities line in Table 3.

TABLE 8 - ADMINISTRATION COSTS FOR THE SECURITY AND INTELLIGENCE AGENCIES

	£000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans
Administration Expenditure								
Paybill	53,918	54,166	58,709	53,912	93,046	54,483		
Other	39,030	36,370	34,958	39,756	46,754	33,421		
Total administration expenditure	92,948	90,536	93,667	93,668	139,800	87,904	94,358	89,307
Administration income	-6,047	-3,836	-6,767	-5,768	-58,502	-6,689	-9,358	-6,307
Total administration budget	86,901	86,700	86,900	87,900	81,298	81,215	85,000	83,000
Analysis by activity								
Security and Intelligence Agencies	86,901	86,700	86,900	87,900	81,298	81,215	85,000	83,000
Total administration budget	86,901	86,700	86,900	87,900	81,298	81,215	85,000	83,000

TABLE 9 - STAFF NUMBERS FOR THE SECURITY AND INTELLIGENCE AGENCIES

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual	Actual	Actual	Actual	Actual	Actual	Plans	Plans
CS FTEs	8,967	9,301	9,730	11,305	11,814	12,838	12,615	13,069
Casuals (incl. short-term/fix term appointments)	17	18	19	21	23	20	18	28
Total	8,984	9,319	9,749	11,326	11,837	12,858	12,633	13,097

FINANCIAL REVIEW 2008-09

INTRODUCTION

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 and also in the context of current year actual against budget in respect of the annual spending controls set by Parliament for the Department.

THE PRIMARY FINANCIAL STATEMENTS IN THE RESOURCE ACCOUNTS

The primary financial statements in the Resource Accounts comprise: the Statement of Parliamentary Supply; the Operating Cost Statement; the Statement of Recognised Gains and Losses; the Balance Sheet; the Cash Flow Statement; and the Statement of Net Operating Costs by Departmental Strategic Objectives.

STATEMENT OF PARLIAMENTARY SUPPLY

This is the accountability statement for parliamentary reporting purposes. It records the net resource outturn compared to Estimate and only includes expenditure and income (Appropriations in Aid) allowable against the Estimate. It also records the net cash requirement and a summary of income that may not be appropriated in aid of the Department's Estimate and which must be surrendered to the Consolidated Fund.

The net resource requirement limit is voted by Parliament and reflects 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 Department's net resource outturn increased by £72.593 million from £340.977 million in 2007-08 to £413.570 million in 2008-09. Explanations are set out below in the Operating Cost Statement variance analysis.

OPERATING COST STATEMENT

The Operating Cost Statement 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. The differences between net operating cost (Accounts) and net resource outturn (Estimates) are explained in the section above Managing Public Money Framework and are accounted for at Note 3(a) to the Resource Accounts.

The Department's net operating costs increased by £72.359 million from £340.343 million in 2007-08 to £412.702 million in 2008-09. The main drivers of this variance are detailed below.

Staff costs

Staff costs increased by £3.847 million from 2007-08 to 2008-09. This was split between an increase in administration staff costs of £6.113 million with a contra decrease in programme staff costs of £2.266 million.

One element is the annual increase in salary and pensions costs but also contributing was a large increase in the movement of inward secondee costs of £2.090 million. In this case the majority of the increase, £2.962 million is attributable to the contracting of staff resources from the Department for Work and

Pensions. In addition a small element were acquired at the cost of £0.640 million from other outside sources who were treated as part of the team; see Note 9 to the Resource Accounts. They were effectively all seconded to the Cabinet Office and worked exclusively on the set-up of a Shared Services arrangement for the benefit of the Cabinet Office and for other departments to utilise in the future. Due to the nature of the project and its arrangements these resources were not included in the staff numbers. If this Shared Services arrangement was taken out of the equation secondees costs would have decreased by £1.512 million. Recoveries on outward secondees and staff recoveries increased by £1.016 million over the previous year.

Staff costs associated with programmes decreased by £2.266 million and the majority of this was associated with the winding down of the SCOPE IT programme. Further details on staff costs can be found at Note 9 to the Resource Accounts.

Other administration costs

Other administration costs increased by £17.134 million over the previous year which was made up of £14.195 million near cash items and £2.939 million non-cash items.

Near cash increases were in the areas of accommodation and utilities due to facilities management contracts £3.256 million, cost of leasing £3.992 million, along with an increase in travel subsistence and hospitality of £5.315 million.

Increased costs were incurred with the Departments' total facilities management provider due to annual cost increases and the engagement of a "lifecycle contract". This is for pre-planned maintenance of a non-capital nature and this increased £1.575 million year on year.

The unexpected Chairmanship of the G20 summit and associated preparations led to increases in the travel budgets for the Cabinet Office. This expenditure is included in the £5.315 million total with other linked cost pressures on communications.

The non-cash increase of £2.939 million was mainly attributed to creating a dilapidation provision for a number of buildings £1.245 million, and an impairment of £1.449 million for the buildings at the Emergency Planning College in York. Other non-cash increases amounted to £0.245 million. Further details on administration costs can be found at Note 10 to the Resource Accounts.

Programme costs

Programme costs year on year increased by £41.608 million. This is centred on major increases in non-cash items of £22.715 million and near cash programme grants of £31.518 million and a decrease in other programme expenditure of £12.625 million. Explanations are detailed below in addition to Note 11 to the Resource Accounts.

Programme grants

Programme grants for 2008-09 totalled £174.924 million and this incorporates an increase of £31.518 million over the previous year. A number of sectors benefited with the likes of increases to the private sector of £22.240 million, Local Authorities £7.963 million, and Central Government Bodies £3.785 million with a small decrease in monies drawn down by eNDPBs of £1.952 million and Welfare Bodies of £0.518 million. These injections highlight the increased funding available to the community.

Resource and capital grants of £27.552 million were paid to a new programme called Grassroots Grants. This programme is run in conjunction with the Community Development Foundation (CDF) to deliver a total of £130 million in small grants to support the activities of local community groups and organisations

across England over the period 2008-2011.

Other recipients of significant increases in grant funding included the Government Security Zone programme £5.428 million. Within this year the Cabinet Office received funding from the Home Office of £5.5 million to complete some of the final phases of this project.

Community Assets received new grant monies of £3.372 million which it uses to refurbish local authority buildings which in turn are transferred to third sector ownership.

The Social Enterprise programme had increased funding of £1.687 million which it uses to spread good practice in the sector and address the barriers to growth of social enterprise.

A further amount of £4.831 million was granted to the v programme which is aimed at encouraging volunteering and increasing the number of opportunities for young volunteers. This is in addition to increased funding given in the previous year of £21.532 million, an amount which represented a scaling up of activity since the first year of formal activity in 2006-07.

There was a decrease in grant monies of £5.243 million paid to Futurebuilders England Limited. This was mainly due to the establishment of a new contract with revised funding terms from 1 April 2008. Beforehand administration overheads were included in the resource grant paid but now a separate grant agreement and service agreement exist. In 2008-09 £4.415 million was paid under the service agreement.

There were a number of other programmes whose grant funding shared a net decrease of £6.109 million. Further details on programme costs can be found at Note 11 to the Resource Accounts.

Other Programme non-cash costs

There was a £22.715 million increase in non-cash expenditure from 2007-08 which is mainly attributable to the assets under construction of £24.388 million being written off under the SCOPE programme. Changes like this in programme assets contributed to the programme cost of capital charge reducing by £2.106 million. Further details on SCOPE programme costs can be found at Notes 11, 12, 14, 31 and 33(a) to the Resource Accounts.

Other Programme near cash costs

The £12.625 million decrease in programme near cash costs from 2007-08 is mainly attributable to the level of IT costs borne by the SCOPE IT programme which ended within the year. The decrease on IT costs in total for the Department was £16.398 million. Spend on telecommunications was down on the previous year by £4.099 million. This spend is particularly related to the Information Assurance Technical programme and the Resilient Telecommunications programme.

The Department also experienced an increase in grant fund management fees from the previous year, and as a result saw the costs rise by £5.798 million, from £1.485 million in 2007-08 to £7.283 million in 2008-09. The increases year on year were linked to the Futurebuilders Fund £4.186 million, Adult Volunteering £0.786 million, Community Assets £0.829 million and the balance of others being a decrease of £0.003 million. The contract with Futurebuilders England Limited expired at the end of 2008 and was re-negotiated with new funding arrangements. Administration costs of the fund manager were previously funded by way of grant whereas they are now funded under a separate service agreement.

Consultancy costs accounted for £1.141 million of the increase where significant spend was in the areas of the Government Security Zone programme £1.006 million, Information Assurance Technical programme £3.424 million and the Connecting People programme

£0.578m. This was balanced with decreases in the winding down of SCOPE £1.189 million, Gold Standard £1.561 million and Common Good Investment £0.916 million. A number of other programmes make up the balance with a net decrease spend of £0.201 million.

The balance of other near cash costs is an increase of £0.933 million. Further details on programme costs can be found at Note 11 to the Resource Accounts.

Income

Contributing to the increase in net operating costs is the reduction in income received by the Department from the previous year. Income decreased £9.770 million from £66.852 million in 2007-08 to £57.082 million in 2008-09.

Administration income increased £5.053 million over a number of income streams. The income from Fast Stream relies on contributions from other government departments and accounts for £2.199 million of this increase. Fast Stream is a graduate programme run in accordance with other government departments to promote and develop a career path in the Civil Service.

There was also an increase in rental income on property amounting to £1.088 million including 10 Great George Street and 70 Whitehall.

The Emergency Planning College generated an increase in income over the previous year of £0.839 million. This is due to activity in running short seminars, workshops and courses in the field of crisis management and emergency planning, both on and off-site. Other income sources accounted for the remaining increase of £0.927 million.

Programme income decreased by £14.823 million and is largely attributable to income streams that now cease to exist. Interest from a Futurebuilders Trust account of £5.080 million came to an end when a

tri-partite agreement managing the Futurebuilders Fund expired at the end of March 2008. Funds were transferred to the Cabinet Office and then onto the Consolidated Fund.

The SCOPE IT project recorded a decrease in income of £3.494 million as a result of reduced activity. Income for this project involves sharing the project costs with other government departments and agencies.

The Government Security Zone programme received £4.352 million less in income. Twelve government departments involved in the programme contributed funds recognising the level of benefits accrued to them for work undertaken. Other net income movements accounted for the remaining decrease of £1.897 million. Further details on income can be found at Note 12 to the Resource Accounts.

STATEMENT OF RECOGNISED GAINS AND LOSSES

This statement reflects namely the unrealised element of revaluations on fixed assets and investments. These gains have not been reflected in the Operating Cost Statement, they reflect movements within the Balance Sheet.

The statement recognises a downward movement of £12.514 million from £7.643 million of gains in 2007-08 to £4.871 million of losses in 2008-09. This is largely attributable to a movement in the revaluation of property following professional valuations. These formal valuations are carried out every 5 years and represent a further slowdown in capital value increases experienced in earlier times. A year earlier in 2007-08 a downward movement of £8.964 million was recognised due to property valuations. The statement also records the receipt of donated assets in 2008-09 to the value of £0.057 million. Further details on Fixed Assets can be found at Note 14 to the Resource Accounts.

BALANCE SHEET

The Balance Sheet recognises the assets and liabilities of the Department at the balance sheet date.

The Cabinet Office held net assets worth £170.239 million at 31 March 2009 (2007-08 Restated: £211.585 million) comprising :-

- fixed assets of £209.568 million (2007-08 Restated: £239.523 million);
- cash held of £8.652 million (2007-08: £74.008 million);
- net current liabilities (excluding cash) of £43.909 million (2007-08 Restated: £98.757 million); and
- provisions of £4.072 million (2007-08: £3.189 million).

The Department's net assets decreased by £41.346 million, from £211.585 million at 31 March 2008 to £170.239 million at 31 March 2009, as set out below.

Fixed assets

Fixed assets decreased by £29.955 million, reflecting the main impact of writing off Phase 2 of the SCOPE programme. Due to the termination of Phase 2 of the SCOPE programme, assets under construction of £24.388 million were written off.

A machinery of government change occurred transferring Transformational Government assets and assets under construction of £5.899 million to the Department for Work and Pensions; see Note 37 to the Resource Accounts.

The quinquennial professional property valuations have been carried out on Whitehall Estate properties on an existing use basis, apart from 53 Parliament Street which is carried on the books at open market value since, it is a property surplus to requirement. The overall impact of the valuation for 2008-09 has been a downward movement of £4.754 million.

There were other additions to fixed assets in the areas of information technology, plant and machinery and intangible assets software licences totalling £9.541 million. This is a decrease of £8.124 million on the prior year capital spend of £17.665 million.

Depreciation of fixed assets and the amortisation of intangible assets charged to the operating cost statement increased by £0.163 million from £8.221 million in 2007-08 to £8.384 million in 2008-09.

The Department has one financial asset remaining at the close of 2008-09, that being the loan held with the London Hostels Association. It has a value of £0.364 million as at 31 March 2009. An earlier loan held with the Civil Service Sports Council has been fully repaid.

Further details on fixed assets can be found at Notes 14 and 15 to the Resource Accounts and in comments made in Table 4 above.

Cash

The cash balance held by the Department decreased by £65.356 million in the year and this was mainly due to amounts paid back to the Consolidated Fund.

During the prior year, The Charity Bank Limited maintained and managed an interest-bearing bank account to hold the Futurebuilders Fund. This Fund was managed under a tri-partite agreement between the Minister for the Cabinet Office, The Charity Bank Limited and Futurebuilders England Limited. This agreement expired on the 31 March 2008 and as a result a cash balance of £77.235 million was transferred from the Futurebuilders Trust Account to the Cabinet Office's account with the Office of the Paymaster General. This was returned to the Consolidated Fund in this current year.

Outside of this one-off Futurebuilders transaction, there was an increase in cash amounting to £11.879 million. This is due to the difference in cash funding

received from the Consolidated Fund compared to the net cash required to fund Departmental operations. Further details are shown in the Cash Flow Statement within the Resource Accounts.

Net liabilities

Net liabilities decreased by £54.848 million which is mainly attributable to a decrease in creditors of £57.857 million and a decrease in both debtors of £2.979 million and stock of £0.030 million.

The balance of creditors reducing in year is largely due to the amount that was required to be paid back to the Consolidated Fund in respect of the Futurebuilders Trust Account monies paid to the Cabinet Office in March 2008 (this is also detailed above under the Cash heading).

Outside of this one-off Futurebuilders transaction of £77.235 million, net liabilities increased by £22.387 million. This comprises an increase in creditors of £19.378 million, a decrease in debtors of £2.979 million, and stock levels reducing by £0.030 million.

Within the balance of creditors, £8 million relates to an over issue of supply from the Consolidated Fund.

Accruals and deferred income have increased by £10.266 million from the previous year and trade and all other creditors by £1.112 million.

Expenditure accruals were raised mainly in the areas of the central budgets £7.778 million. These budgets incorporate costs for the likes of operating leases, facilities and property management, legal services, publications, conferences and other professional services. Due to the level of activity around year end, the Shared Services project accumulated an increase in accruals of £1.829 million from the previous year. The Intelligence, Security and Resilience Group dealing with programme spend had an accrual increase of £1.3 million, with this being mainly due

to Telecommunications Security Services and BBC Monitoring.

The decrease in debtors can be attributed mainly to an amount due from the Consolidated Fund in 2007-08 which has now been received.

Further details on debtors and creditors movements can be found at Notes 18 and 20 to the Resource Accounts.

Provisions

The balance of provisions increased by £0.883 million from 2007-08 to 2008-09.

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 decreased £0.354 million since utilisation was greater than what was 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 also written back when not required. Dilapidations increased £1.237 million and this was mainly due to an adjustment made to ensure there was a full provision for dilapidations at 31 March 2009. Further details on provisions can be found at Note 21 to the Resource Accounts.

CASH FLOW STATEMENT

The Cash Flow Statement 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 movement in cash in the period is reconciled to the net cash requirement at Note 24(e) to the Resource Accounts. Net cash requirement is set out at Figure 1 below.

STATEMENT OF NET OPERATING COSTS BY DEPARTMENTAL STRATEGIC OBJECTIVES

The Statement of Net Operating Costs by Departmental Strategic Objectives shows how resources, as set out in the Operating Cost Statement, have been deployed to each of the Department's Strategic Objectives. There have been no financial implications in moving from three Objectives in 2007-08 to six Departmental Strategic Objectives in 2008-09. For comparison, the prior year has been re-stated.

The increase in the Department's net operating costs is detailed above and the allocation of resources across objectives has remained broadly proportionate year on year. Where net costs fall under a single objective, they are allocated wholly to that objective; net expenditure that serves more than one objective is allocated in accordance with estimates made by relevant managers within the Department. Central costs not specific to individual objectives have been apportioned according to allocated headcount.

Departmental Strategic Objective 1 - Build an effective UK intelligence community in support of UK national interests; and the capabilities to deal with disruptive challenges to the UK

The increase in the net operating costs of £24.619 million from £83.881 million in 2007-08 to £108.500 million in 2008-09 is largely attributable to a write-off of assets under construction relating to Phase 2 of the SCOPE programme.

Departmental Strategic Objective 2 - Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy making

There was an increase in the net operating costs of £3.578 million from £53.731 million in 2007-08 to £57.309 million in 2008-09. The

unexpected Chairmanship of the G20 summit and associated preparations led to increases in the travel budgets for the Cabinet Office. Other linked cost pressures were on communications.

Departmental Strategic Objective 3 - Improve outcomes for the most excluded people in society; Enable a thriving third sector

An increase in programme and grant expenditure for the Office of the Third sector of £31.537 million and a decrease in the Futurebuilders interest income of £5.08 million have contributed to the overall increase in the net operating costs of £37.539 million. This is a movement from £144.153 million in 2007-08 to £181.692 million in 2008-09.

Departmental Strategic Objective 4 - Transform public services so that they better meet the individual needs of the citizen and business

No significant changes in costs or income have taken place from 2007-08 to 2008-09.

Departmental Strategic Objective 5 - Build the capacity and capability of the Civil Service to deliver the Government's objectives

The increase in net operating costs of £3.095 million can be aligned to the preparation and implementation of the Shared Services project. This is a movement from £25.169 million in 2007-08 to £28.264 million in 2008-09.

Departmental Strategic Objective 6 - Promote the highest standards of propriety, integrity and governance in public life

Greater net operating costs in 2008-09 of £2.498 million can be aligned to increases in salary and staff related costs and cost allocations which included increases in training and facilities management lifecycle costs (lifecycle is pre-planned building maintenance).

PERFORMANCE AGAINST PARLIAMENTARY CONTROL TOTALS

OUTTURN AGAINST ESTIMATE – SEE FIGURE 1

Authority was sought in the Spring Supplementary Supply Estimate (HC 221) for provision for a net resource requirement of £432.643 million, a net voted capital requirement of £9.377 million and a net cash requirement of £390.570 million.

Net Resource Outturn

Actual net resource requirement for this period was £413.570 million, a saving of £19.073 million against Estimate of £432.643 million. Cabinet Office savings against Estimate net resource requirement are largely attributable to under-spends on capital grant programmes administered by the Office of the Third Sector.

Note 2 to the Resource Accounts provides a breakdown of net resource outturn, and variances are explained in Figure 2 in budget terms, where a reconciliation is set out between the Department's Estimate, Accounts and Budget.

Net Voted Capital

An excess spend against Estimate of £0.071 million net voted capital is explained at Figure 2(b).

Non-cash adjustments

Non-cash adjustments comprise non-cash items listed at Notes 10 and 11 to the Resource Accounts which largely represent capital charges in respect of property and changes in working capital set out at Note 24(a) (ii) to the Resource Accounts.

Net Cash Requirement

The Cabinet Office required cash amounting to £370.281 million to finance its activities; £20.289 million less than the sum approved by Parliament, owing to under-spends generated in the programmes described above, excluding non-cash movements. See Note 4 to the Resource Accounts.

FIGURE 1 - RESOURCE TO NET CASH REQUIREMENT

	Outturn £000	Estimate £000	Variance under / (over) £000	Variance under / (over) %
Net resource outturn	413,570	432,643	19,073	4.4
Net voted capital	9,448	9,377	(71)	(0.8)
	423,018	442,020	19,002	4.3
Non-cash adjustments*	(52,737)	(51,450)	1,287	(2.5)
Net cash requirement *	370,281	390,570	20,289	5.2

*-See Note 4 to the Resource Accounts

OUTTURN AGAINST BUDGET – SEE FIGURE 2

During the year HM Treasury introduced data quality measures with a measure of data accuracy as a simple proxy for sound in year control and a “traffic light” system as a method to indicate results. Treasury consider a 2% variance acceptable with status “green”, a 5% variance has “amber” status and a variance of greater than 5% has “red” status. Treasury’s intention is that a Department may improve against its own results and against standard indicators.

A commentary on outturn against budget is set out below and is analysed between administration non-cash and near cash expenditure and programme non-cash and near cash grants and other programme expenditure. Additional commentary is provided for non-voted expenditure which falls within the programme budget.

To recap, 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. Non-cash costs are those where there are no cash transactions but which are included in the Resource Accounts to establish the true cost of all resources used, and near cash costs reflect resource expenditure that has a related cash implication, even though the timing of the cash payment may be slightly different, for example due to payments made in arrears.

Non-voted programme budget expenditure is expenditure not voted by Parliament through the Supply Estimates process. The Department’s executive Non-Departmental Public Bodies (eNDPBs) are financed with grant-in-aid voted through the Supply Estimate as reflected in Estimates and Accounts. In budget terms, grant-in-aid is removed and

programme resource consumption of the eNDPBs is consolidated with the core Department. The salaries and pension costs of the UK Members of the European Parliament are included within non-voted programme expenditure.

RESOURCE DEPARTMENTAL EXPENDITURE LIMIT (RDEL) – SEE FIGURE 2 (a)

The Cabinet Office’s resource budget for 2008-09 was £390.832 million, and actual outturn was £387.227 million, a saving of £3.605 million (0.9%) against the Resource Departmental Expenditure Limit (RDEL) approved by Parliament.

Resource DEL under-spend in total £3.605 million

Resource DEL under-spend comprises an under-spend in near cash RDEL of £2.148 million (0.6%) and an under-spend in non-cash RDEL of £1.457 million (3.3%).

of which:

Near cash resource under-spend £2.148 million

The near cash under-spend relates to savings on Office of the Third Sector grant programmes where organisations have not required the full value of their grants in the financial year and to higher than expected efficiency savings and a number of centrally identified pressures not materialising before the end of the financial year.

Non-cash resource under-spend £1.457 million

The non-cash under-spend is due to programme capital charges being less than forecast.

Detailed analysis between administration and programme and non-voted is set out below.

Administration under-spend in total £14.406 million

of which:

Near cash administration under-spend £13.244 million

The Cabinet Office's near-cash administration under-spend against budget amounted to £13.244 million. Of this, £11.096 million is required to cover a programme over-spend which is explained below. HM Treasury have approved a virement of £11.096 million from near cash administration to programme for this purpose. The remaining under-spend is attributable to higher than expected efficiency savings and a number of centrally identified pressures not materialising before the end of the financial year.

Non-cash administration under-spend £1.162 million

The Cabinet Office's non-cash administration under-spend of £1.162 million is broadly within budget.

Programme over-spend in total £10.801 million

The Department's programme budget includes resource grant expenditure in addition to the delivery of non-administration projects.

of which:

Near cash programme over-spend £11.096 million

The over-spend of £11.096 million is covered by the under-spend on the administration budget. HM Treasury have approved a virement of £11.096 million from near cash administration into programme for this purpose.

Historically, much of the budget is held in administration and appropriate amounts are transferred to programme with the authority of HM Treasury during the supplementary Estimate process. In the Spring Supplementary Estimate, an amount of £12.4 million was transferred from administration to programme and an additional transfer of £11.096 million was required to cover the costs of programmes delivered by the Intelligence, Security and Resilience Group whose details may be found at Notes 11 and 12 to the Resource Accounts.

Non-cash programme under-spend £0.295 million

The Cabinet Office's programme non-cash under-spend of £0.295 million is broadly within budget.

Non-voted near cash programme under-spend £2.227 million

Non-voted near cash programme returned an under-spend against budget of £2.227 million.

Capacity Builders (UK) Limited's share of this under-spend was £1.572 million against a reported budget in the Spring Supplementary Estimate of £28.576 million. 2008-09 was the first year of a three year grant programme for Capacitybuilders. The reported under-spend arose due to the time necessary for a number of programme streams to take effect following grant award.

A proportion of the savings in this area by Capacitybuilders is counter-balanced by their non-voted capital grant expenditure overspend of £0.486 million. The Office of the Third Sector surrendered part of their capital grant budget to fund the additional Capacitybuilders non-voted capital grant expenditure. See Figure 2(b).

There was a £0.096 million under-spend by the Commission for the Compact Limited. The total expenditure during the year was in accordance with their plans.

A further non-voted programme under-spend of £0.559 million is attributable to the salaries and pensions of UK Members of the European Parliament.

FIGURE 2 - RECONCILIATIONS BETWEEN ESTIMATES, ACCOUNTS AND BUDGETS

2(a) RESOURCE

	Outturn £000	Budget £000	Variance under / (over) £000	Variance under / (over) %
Net resource outturn (Estimates) - see Note 3(a) to Accounts	413,570	432,643	19,073	4.4
Remove consolidated fund extra receipts	(868)	(75)	793	(1,057.3)
Remove reductions in planned spend unable to include in Estimates	-	(3,648)	(3,648)	100.0
Net operating cost (Accounts) - see Note 3(a) to Accounts	412,702	428,920	16,218	3.8
Add consolidated fund extra receipts	482	75	(407)	(542.7)
Remove capital grants - see Note 11 to Accounts	(34,678)	(48,919)	(14,241)	29.1
Add capital income - see Note 12 to Accounts	5,500	5,500	-	-
Remove gains and losses from sale of capital assets - see Notes 10 and 11 to Accounts	-	8	8	100.0
Executive Non-Departmental Public Bodies (eNDPB)				
Remove voted grants-in-aid - see Note 13 to Accounts	(31,978)	(32,178)	(200)	0.6
Add non-voted eNDPB resource consumption				
Capacity Builders (UK) Limited	27,004	28,576	1,572	5.5
Commission for the Compact Limited	1,804	1,900	96	5.1
Add non-voted expenditure				
Salaries and pension costs of the UK Members of the European Parliament	6,391	6,950	559	8.0
Resource budget (Budgets)	387,227	390,832	3,605	0.9
<i>Of which:</i>				
Departmental Expenditure Limit (DEL)	387,227	390,832	3,605	0.9
Annually Managed Expenditure (AME)	-	-	-	-
Resource DEL				
Near cash	344,007	346,155	2,148	0.6
Non-cash	43,220	44,677	1,457	3.3
Total	387,227	390,832	3,605	0.9
Programme				
Near cash	198,691	187,595	(11,096)	(5.9)
Non-cash - see Note 11 to Accounts	26,930	27,225	295	1.1
Total	225,621	214,820	(10,801)	(5.0)
Administration				
Near cash	145,316	158,560	13,244	8.4
Non-cash - see Note 10 to Accounts	16,290	17,452	1,162	6.7
Total - see Note 3(b) to Accounts	161,606	176,012	14,406	8.2

CAPITAL DEPARTMENTAL EXPENDITURE LIMIT (CDEL) – SEE FIGURE 2(b)

The expenditure limit consists of two main elements; fixed assets and capital grants.

Capital DEL under-spend in total £13.692 million

The Cabinet Office's capital budget for 2008-09 was £53.896 million, and actual outturn was £40.204 million, a saving of £13.692 million (25.4%) against the Capital Departmental Expenditure Limit (CDEL) approved by Parliament.

of which:

Fixed assets over-spend £0.063 million

The over-spend relating to fixed assets amounted to £0.063 million (0.7%). Fixed asset expenditure was as forecast and in line with the budget.

Capital grants under-spend £13.755 million

The capital grant under-spend of £13.755 million (31%) was primarily derived from the Futurebuilders and Grassroots Endowment programmes and to a lesser extent from the Community Assets Fund. Further details of the programmes may be found at Note 11 to the Resource Accounts.

Futurebuilders

An under-spend of around £6.6 million is attributable to the Futurebuilders programme arising due to delays in third sector organisation investment recipients being able to meet important conditions before the fund can be disbursed.

Futurebuilders England Limited also used cash reserves (as reported at Note 28 to the 2007-08 Cabinet Office Annual Report and Accounts) to finance capital expenditure reducing actual grants made in 2008-09. Actual capital disbursements made by Futurebuilders England Limited for the Futurebuilders Fund in 2008-09 were over £19 million as the fund continues to scale up activity in the third sector. Further details can be found at Note 28 to the Resource Accounts.

Grassroots Grants

The Grassroots Grants endowment match challenge programme returned an under-spend of £7.3 million as economic conditions for local fundraising became increasingly difficult towards the end of the financial year.

The 2008-09 Annual Report and Accounts records £2.715 million of the total amount raised reflecting match funding payments made covering the first three quarters of the financial year. The final quarter donations raised up until the 31 March 2009 will be matched and paid in 2009-10. The programme had a match funding target of £10 million in 2008-09 and £6.3 million was raised in this year.

Community Assets Fund

The Community Assets Fund also experienced some delays in the disbursement of capital grants to the third sector as refurbishment projects finalised complex capital delivery plans. The majority of this fund will be disbursed in 2009-10.

FIGURE 2 - RECONCILIATIONS BETWEEN ESTIMATES, ACCOUNTS AND BUDGETS

2(b) CAPITAL

	Outturn £000	Budget £000	Variance under / (over) £000	Variance under / (over) %
Fixed asset additions				
Tangible - see Note 14 to Accounts	9,293	9,413	120	1.3
Intangible - see Note 15 to Accounts	191	-	(191)	(100.0)
	9,484	9,413	(71)	(0.8)
Remove:				
Loan repayments - see Note 16 to Accounts	(28)	(28)	-	-
Sales proceeds on fixed asset disposals - see Note 24(c)	(8)	(8)	-	-
Net voted capital outturn (Estimates / Accounts)	9,448	9,377	(71)	(0.8)
Add eNDPB non-voted capital consumption				
Commission for the Compact Limited	92	100	8	8.0
Total fixed assets (Budgets)	9,540	9,477	(63)	(0.7)
Capital grants - see Note 11 to Accounts	34,678	48,919	14,241	29.1
Capital income - see Note 12 to Accounts	(5,500)	(5,500)	-	-
Add eNDPB non-voted capital grant consumption				
Capacity Builders (UK) Limited	1,486	1,000	(486)	(48.6)
Total capital grants (Budgets)	30,664	44,419	13,755	31.0
Capital budget (Budgets)	40,204	53,896	13,692	25.4
<i>of which:</i>				
Departmental Expenditure Limit (DEL)	40,204	53,896	13,692	25.4
Annually Managed Expenditure (AME)	-	-	-	-

OTHER INFORMATION

MACHINERY OF GOVERNMENT CHANGES

During the financial year 2008-09, the following changes took place within the departmental boundary.

Transfers into the Cabinet Office

Statistical Reform Team

On 1 April 2008, the UK Statistics Authority was established under the Statistics and Registration Service Act 2007. It is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. Overall ministerial responsibility has transferred from HM Treasury to the Cabinet Office. As part of this change in ministerial responsibility, three posts have transferred from HM Treasury to the Cabinet Office.

Transfers out of the Cabinet Office

Government Skills

On 1 April 2008, Government Skills transferred to the Department for Innovation, Universities and Skills (DIUS)¹. The transfer from the Cabinet Office aims to create a stronger alignment with the team of ministers and officials charged with driving forward the Skills Strategy. Government Skills continues to work closely with the Cabinet Office.

e-Delivery Team

On 1 April 2008, the e-Delivery Team (eDT), within the Transformational Government Unit, transferred to the Department for Work and Pensions. eDT runs the Government Gateway, the on-line service which allows individuals, businesses and other organisations to inter-act securely with Government. The Government Gateway currently offers over 153 on-line services on behalf of 79 public sector organisations. It has been

identified by the Government's Chief Information Officer (CIO) Council as champion asset for public sector employee, business, and citizens' services.

Further details of transfers can be found at Note 37 to the Resource Accounts.

SUSTAINABLE DEVELOPMENT

The Cabinet Office is committed to embedding sustainable environmental issues in all of its activities. It has recently published its third Sustainable Development Action Plan (SDAP) which sets out the steps which the Department will take towards achieving the objectives within the UK sustainable development strategy, *Securing the Future*. This is further expanded in the section on Sustainability.

ESTATE MANAGEMENT STRATEGY

The Cabinet Office owns eight 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, and 53 Parliament Street. 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 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 two main inter-connected freehold building complexes

¹ The Department for Innovation, Universities and Skills has merged with the Department for Business, Enterprise and Regulatory Reform to become the Department for Business, Innovation and Skills on 5 June 2009.

(including by investing in these where possible to increase their capacity and provide modernised more flexible accommodation), disposing of other properties. Space in six leased properties has already been disposed of and 53 Parliament Street is in the process of being disposed of and, as a result, it is being held on the balance sheet at open market value.

There is little scope to dispose of the freeholds of 70 Whitehall and 10-12 Downing Street, Admiralty Arch, 22-26 Whitehall, 36 Whitehall and Admiralty House. These are core, historic (and listed) freehold properties on the Whitehall corridor that are expected to be used by the Cabinet Office for the foreseeable future.

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. Membership is not compulsory and neither is it automatic in all cases. The options available to staff depend on the date the member of staff joined the Civil Service and their employment status. The financial status of the scheme is reported in a separate PCSPS financial statement. The accounting policy adopted for pension costs is set out at Note 1.13 to the Resource Accounts. Details of senior staff pension entitlements are set out in the Remuneration Report section of the Resource Accounts.

DIVERSITY AND INCLUSION POLICY

The Cabinet Office is committed to improving the diversity of its workforce and to ensuring equal opportunities for all, irrespective of age, disability, ethnicity, gender, gender identity, religion or belief, sexual orientation, working pattern or trade union membership. It is striving towards a culture of respect and value that harnesses differences and allows everyone to make a full and valued contribution

through the new Diversity Strategy and action plan. 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.

The Cabinet Office has a Board level Diversity Champion to ensure the department's aims on diversity are understood at every level and are acted upon and delivered.

The Cabinet Office currently has 52.2 per cent women, 12.6 per cent ethnic minorities and 6.9 per cent disabled staff (2007-08: 51.3 per cent, 11.8 per cent, 6.5 per cent respectively).

EMPLOYEE CONSULTATION

The Cabinet Office recognises the importance of good employee relations to the achievement of its objectives and consultation with employees and their representatives is key to this.

Regular communication and consultation take place with staff through a variety of media including intranet, weekly staff newsletter and team briefing meetings. Larger consultation exercises also take place on important developments. In addition, the Cabinet Office runs an annual People Survey and regular pulse surveys to gather staff views on a number of issues. The Department has a partnership agreement with the trade unions. Senior managers meet bi-monthly with the trade union representatives to discuss a shared agenda. In addition there are regular meetings to negotiate pay awards and other informal meetings take place to discuss trades union concerns.

There are diversity staff networks which represent particular groups of staff including women, staff with disabilities, staff with dyslexia, Black and Minority Ethnic staff, lesbian, gay and bisexual staff and carers. The Department actively supports and consults these networks on particular diversity and equality-related issues.

POLICY ON SOCIAL AND COMMUNITY ISSUES

Internally as part of its the 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. Regular meetings and events are held internally and also involve voluntary sector organisations to raise awareness of issues where people can help. Information is made easily available through the internal website.

Health and well-being is also taken seriously at the centre of government with such facilities as a fitness centre and opportunities to attend seminars on nutrition and stress being available.

Externally, the Cabinet Office incorporates the Office of the Third Sector (OTS) which leads work across government to support a thriving third sector (voluntary and community groups, social enterprises, charities, co-operatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities. The decision to place the OTS at the centre of government in the Cabinet Office was taken in recognition of the increasingly important role the third sector plays in both society and the economy. Many programmes within OTS are playing a hugely important role in empowering local communities to work together, and address their own unique challenges.

SICKNESS AND ABSENCE

The Cabinet Office sickness absence rate is 5.0 per cent of the total staff population and remains one of the lowest rates across Government departments. The most recent data available based on calendar years shows for 2008 an Average Working Days Lost to sickness per staff year of 5.0 days (2007: 5.1 days). Quarterly headline figures together with analysis is available on the Cabinet Office website at:

<http://www.cabinetoffice.gov.uk/reports/absence.aspx>

POLICY ON PAYMENT OF SUPPLIERS

Terms of contract are usually 30 days of receipt of a valid invoice. During the year the Department paid 98 per cent of invoices within 30 days (2007-2008: 96 per cent).

Within the year the Cabinet Office committed to the Prompt Payment Code (www.promptpaymentcode.org.uk) and aims to pay all correctly rendered invoices within a 10 day payment target. During the period January to March 2009 the Cabinet Office paid 62 per cent of invoices within 10 days. This commitment is a target rather than a change to standard terms and conditions and is not contractual.

REPORTING OF PERSONAL DATA RELATED INCIDENTS

SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2008-09

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
March 2008	A personnel file for an employee was sent from Cabinet Office HR on 19 March 2008 to the Department for Business, Enterprise and Regulatory Reform ¹ , HR records centre in Cardiff, by recorded delivery.	The lost file contained all personal details for the employee including NI number, home address, bank details etc.	One	<p>As a result of this data loss the handling procedures were modified on 1st July 2008 to the following:</p> <p>All outward special deliveries are now tracked and monitored on line by the post room, via the Royal Mail Website. This will identify earlier any possible problems with deliveries and allow clients to be forewarned, making this procedure pro-active rather than reactive. The tracking will also allow the Cabinet Office to identify which postal sorting office the item has been despatched from, whether it has been delivered on time or before the guaranteed time and also in the majority of cases a confirmed signature will be available on screen.</p> <p>It should be noted that in this case the Royal Mail accepted liability for the lack of tracking on the items lost.</p>
Further action on information risk	<p>On 10 June 2008, a Cabinet Office official left two Top Secret documents on a train. These documents were passed to the BBC and were subsequently recovered by the police. Sir David Omand undertook a review of the circumstances of the loss and made a number of recommendations for improvements in process and practice, which are now being implemented.</p> <p>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.</p> <p>The Cabinet Office has reviewed its internal security policies and procedures including those which specifically deal with the secure handling of information and protected personal data. The Cabinet Office has ensured that these policies are compliant with the mandatory minimum standards of protection, specifically regarding limiting the use of removable media to the minimum necessary for business operation and providing encryption on any necessary non-encrypted media devices.</p> <p>The Cabinet Office encrypts all stand-alone PCs and laptops used within the Cabinet Office estate and ensures that all Cabinet Office staff are aware of the existing policies and procedures which have been included in the Department's own security manual on data handling.</p> <p>Heads of business units in the Department have been asked to ensure and confirm that all their staff are aware of the existing policies and procedures which have been included in the Department's own security manual.</p> <p>Cabinet Office departmental data copying continues to be audited by an automated software product. The Cabinet Office continues to monitor that its procedures and systems remain compliant with the Security Policy Framework and any other centrally provided advice. An additional exercise, to ensure that the Cabinet Office's procedures, particularly concerning the distribution of hard copy classified material, and the disposal of classified waste, continues to be fully effective, is underway.</p>			

¹ The Department for Business, Enterprise and Regulatory Reform has merged with the Department for Innovation, Universities and Skills to become the Department for Business, Innovation and Skills on 5 June 2009.

EVENTS AFTER THE BALANCE SHEET DATE

The following post balance sheet events occurred between 31 March 2009 and 13 July 2009, the point at which these accounts were authorised for issue by the Accounting Officer.

Shared Services

On 6 April 2009 the Cabinet Office went “live” with a Shared Services arrangement with the Department for Work and Pensions (DWP). The impact will be a change in the way human resources, finance, and procurement work is delivered within the department. Shared services provides an on-line and contact service centre for doing routine work in these areas whilst the Cabinet Office will still have in place in-house teams for specialised and strategic advice.

RESOURCE ACCOUNTS

2008-09

INTRODUCTION BY SIR GUS O'DONNELL

I am pleased to present our Resource Accounts 2008-09 which have been authorised by me as Accounting Officer and audited and certified by the Comptroller and Auditor General.

They include:

- Statement of Accounting Officer's Responsibilities which sets out my responsibilities for preparing the Annual Report and Accounts and for ensuring the regularity of financial transactions;
- Statement on Internal Control which is compliant with HM Treasury guidance;
- audited Remuneration Report which details the salary and pension entitlements of Ministers and senior management;
- Certificate and Report of the Comptroller and Auditor General to the House of Commons; and
- audited Financial Statements.

BASIS OF ACCOUNTS

The Cabinet Office Resource 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 Note 10 to the Accounts.

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.

Sir Gus O'Donnell KCB

Accounting Officer
Secretary of the Cabinet and
Head of the Home Civil Service
30 June 2009

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Cabinet Office to prepare for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Cabinet Office and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- 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; and
- 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.

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 Cabinet Office's assets, are set out in *Managing Public Money*, published by HM Treasury.

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY AND ACCOUNTABILITY ARRANGEMENTS

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *'Managing Public Money'*.

I work with Ministers and senior managers through the Board, governance committees and other meetings and correspondence to achieve the Cabinet Office's aims. I involve Ministers in the management of risks at a strategic level, considering major factors that could prevent Cabinet Office's objectives being achieved.

I discharge my responsibility as Accounting Officer in conjunction with the Accounting Officers, as designated by me, of the Department's executive Non-Departmental Public Bodies, Capacity Builders (UK) Limited and Commission for the Compact Limited. My relationship with these Accounting Officers, the Chief Executives of the companies, is set out in a Governance Management and Accountability Protocol.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on a process designed to

identify and prioritise the risks to the achievement of departmental policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts. It accords with HM Treasury guidance.

GOVERNANCE, STRATEGY AND PLANNING

The Cabinet Office continues to change to meet the challenge of ensuring that it is fully focused on delivery of its core activities and objectives.

In May 2008, the Cabinet Office Board agreed to introduce new governance arrangements. Under these arrangements, the Board will continue to shape and communicate the strategies and priorities for the Cabinet Office, to drive delivery of the PSA which we lead (Socially Excluded Adults), our six Department Strategic Objectives (DSOs), our ten departmental priorities and our change programme; and to build effective partnerships for a strong centre of government.

The Board will be supported by three governance committees. (These governance committees replaced the Executive Management Group - an executive decision making sub-group of the Cabinet Office Board).

Operating Committee

Chaired by Alexis Cleveland, Director General, Corporate Services, and supporting the Board's overall strategy by acting on its behalf on issues of delivery and change.

Finance and Investment Committee

Chaired by Roger Marsh, Director General, Business Support Group and supporting the Board's overall strategy by acting on its behalf on issues of business planning and performance management.

People and Pay Committee

Chaired by Gill Rider, Head of Civil Service Capability Group, and supporting the Board's overall strategy by acting on its behalf on people and workforce issues.

Cabinet Office Groups

Work streams are managed by ten Groups. Each Group is headed by a Board member. Financial reporting, risk reporting, Corporate Governance and assurance statements are reported on at Group level.

LEADERSHIP

The Board

The management Board provides strategic leadership for the Cabinet Office. It is chaired by me and comprises the heads of each Group, and three non-executive directors. The Board regularly discusses all major areas of risk affecting the Cabinet Office.

The Board identified seven Corporate Risks, each with an allocated Board level owner. These are:

- **Service transformation** – Failure to deliver transformation of the Civil Service;
- **Reputation** – Lack of confidence in Cabinet Office;
- **Resilience** – Emergencies and Disasters; failure to identify and manage strategic events;
- **Capability** – Failing to manage, monitor or implement the Capability Review work streams and properly embed the findings; staff and systems;
- **Business Planning** – Matching resources to priorities;
- **Information management strategy** – Loss of reputation as a result of failure to manage data security; and
- **Civil Service Pensions** – Failure to create, maintain and operate adequate Civil Service Pension Scheme policy and procedures.

Cabinet Office Audit and Risk Committee

The Cabinet Office Audit and Risk Committee (COARC) is a sub committee of the Board. Whilst the Board is responsible for the overall oversight and approach to risk management, the role of COARC is to advise me on the adequacy of risk management, control and governance. COARC does not have operational control of risk; operational control and ownership of risk is the responsibility of the Cabinet Office Board. COARC's formal terms of reference are "to give advice to the Accounting Officer on the adequacy of audit, risk management, control arrangements and corporate governance across the Cabinet Office". The Committee is comprised of five non executive directors one of which, the Chair, is also a member of the Board. Representatives of management and the Department's internal audit and external auditors also attend the Committee. COARC formally reports annually to me as the Accounting Officer with an independent opinion on risk management process.

RISK STRATEGY AND POLICIES

The Cabinet Office risk management strategy:

- is endorsed by the Accounting Officer, Board, governance committees and COARC;
- defines the structures and responsibilities for the management and ownership of risk;

- indicates the way in which risk issues are to be identified, assessed, responded to, reduced, owned, recorded, monitored and reviewed;
- ensures common understanding of terminology used in relation to risk issues;
- defines the structures for gaining assurance about the management of risk; and
- each work stream within the Groups is required to hold Risk Registers which are reviewed regularly.

Risk and Performance Reporting

Day-to-day management of risk has been delegated from the management Board to the Operating Committee. Further, the Cabinet Office Minister's Delivery Unit (COMDU) was established and tasked with the introduction of a performance reporting process. Monthly performance reporting packs cover all major activities within the department with milestones and risks to delivery. The performance process ensures that the packs are firstly scrutinised by the governance committees and then this is followed by scrutiny at monthly Performance Management Boards, chaired by the Minister for the Cabinet Office (MCO) and attended by all senior Group leaders.

A series of workshops are being organised with the governance committees. From these workshops, strategic risks are being identified, ownership allocated and mitigation measures developed. These risks have also become part of the performance reporting process.

The establishment of COMDU and the performance pack, with the monthly Performance Management Board, chaired by MCO, has brought together risk management, business planning and performance management.

PEOPLE

Staff are encouraged to identify and take opportunities to manage risks well. Good risk management appears as an effective behaviour in the competence frameworks for both Senior Civil Service (SCS) and non-SCS staff.

Resources available to staff include guidance on managing risk via the intranet and access to expertise in the Internal Audit Service and in Financial and Estate Management.

HEALTH AND SAFETY

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

FRAUD

The Cabinet Office's fraud policy is available to all staff on the Cabinet Office intranet, CabWeb.

The policy requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. The Cabinet Office views both fraud and negligence very seriously and will take appropriate disciplinary and legal action against anyone found guilty of either. The central finance team reports quarterly to the Audit and Risk Committee on identified cases of suspected fraud.

PROCESSES

The risk management process specifically covers:

- general principles to policy making, project management, delivery planning and working in partnership with other organisations;
- criteria for evaluating the magnitude of risks, both in terms of likelihood and impact of maturity;
- criteria for determining risk ownership, including considering the impact and effectiveness of the measures introduced to control risk; and
- other factors to be considered in the assessment of risks including the potential impact on finances, stakeholders, reputation and strategy.

CONTROLS

The Department has the following internal control systems in place:

- an annual Business Plan endorsed by the Board and reviewed by them during the year, together with annual budgets, headcount controls and other efficiency targets;
- risks to objectives and targets are identified by each Group as part of the annual business planning process;
- a framework document setting out delegated authorities and the publication of an annual report;
- mandatory annual stewardship reports on corporate governance from all Groups;
- delegation letters issued to Group heads, with supporting advice on roles and responsibilities and guidance available on the intranet;
- month-end financial reconciliation and reporting

procedures are routinely embedded, supported by a well-structured purchase order control system. No purchase order can be raised within the department without proper authorisation from an officer with the appropriate delegated authority, and robust system security means that the risk of any falsified transaction taking place is extremely low; and

- the Department continuously monitors use of the purchase order system to reinforce adherence to procurement legislation and sound practice.

PURCHASING

During the year the Internal Audit Service commissioned a review of compliance with the purchase order process. The review concluded that, although there were still cases of purchase orders being raised retrospectively to the commencement of supply, a significant improvement had occurred. Where orders had been raised retrospectively, the review established that most of the orders were within existing contractual frameworks. The raising of retrospective orders in these cases reflected the control requirement that orders be raised to reinforce comprehensive controls relating to authorisation and segregation of duties.

Under the shared service arrangements with the Department for Work and Pensions (DWP), which went live on 6 April 2009, the raising of retrospective orders can no longer occur. When invoices are received where no purchase order was raised, there are controls in place to prevent invoices being paid unless additional approval steps are followed. Cabinet Office will continue to monitor compliance with the purchase order process.

BUSINESS CONTINUITY PLANNING

Effective business continuity planning allows us to survive and recover from realised risks and to minimise the impact on our operational efficiency and effectiveness, finances, stakeholders and reputation. Our key planning assumptions are derived from the Civil Contingencies Secretariat's *National Resilience Planning Assumptions* – revised in 2008. In summary, these are a sliding scale of loss of accommodation and assets, loss of services (IT, telephones and facilities), loss or shortage of staff and key service providers.

The departmental Business Continuity Policy was revised and reissued in December 2008 and substantial work is underway to re-draft and update the Business Continuity Plan so that it takes account of internal re-organisation and is fit to meet changing external world events and threats that might follow.

We are seeking validation and approval of our revised plans and strategies through the external scrutiny provided by the British Standard for Business Continuity Management (BS25999). We plan to work with representatives from BSI and colleagues from the Emergency Planning College to gain formal accreditation.

We recognise the importance of relying on local BC plans and on BCP contacts in individual management units and plan to re-energise the network through the provision of awareness raising events and training modules. We will return to the Business Impact Analysis approach to collate up-to-date information on critical functions and recovery plans for management units.

A programme of rehearsals for unit recovery and relocation plans will be put in place and lessons learned will be fed back into wider planning and strategic process so that we are better equipped to manage real emergencies and incidents. We will

review existing plans for reacting to perceived incidents and – if appropriate – create new ones with which to test our systems.

Revised guidance has been produced for members of the Incident Management Team and we plan to assess this through running test exercises. We are exploring the option of providing training for IMT members.

We will continue to work closely with both the Civil Contingencies Secretariat and the National Security Secretariat to ensure that departmental business continuity plans fit comfortably with continuity of government plans and cross-departmental strategies.

INFORMATION HANDLING

A recent review of information handling procedures in the Cabinet Office has assessed that, generally, the department, its associated bodies and service providers, operate suitable and appropriate procedures for protecting and sharing data.

The security of the data held on our corporate IT network (CabNet) continues to be maintained in line with its "Confidential" accreditation. FLEX, which is being rolled out to replace CabNet, is also accredited. The principal threats to the integrity of the department's data have been assessed as being from data copied from the network onto removable media and inappropriate transmission via email. Accordingly restrictions have been imposed on the copying of data; for example all data exported onto memory sticks must be encrypted and the export of data onto CDs, DVDs and floppy disks has been stopped until further software enhancements are available later this year to enforce encryption on these media. A ban has also been imposed on any non-encrypted laptops or drives containing personal data being taken outside of secure office premises. Cabinet Office

departmental data copying continues to be audited by an automated software product.

In addition all Groups have reviewed their arrangements for data handling and have confirmed that any non corporate IT systems they run comply with the required service-wide security requirements.

The Department has a Senior Information Risk Owner (SIRO), whose role is to 'own' the Department's information risk policy and assessment and by so doing to ensure that it is embedded into the culture and work of the department. The SIRO is supported by a network of Information Asset Owners (IAOs). These staff oversee data handling in the management units for which they have responsibility.

An internal review was undertaken during 2008 to ensure that the Department's procedures, particularly concerning the distribution of hard copy classified material and the disposal of classified waste continues to be fully effective.

The design of the new "FLEX" service will provide improved control and auditing of data transmitted by email through data classification labelling and release control.

Internal Audit conducted a review of Data Handling in the Cabinet Office, in particular the implementation of the Minimum Mandatory Measures that accompanied the Data Handling Report of June 2008. The result of that review was substantial assurance in the field of data handling. The report also showed that the Cabinet Office is on track to complete all the work required by the end of the financial year. A number of recommendations were made and these will be combined with existing intentions into the plan for the next year. These will ensure greater central control of Data Handling, whilst maintaining the devolved nature of the Cabinet Office management structure.

CAPACITYBUILDERS

I take assurance from the Statement on Internal Control produced by Capacity Builders (UK) Limited and published with their Annual Report and Accounts.

During 2008-09, Capacitybuilders' system of internal control has gone through significant revision to ensure that administrative and grant payments are effectively administered, and that all issues identified in their 2007-08 accounts and in previous and subsequent audit reviews are fully addressed. In particular, the recommendations of reviews of the Capacitybuilders' internal systems and structures carried out in 2007-08 have been implemented, and internal controls have been strengthened by the introduction of a new risk management framework, which accords with Treasury guidance. This assists with the identification and prioritisation of risks to the achievement of Capacitybuilders' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The processes applied in maintaining and reviewing the effectiveness of Capacitybuilders' system of internal control during 2008-09 will be supplemented in the early part of 2009-10 by an Audit Review Group chaired by the Accounting Officer, which will meet regularly to ensure that agreed recommendations contained in the audit reports are implemented on a timely basis.

FUTUREBUILDERS

The Futurebuilders' programme is managed by Futurebuilders England Ltd (FBE) under contract (services agreement) to the Cabinet Office. The Cabinet Office has a separate grant agreement with FBE which sets out how and when the Cabinet Office will make funds available to FBE to enable

them to provide financial assistance to third sector organisations. This agreement contains safeguards to ensure that funds are not paid to FBE until the Cabinet Office has agreed the draw down request.

The Futurebuilders investments are managed by FBE. Cabinet Office retains an interest in the Loan Book and monitors the service level and performance delivered by FBE in accordance with the services agreement.

The services agreement contains a novation clause giving 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.

COMMISSION FOR THE COMPACT LIMITED

I take assurance from the Statement on Internal Control produced by the Commission for the Compact Limited and published with their Annual Report and Accounts.

The Commission has engaged the Department of Communities and Local Government's Internal Audit Services (IAS), who carried out an external inspection of the Commission's key financial controls. The report on key financial controls concluded that the Commission's board could "take adequate assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective". The report further concluded that "there is reliance on the Finance and Resources Manager for the operation of the majority of the key financial controls. This also results in segregation of duty being diminished. These risks are inherent in the size of the Commission and thus we raise these for the awareness of the Board".

The Commission for the Compact has a business continuity plan in place.

In their management letter for 2007-08 the Commission's external auditors recommended reviewing the arrangement under which the Commission outsourced accounting, invoice payment and payroll functions to a small, unaudited private company. Accordingly, the arrangement was reviewed and as a result, the outsourced accounting and invoice payment functions were brought in-house during 2008-09 and an alternative supplier of payroll services is now being sought.

PROTECTIVE SECURITY

The Cabinet Office places maximum importance on ensuring the protection and safety of all those who work on its estate and of all its assets, including the integrity of all security classified material and Personal Information which it handles. The department has in place a range of measures designed to protect the security of all its assets and to reduce the potential for any compromise, along with mitigation actions and recovery plans to handle and reduce the impact of any such losses.

The Cabinet Office's Protective Security Policy and its associated practices and procedures all follow the recently introduced Security Policy Framework (SPF) as produced by the Cabinet Office's Security Policy Division. The Cabinet Office is compliant with 68 of the 70 mandatory measures detailed in the SPF. Work on completing the remaining two is well underway and will continue during 2009-10.

INTERNAL AUDIT

The Department has an Internal Audit Service (IAS), which carries out its work in accordance with Government Internal Audit Standards. The work of IAS has been informed by its analysis of the risks to which the Department is exposed and the annual audit plan has been based on this analysis. Although not a fully risk-based approach, the plans are discussed

and endorsed by the Department's Audit and Risk Committee (COARC) and approved by me.

Each year the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Department. This report includes the HIA's independent opinion on the adequacy and effectiveness of the Department's risk, control and governance arrangements.

The Internal Audit annual report for 2008-09 has commented that substantial assurance could be placed on the department's governance arrangements and partial assurance could be placed on the department's arrangements for risk and control.

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and COARC which advises on the adequacy of internal and external audit arrangements, the implications of assurances provided in respect of risk and control in the organisation and provides a forum for dealing with business risk management and control matters. Internal auditors and the executive managers within the Department have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I am advised on the effectiveness of the system of internal control by COARC, and any areas in which significant risks are identified, are acted upon as a priority.

From 6 April 2009, the Cabinet Office's finance, procurement and human resources transactional processes are provided by the Department for Work and Pensions (DWP), under a shared services

operation. The new arrangements are bedding in and a number of aspects of the control environment will be strengthened as a result. For example, not all of the management reports are functioning at the time of writing, and there is some work to be done by DWP in relation to information security. Consequently both the DWP and Cabinet Office Internal Audit teams believe that there is more work to be carried out to ensure that DWP Shared Services can meet the Cabinet Office's assurance requirements in 2009-10, but there is no reason at this stage to believe that this will not be the case.

The individual statements of assurance from Group heads has provided reasonable assurance that the systems of internal control are sound and operating effectively.

The department has in the latter half of 2008-2009 implemented systems that improve risk management, recognising the challenge going forward. The Cabinet Office acknowledges that effective risk management must be a vital tool in helping us to ensure that our resources are targeted correctly and focusing the Department on delivering its objectives and efficiencies.

Members of the Cabinet Office Minister's Delivery Unit have continued to play an active role in the Treasury-led Risk Improvement Group (RIG) Network.

Sir Gus O'Donnell KCB

Accounting Officer
Secretary of the Cabinet and
Head of the Home Civil Service
30 June 2009

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 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 are based on recommendations from the Review Body on Senior Salaries and in 2008-09 non-consolidated awards paid to the senior civil servants disclosed in this report ranged from £8,000 to £24,000.

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; and
- 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

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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.

Roger Marsh joined the Department on 22 January 2007 on secondment from PricewaterhouseCoopers LLP. This secondment runs until 31 July 2009.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Audited Information

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

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) of the department.

REMUNERATION: MINISTERS

Ministers	2008-09		2007-08	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
The Rt Hon. Ed Miliband MP Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (until 3 October 2008)	40,062 (78,356 full year equivalent)	-	65,895 (76,904 full year equivalent)	-
The Rt Hon. Liam Byrne MP Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (from 3 October 2008)	16,937 (40,646 full year equivalent)	-	-	-
Phil Hope MP Parliamentary Secretary and Minister for the Third Sector and Minister for the East Midlands (until 5 October 2008)	16,225 (30,851 full year equivalent)	-	22,710 (30,280 full year equivalent)	-
Kevin Brennan MP Parliamentary Secretary and Minister for the Third Sector (from 5 October 2008)	12,890 (30,937 full year equivalent)	-	-	-
Tom Watson MP Parliamentary Secretary and Minister for Digital Engagement and Civil Service Issues	32,008	-	5,047 (30,280 full year equivalent)	-
The Rt Hon. Tessa Jowell MP Minister for the Olympics and Paymaster General	41,230	-	30,369 (39,893 full year equivalent)	-
The Rt Hon. Harriet Harman QC MP¹ Leader of the House of Commons and Lord Privy Seal and Minister for Women and Equality	79,260	-	57,884 (76,904 full year equivalent)	-
The Rt Hon. Baroness Ashton of Upholland² Lord President of the Privy Council and Leader of the House of Lords (until 3 October 2008)	74,122 (144,310 full year equivalent)	-	102,748 (140,356 full year equivalent)	-
The Rt Hon. Baroness Royall of Blaisdon Lord President of the Privy Council and Leader of the House of Lords (from 3 October 2008)	62,019 (144,013 full year equivalent)	-	-	-

¹ The Government Equalities Office (GEO) made a contribution to The Rt Hon. Harriet Harman QC MP's salary in respect of her time spent working on GEO related areas.

² Prior year amount restated for The Rt Hon. Baroness Ashton of Upholland to include The Lords Office-holders Allowance which had been taxed correctly in 2007-08.

Remuneration shown is that incurred by the Cabinet Office and may not reflect the actual period in post due to transfers within Government. Although the Cabinet Office has administrative responsibility for the Offices of the Government Whips in the House of Commons and the House of Lords as a result of the machinery of government change, which brought them into the Cabinet Office following the split of the Privy Council Office, for historical reasons, the Whips remain on the payroll of HM Treasury and disclosures relating to them can be found in HM Treasury's Annual Report and Accounts.

REMUNERATION: SENIOR MANAGEMENT

Senior Management	2008-09		2007-08	
	Salary ³ £000	Benefits in kind (to nearest £100)	Salary ³ £000	Benefits in kind (to nearest £100)
Sir Gus O'Donnell KCB Cabinet Secretary and Head of the Home Civil Service	250-255	12,800	250-255	35,000
Alex Allan Chairman of the Joint Intelligence Committee (JIC) and Professional Head of Intelligence Analysis	170-175	1,700	30-35 (155-160 full year equivalent)	-
Paul Britton CB Director General, Domestic Policy Group and Head of the Economic and Domestic Secretariat	170-175	-	145-150	-
Alexis Cleveland Director General, Corporate Services	150-155	-	80-85 (135-140 full year equivalent)	-
Jon Cunliffe Head of the European and Global Issues Secretariat	160-165	30,000	95-100 (145-150 full year equivalent)	18,200
Jeremy Heywood Permanent Secretary, No.10	160-165	17,900	80-85 (140-145 full year equivalent)	14,000 (16,900 total benefit)
Howell James CBE¹ Permanent Secretary for Government Communications (until 13 June 2008)	45-50 (160-165 full year equivalent)	2,500	155-160	13,300
Stephen Laws CB First Parliamentary Counsel	230-235	-	225-230	-
Roger Marsh² Director General, Business Support Group	160-165	-	160-165	-
Gill Rider Head of Civil Service Capability Group	195-200	-	190-195	-
Matt Tee Permanent Secretary for Government Communications (from 6 January 2009)	35-40 (160-165 full year equivalent)	700	-	-

¹ Howell James resigned from the Cabinet Office on 13 June 2008.

² Roger Marsh is on secondment from PricewaterhouseCoopers LLP until 31 July 2009. Under the arrangement, the Cabinet Office contributes an annual payment of £160,425 (inclusive of VAT) (2007-08: £162,150 inclusive of VAT) to PricewaterhouseCoopers LLP.

³ 'Salary' includes gross salary; performance related variable pay; 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.

Disclosures above represent periods appointed to the Board or in a Permanent Secretary post, and may not be the same as the periods employed by the Department.

FEES PAID TO NON-EXECUTIVE MEMBERS

Karen Jordan is non-executive chair of the Cabinet Office Audit and Risk Committee and an independent non-executive member of the Cabinet Office Board. Kenneth Ludlam, David Blackwood, Rosemary Peters-Gallagher and Stephen Wilson are non-executive members of the Audit and Risk Committee.

The Chair was entitled to receive fees of £14,000 per annum, and the non-executive members are each entitled to receive fees of £4,000 per annum. Baroness Prashar and Ruth Carnall, who are both independent non-executive members of the Cabinet Office Board, are each entitled to receive fees of £4,000 per annum.

Claimed fees are included within wages and salaries costs at Note 9 to the Resource Accounts.

SALARY

'Salary' includes gross salary; performance pay or bonuses; 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 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 (£63,291 from 1 April 2008, £61,820 from 1 November 2007, £61,181 from 1 April 2007) 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.

WAIVER OF PERFORMANCE RELATED VARIABLE PAY

Permanent Secretaries have waived their entitlement to performance related variable pay earned in the 2008-09 financial year which would have been paid during 2009-10.

Performance related variable pay is paid one year in arrears. Therefore that performance related variable pay reported and paid in 2008-09 has been earned in the financial year of 2007-08.

BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument; those for senior officials relate to the private use of official cars in the circumstances permitted by the Civil Service Management Code.

PENSION BENEFITS: MINISTERS

Ministers	Accrued pension at age 65 as at 31 March 2009 £000	Real increase in pension at age 65 £000	CETV at 31 March 2009 ² £000	CETV at 31 March 2008 ¹ £000	Real increase in CETV £000
The Rt Hon. Ed Miliband MP Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster <i>(until 3 October 2008)</i>	0-5	0-2.5	22	16	3
The Rt Hon. Liam Byrne MP Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster <i>(from 3 October 2008)</i>	0-5	0-2.5	32	28	2
Phil Hope MP Parliamentary Secretary and Minister for the Third Sector and Minister for the East Midlands <i>(until 5 October 2008)</i>	0-5	0-2.5	37	30	4
Kevin Brennan MP³ Parliamentary Secretary and Minister for the Third Sector <i>(from 5 October 2008)</i>	-	-	-	-	-
Tom Watson MP Parliamentary Secretary and Minister for Digital Engagement and Civil Service Issues	0-5	0-2.5	26	18	4
The Rt Hon. Tessa Jowell MP Minister for the Olympics and Paymaster General	10-15	0-2.5	279	236	25
The Rt Hon. Harriet Harman QC MP Leader of the House of Commons and Lord Privy Seal and Minister for Women and Equality	10-15	0-2.5	304	247	37
The Rt Hon. Baroness Ashton of Upholland Lord President of the Privy Council and Leader of the House of Lords <i>(until 3 October 2008)</i>	10-15	0-2.5	184	157	17
The Rt Hon. Baroness Royall of Blaisdon Lord President of the Privy Council and Leader of the House of Lords <i>(from 3 October 2008)</i>	5-10	0-2.5	97	81	11

¹ The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. The start date for calculations is 31 March 2008 unless the Minister was appointed to the Department during the year.

² The end date for calculations is 31 March 2009 unless the Minister left the Department during the year.

³ Kevin Brennan opted out of the pension scheme.

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 employee contribution.

Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6 per cent of their ministerial salary if they have opted for the 1/50th accrual rate or 10 per cent of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 26.8 per cent of the ministerial salary.

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

PENSION BENEFITS: SENIOR MANAGEMENT

Senior Management	Accrued pension at pension age as at 31 March 2009 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2009 ² £000	CETV at 31 March 2008 ¹ £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Sir Gus O'Donnell KCB Cabinet Secretary and Head of the Home Civil Service	95-100 plus 290-295 lump sum	0-2.5 plus 0-2.5 lump sum	2,099	1,940	9	-
Alex Allan Chairman of the Joint Intelligence Committee (JIC) and Professional Head of Intelligence Analysis	55-60 plus 175-180 lump sum	0-2.5 plus 5.0-7.5 lump sum	1,340	1,215	43	-
Paul Britton CB Director General, Domestic Policy Group and Head of the Economic and Domestic Secretariat	70-75 plus 215-220 lump sum	0-2.5 plus 0-2.5 lump sum	1,699	1,583	2	-
Alexis Cleveland Director General, Corporate Services	55-60 plus 165-170 lump sum	0-2.5 plus 0-2.5 lump sum	1,139	1,061	7	-
Jon Cunliffe Head of the European and Global Issues Secretariat	55-60 plus 165-170 lump sum	0-2.5 plus 5.0-7.5 lump sum	1,140	1,036	34	-
Jeremy Heywood Permanent Secretary, No.10	35-40 plus 115-120 lump sum	2.5-5.0 plus 7.5-10.0 lump sum	617	541	30	-
Howell James CBE Permanent Secretary for Government Communications (until 13 June 2008)	5-10	0-2.5	168	161	7	-
Stephen Laws CB First Parliamentary Counsel	95-100 plus 285-290 lump sum	0-2.5 plus 0-2.5 lump sum	2,220	2,068	9	-
Roger Marsh³ Director General, Business Support Group	-	-	-	-	-	-
Gill Rider⁴ Head of Civil Service Capability Group	-	-	-	-	-	-
Matt Tee Permanent Secretary for Government Communications (from 6 January 2009)	0-5	0-2.5	9	-	7	-

¹ The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. The start date for calculations is 31 March 2008 unless the member was appointed to the Department during the year.

² The end date for calculations is 31 March 2009 unless the member left the Department during the year.

³ Roger Marsh is on secondment and is not in a Cabinet Office pension scheme.

⁴ Gill Rider opted out of the pension scheme.

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 changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. 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' 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 in respect of 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 per cent of their pensionable earnings in that scheme year, and immediately after the scheme year end, the accrued pension is uprated in line with RPI. 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 per cent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent 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 www.civilservice-pensions.gov.uk.

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 individual 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 calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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 effectively 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.

Sir Gus O'Donnell KCB

Accounting Officer

Secretary of the Cabinet and

Head of the Home Civil Service

30 June 2009

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 for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Net Operating Costs by Departmental Strategic Objectives 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

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in

accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the management commentary and the Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

BASIS OF AUDIT OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial

transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

OPINIONS

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2009, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information which comprises the management commentary and the Financial Review included within the Annual Report, is consistent with the financial statements.

OPINION ON REGULARITY

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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 9SS
13 July 2009

STATEMENT OF PARLIAMENTARY SUPPLY

Summary Of Resource Outturn 2008-09

Request for Resources	Note	Estimate			Outturn			2008-09	2007-08
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	£000	Restated £000
							Net Total	Outturn	Net Total
								Net Total outturn compared with Estimate: saving / (excess)	
1*	2	493,428	(60,785)	432,643	473,059	(59,489)	413,570	19,073	340,977
Total Resources	3	493,428	(60,785)	432,643	473,059	(59,489)	413,570	19,073	340,977
Non-Operating Cost A in A	24(c)			36			36	-	24

Request for Resources 1*: Supporting the Prime Minister's Office closely in ensuring the delivery of Government objectives

Net Cash Requirement 2008-09

	Note	Estimate		Outturn		2008-09	2007-08
						£000	Restated £000
					Net Total outturn compared with Estimate: saving / (excess)		Outturn
Net Cash Requirement	4		390,570		370,281	20,289	338,806

Summary of income payable to the Consolidated Fund

(In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)).

Note	Income	Forecast 2008-09		Outturn 2008-09	
		Receipts		Income	Receipts
		£000		£000	
Total	5	75	75	868	766

Explanations of variances between Estimate and outturn are given in Note 2 and may also be found in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary Control totals.

The notes on pages 172 to 209 form part of these accounts.

OPERATING COST STATEMENT

for the year ended 31 March 2009

				2008-09	2007-08
				£000	Restated £000
	Note	Staff Costs	Other Costs	Income	
Administration Costs					
Staff costs	9	85,869			79,756
Other administration costs	10		112,724		95,590
Operating income	12			(36,989)	(31,936)
Programme Costs					
Staff costs	9	1,551			3,817
Programme costs	11		269,640		228,032
Income	12			(20,093)	(34,916)
Totals		87,420	382,364	(57,082)	340,343
Net Operating Cost	3,13			412,702	340,343

The notes on pages 172 to 209 form part of these accounts.

STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2009

		2008-09	2007-08
		£000	£000
	Note		
Net (loss)/gain on revaluation of tangible fixed assets	14, 23(a), 23(b)	(4,928)	7,586
Receipt of donated assets	14, 23(b)	57	57
Recognised (losses) and gains for the financial year		(4,871)	7,643

The notes on pages 172 to 209 form part of these accounts.

BALANCE SHEET

as at 31 March 2009

		2008-09		2007-08
		£000		Restated £000
	Note			
Fixed assets				
Tangible assets	14	209,012		239,102
Intangible assets	15	192		29
Financial assets	16	364		392
Current assets				
Stocks	17	493	523	
Debtors	18	13,615	16,594	
Cash at bank and in hand	19	8,652	74,008	
		22,760	91,125	
Creditors (amounts falling due within one year)	20	(58,017)	(115,874)	
Net current liabilities		(35,257)		(24,749)
Total assets less current liabilities		174,311		214,774
Provisions for liabilities and charges	21	(4,072)		(3,189)
Net assets		170,239		211,585
Taxpayers' equity				
General fund	22	114,280		150,779
Revaluation reserve	23(a)	51,937		55,917
Donated asset reserve	23(b)	4,022		4,889
		170,239		211,585

Sir Gus O'Donnell KCB

Accounting Officer

Secretary of the Cabinet and

Head of the Home Civil Service

30 June 2009

The notes on pages 172 to 209 form part of these accounts.

CASH FLOW STATEMENT

for the year ended 31 March 2009

		2008-09	2007-08
		£000	£000
	Note		
Net cash outflow from operating activities	24(a)	(357,956)	(341,388)
Capital expenditure and financial investment	24(b)	(11,559)	(16,295)
Payments of amounts due to the Consolidated Fund		(77,869)	(5,256)
Financing	24(d)	382,028	332,503
Decrease in cash in the year	24(e)	(65,356)	(30,436)

The notes on pages 172 to 209 form part of these accounts.

STATEMENT OF NET OPERATING COSTS BY DEPARTMENTAL STRATEGIC OBJECTIVES

for the year ended 31 March 2009

	2008-09			2007-08		
	Gross	Income	Net	Gross	Income	Net
			£000			Restated £000
Aim:						
Objective 1	132,762	(24,262)	108,500	116,517	(32,636)	83,881
Objective 2	72,279	(14,970)	57,309	68,455	(14,724)	53,731
Objective 3	183,364	(1,672)	181,692	151,032	(6,879)	144,153
Objective 4	24,227	(2,739)	21,488	22,426	(1,968)	20,458
Objective 5	39,948	(11,684)	28,264	34,234	(9,065)	25,169
Objective 6	17,204	(1,755)	15,449	14,531	(1,580)	12,951
Net operating costs	469,784	(57,082)	412,702	407,195	(66,852)	340,343

The Cabinet Office has one core aim: **'Making government work better'** which was supported during the year by the Departmental Strategic Objectives (DSOs) outlined below:

Departmental Strategic Objective 1

Build an effective UK intelligence community in support of UK national interests; and the capabilities to deal with disruptive challenges to the UK;

Departmental Strategic Objective 2

Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy making;

Departmental Strategic Objective 3

Improve outcomes for the most excluded people in society; Enable a thriving third sector;

Departmental Strategic Objective 4

Transform public services so that they better meet the individual needs of the citizen and business;

Departmental Strategic Objective 5

Build the capacity and capability of the Civil Service to deliver the Government's objectives; and

Departmental Strategic Objective 6

Promote the highest standards of propriety, integrity and governance in public life.

See Note 25.

The notes on pages 172 to 209 form part of these accounts.

NOTES TO THE RESOURCE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2008-09 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the financial statements prepared under UK GAAP, the *FReM* also requires the Department to prepare two additional financial statements. 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 *Statement of Net Operating Costs by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

Where the *FReM* permits a choice of accounting policy, the accounting policy which has been 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 Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stocks where material, at their value to the business by reference to their current costs.

1.2. Restated amounts

Machinery of government transfers have been 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 have been written in or out of the accounts from the start of the financial year. Prior year comparatives have been restated, with corresponding adjustments being made to the general fund. Further details are at Note 37.

1.3. Tangible fixed assets

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount, except for non-operational heritage assets and properties surplus to requirement (see below). Expenditure on tangible fixed assets of over £5,000 is capitalised. On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition. The replacement cost for freehold land and buildings is existing use value plus the addition of notional directly attributable acquisition costs.

All tangible fixed assets, except art and antiques, are subject to annual indexation using published indices. Land and buildings are restated to current value using professional valuations (using the RICS Appraisal and Valuation Model) in accordance with FRS 15 every five years.

Properties surplus to requirement are valued on the basis of open market value less any directly attributable selling costs where material.

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.

1.4. Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are not depreciated until the asset is brought into use. No depreciation is provided on freehold land and items for collections since they have unlimited or very long estimated useful lives. 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 Machinery	3 to 10 years
Furniture and Fittings	7 years
Information Technology and Office Equipment	3 to 5 years
Motor Vehicles	3 to 5 years

1.5. Donated assets

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Operating Cost Statement, except for gifts described below.

Gifts of ornaments and jewellery received by past and present Prime Ministers and their spouses are treated as donated tangible fixed assets within Art and Antiques and capitalised at their current value on receipt with this value being taken to the donated asset reserve. They are subject to professional

valuation every five years with the revaluation being taken to the donated asset reserve. They are not depreciated, since by their nature, their useful economic life is indefinite.

The Civil Service Club is recognised as a donated asset and its value credited to the donated asset reserve. 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 23(b).

1.6. Intangible fixed assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £5,000 or more is incurred. As reliable evidence of market value could not be obtained, these have not been re-valued. Software licences are amortised over periods ranging from 3 to 5 years, being the useful economic life.

1.7. Financial assets

Financial interests in bodies which are outside the departmental boundary are treated as financial assets since they are held for the long term. These comprise loans issued by the Cabinet Office to the Civil Service Sports Council and the London Hostels Association and are shown at historical cost.

1.8. Stocks

Stocks of insignia are valued at the lower of replacement cost and net realisable value.

1.9. Income

Operating income relates directly to the operating activities of the Department. It 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 appropriated in aid of the Estimate and income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income. Operating income is stated net of VAT.

1.10. Administration and programme expenditure

The Operating Cost Statement 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 and operating income 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.

1.11. Capital charge

A non-cash charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury of 3.5 per cent (2007-08: 3.5 per cent) on the average carrying amount of all assets less liabilities, except for the following where the charge is £nil: donated assets, cash balances held with the Office of the Paymaster General, debtors due for surrender to the Consolidated Fund on collection and those amounts due to and from the Consolidated Fund.

1.12. Foreign exchange

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract 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 balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the Operating Cost Statement.

1.13. Pensions

The majority of past and present employees 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.

1.14. Leases

Finance leases, where substantially all risks and rewards of ownership of a leased asset are borne by the Department: the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding.

Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.15. 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 Non-Departmental Public Bodies to finance their operating expenditure, are recognised in the Operating Cost Statement in the period in respect of which they are paid.

1.16. Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury of 2.2 per cent (2007-08: 2.2 per cent).

1.17. Contingent liabilities and contingent assets

In addition to contingent liabilities disclosed in accordance with FRS 12, 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 FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 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.

1.18. Value Added Tax

Most of the activities of the department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. 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.

2. ANALYSIS OF NET RESOURCE OUTTURN BY SECTION

	Admin	Other current	Grants	Gross resource expenditure	A in A	Outturn		2008-09	2007-08
						Net Total	Net Total	£000	Restated £000
								Estimate	Prior-year outturn
								Net Total outturn compared with Estimate	
Request for resources 1:									
<i>Central Government Spending:</i>									
Cabinet Office	194,028	86,515	13,160	293,703	(59,306)	234,397	235,877	1,480	198,885
Office of the Third Sector	3,511	9,794	129,180	142,485	(152)	142,333	159,418	17,085	103,265
Social Exclusion Task Force	1,539	-	-	1,539	(31)	1,508	1,631	123	1,550
Committee on Standards in Public Life - Advisory NDPB	608	-	-	608	-	608	660	52	603
<i>Independent Offices:</i>									
Civil Service Commissioners	1,172	-	-	1,172	-	1,172	1,229	57	1,233
Commissioner for Public Appointments	615	-	-	615	-	615	701	86	566
Advisory Committee on Business Appointments - Advisory NDPB	172	-	-	172	-	172	209	37	159
House of Lords Appointments Commission - Advisory NDPB	181	-	-	181	-	181	134	(47)	165
<i>Support for Local Authorities:</i>									
London Fire and Emergency Planning Authority	-	-	606	606	-	606	606	-	621
<i>Non-Budget:</i>									
<i>Executive NDPB:</i>									
Capacity Builders (UK) Limited	-	-	30,178	30,178	-	30,178	30,178	-	32,800
Commission for the Compact Limited	-	-	1,800	1,800	-	1,800	2,000	200	1,130
Resource Outturn	201,826	96,309	174,924	473,059	(59,489)	413,570	432,643	19,073	340,977

Request for resources 1 – Supporting the Prime Minister's Office closely in ensuring the delivery of Government objectives

Cabinet Office savings against Estimate net resource requirement are largely attributable to under-spends on capital grant programmes administered by the Office of the Third Sector.

Detailed explanations of the variances are given in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary Control totals.

3. RECONCILIATION OF OUTTURN TO NET OPERATING COST AND AGAINST ADMINISTRATION BUDGET

3(a) RECONCILIATION OF NET RESOURCE OUTTURN TO NET OPERATING COST

		2008-09			2007-08
		£000			Restated
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	2	413,570	432,643	19,073	340,977
Non-supply Income (CFERs)	5	(868)	(75)	793	(634)
Reduction in planned spend unable to be included in the Estimates ¹		-	(3,648)	(3,648)	-
Net Operating Cost		412,702	428,920	16,218	340,343

3(b) OUTTURN AGAINST FINAL ADMINISTRATION BUDGET

	2008-09		2007-08
	£000		Restated
	Budget	Outturn	Outturn
Admin Resource Outturn (Estimates) – see Note 2 total Admin	219,909	201,826	177,605
Reduction in planned spend unable to be included in the Estimates ¹	(3,648)	-	-
Gains and losses from sale of capital assets	8	-	-
Gross Administration Budget – see Note 2 total Admin	216,269	201,826	177,605
Income allowable against the Administration Budget	(40,257)	(40,220)	(34,194)
Net outturn against Administration Budget	176,012	161,606	143,411

¹ Administration net resource requirement could not be reduced without producing a negative Estimate, therefore a token adjustment was included to produce a token Winter Supplementary Estimate. The reduction was however taken in budgetary Departmental Expenditure Limit (DEL) and the Administration Budget, an expression of DEL, is similarly reduced.

The Cabinet Office's administration budget under-spend is offset by an over-spend on programme budget.

Detailed explanations of the variances are given in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary Control totals.

4. RECONCILIATION OF RESOURCES TO CASH REQUIREMENT

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	2	432,643	413,570	19,073
Capital :				
Acquisition of fixed assets	24(c)	9,413	9,484	(71)
Investments		-	-	-
Non-operating A in A :				
Proceeds of fixed asset disposals	24(c)	(8)	(8)	-
Loan repayment	24(c)	(28)	(28)	-
Accruals adjustments :				
Non-cash items	24(a)(i)	(45,799)	(43,220)	(2,579)
Changes in working capital other than cash	24(a)(ii)	(6,781)	(10,650)	3,869
Use of provision	21	1,130	1,133	(3)
Net cash requirement		390,570	370,281	20,289

Cabinet Office savings against Estimate net cash requirement are largely attributable to under-spends on capital grant programmes administered by the Office of the Third Sector.

Detailed explanations of the variances between Estimate and outturn are given in the section Cabinet Office Finances, Financial Review 2008-09, Performance against Parliamentary Control totals.

5. ANALYSIS OF INCOME PAYABLE TO THE CONSOLIDATED FUND

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2008-09 £000		Outturn 2008-09 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess A in A		-	-	-	-
Other operating income and receipts not classified as A in A		75	<i>75</i>	868	<i>766</i>
	12	75	<i>75</i>	868	<i>766</i>
Non-operating income and receipts – excess A in A	7	-	-	-	-
Other non-operating income and receipts not classified as A in A	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
Total income payable to the Consolidated Fund	22	75	<i>75</i>	868	<i>766</i>

6. RECONCILIATION OF INCOME RECORDED WITHIN THE OPERATING COST STATEMENT TO OPERATING INCOME PAYABLE TO THE CONSOLIDATED FUND

	Note	2008-09 £000	2007-08 Restated £000
Operating income	12	57,082	66,852
Netted off in Operating Cost:			
Seconded staff	9	3,275	2,259
Gross income		60,357	69,111
Income authorised to be appropriated-in-aid	2	(59,489)	(68,477)
Operating income payable to the Consolidated Fund	5	868	634

7. NON-OPERATING INCOME- EXCESS A IN A

	2008-09 £000	2007-08 £000
Principal repayments of voted loans	-	-
Proceeds on disposal of fixed assets	-	-
Non-operating Income – excess A in A	-	-

8. NON-OPERATING INCOME NOT CLASSIFIED AS A IN A

	Income £000	Receipts £000
Total	-	-

9. STAFF NUMBERS AND RELATED COSTS

Staff costs comprise:

	2008-09					2007-08
	£000					Restated £000
	Total	Permanently employed staff	Others	Ministers	Special advisers	Total
Wages and salaries	62,970	60,096	-	366	2,508	60,500
Social security costs	5,559	5,257	-	42	260	5,598
Other pension costs	12,229	11,675	-	-	554	12,042
Agency/temporary	1,875	-	1,875	-	-	1,720
Sub total	82,633	77,028	1,875	408	3,322	79,860
Inward secondments ⁴	8,062	8,062	-	-	-	5,972
Total	90,695	85,090	1,875	408	3,322	85,832
Less:						
Recoveries in respect of outward secondments	(3,275)	(3,275)	-	-	-	(2,259)
Total net costs¹	87,420²	81,815	1,875	408	3,322	83,573³

During the year, costs of £12,228,800 were incurred in respect of pensions (2007-08 Restated: £12,042,495).

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 Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2008-09, employers' contributions of £11,500,036 were payable to the PCSPS (2007-08 Restated: £11,323,784) at one of four rates in the range 17.1 per cent to 25.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7 per cent to 24.3 per cent. The contribution

rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £153,575 (2007-08: £146,257) 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 £20,895 (2007-08: £9,390), 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.

¹ Of the total, £nil has been charged to capital (2007-08: £nil).

² £17.401 million was against objective 1, £36.292 million against objective 2, £6.556 million against objective 3, £7.049 million against objective 4, £16.175 million against objective 5 and £3.947 million against objective 6.

³ £17.102 million was against objective 1, £37.434 million against objective 2, £6.480 million against objective 3, £5.961 million against objective 4, £12.616 million against objective 5 and £3.980 million against objective 6.

⁴ Inward secondment costs include the cost of extra staff resources to the value of £3.602 million. The majority of the resource was contracted from the Department for Work and Pensions (value £2.962 million) and a small element from other outside sources who were treated as part of the team (value £0.640 million). They were effectively all seconded to the Cabinet Office and worked exclusively on the setup of a Shared Services arrangement for the benefit of the Cabinet Office and for other departments to utilise in the future. Due to the nature of the project and its arrangements these resources are not included in the staff numbers.

9. STAFF NUMBERS AND RELATED COSTS - CONTINUED

Contributions due to the partnership pension providers at the balance sheet date were £1,450 (2007-08 Restated: £684). Contributions prepaid at that date were £nil.

During the year one individual (2007-08: one individual) retired early on ill-health grounds; the total additional annual pension to them granted to them amounted to £nil (2007-08: £nil)

Special advisers' pension costs incurred during the year were £554,294 (2007-08: £563,064).

AVERAGE NUMBER OF PERSONS EMPLOYED

The average number of whole-time equivalent persons employed, including agency/temporary staff, during the year was as follows:

Objective	Total	Permanently employed staff ¹	Others ²	Ministers	2008-09		2007-08
					Special advisers	Number	Restated Number
							Total ³
1	308	300	5	1		2	306
2	526	484	14	1		27	546
3	120	116	2	1		1	123
4	111	100	9	1		1	95
5	222	207	13	1		1	215
6	72	67	1	1		3	82
Total	1,359	1,274	44	6		35	1,367

¹ Permanent staff headcount data is further analysed in the Performance Report section and at Table 6 in the Cabinet Office Finances section.

² 'Others' category represents agency/temporary staff. Headcount in 2008-09 was 44 (2007-08 Restated: 48).

³ See Note 37.

10. OTHER ADMINISTRATION COSTS

		2008-09		2007-08
	Note	£000		Restated £000
Rentals under operating leases				
Hire of plant and machines		9,959		6,362
Land and buildings		4,936		4,541
Non-cash items				
Depreciation	14	6,711	7,008	
Release of donated asset reserve	23(b)	(36)	(35)	
Amortisation	15	28	34	
Impairment of fixed assets	14	1,511	-	
(Profit)/Loss on disposal of fixed assets		-	15	
(Profit)/Loss on disposal of donated assets		1	-	
Release from donated asset reserve	23(b)	(1)	-	
Cost of capital charges	22	5,972	5,702	
Auditors' remuneration and expenses ¹	22	242	218	
Provisions provided for in year	21	2,008	481	
Unwinding of discount on provisions	21	8	-	
Bad debt write off		9	4	
Provision for doubtful debt		(19)	64	
Release of free rent accrual		(144)	(140)	
Total non-cash items		16,290		13,351
Other expenditure²		81,539		71,336
Total		112,724		95,590

¹ Notional payments were made to the auditors in respect of statutory audit services of £225,000 (2007-08: £218,000) and audit of the International Financial Reporting Standards restated balance sheet of £16,950 (2007-08: £nil).

² Other expenditure comprises:	2008-09		2007-08
	£000		Restated £000
Accommodation and utilities	30,006		26,750
IT costs	8,660		8,940
Consultancy	8,732		8,468
Supplies and services	9,531		9,286
Other staff related costs	11,487		10,084
Travel, subsistence and hospitality	13,123		7,808
Other expenditure	81,539		71,336

11. PROGRAMME COSTS

		2008-09		2007-08
	Note	£000		Restated £000
Rentals under operating leases				
Land and buildings		-		22
Interest charges				
		-		115
Non-cash items				
Depreciation	14	1,645	1,179	
Impairment of fixed assets	14	248	281	
Cost of capital charges	22	649	2,755	
Write off assets under construction	14	24,388	-	
Total non-cash items		26,930		4,215
Other expenditure¹		242,710		223,680
Total		269,640		228,032

11. PROGRAMME COSTS - CONTINUED

¹ Other expenditure comprises:	2008-09	2007-08
Note	£000	Restated £000
Resource Grants to Local Authorities		
Civil Defence Grant	606	615
Social Enterprise	-	495
Invest to Save Bid Projects	1,071	629
Resource Grants to Private Sector		
Futurebuilders	2,641	7,408
v	47,006	47,175
Strategic Programme	5,827	6,184
Participation	5,302	8,218
Grassroots Grants	23,279	-
Social Enterprise	400	327
Public Service Delivery	1,478	1,058
Compact	305	204
Charity Act Implementation	25	46
Other	2,378	4,465
Resource Grants to Central Government Bodies		
Youth Volunteering	331	-
Social Enterprise	2,109	-
Public Service Delivery	200	-
Charity Act Implementation	215	270
Other	1,200	-
Capital Grants to Local Authorities		
Government Security Zone	10,696	5,268
Community Assets	2,597	-
Capital Grants to Private Sector		
Futurebuilders	16,337	16,813
Community Assets	775	-
Grassroots Grants	4,273	-
Grants-in-Aid to Civil Service Welfare Bodies	1,579	2,097
Grants-in-Aid to Private Sector		
v	5,000	-
Youth Volunteering	1,040	1,015
Strategic Programme	-	1,000
Participation	5,421	5,289
Chequers Trust	855	900
Grants-in-Aid to Executive Non-Departmental Public Bodies		
Capacitybuilders	30,178	32,800
Compact	1,800	1,130
	174,924	143,406
Telecommunications	16,479	20,578
IT costs	5,059	21,457
Consultancy	10,584	9,443
Grant fund management services	7,283	1,485
Supplies and services	26,551	26,153
Other staff related costs	1,559	263
Travel, subsistence and hospitality	271	895
Other expenditure	242,710	223,680

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11. PROGRAMME COSTS - CONTINUED

¹ Other expenditure analysed by programme:	2008-09	2007-08
	£000	Restated £000
Intelligence, Security and Resilience Group		
SCOPE Programme	5,968	22,942
Government Security Zone:		
Capital Grants	10,696	5,268
Other expenditure	1,147	106
Information Assurance Technical Programme	17,794	22,507
Electronic Communications Assurance Programme	1,282	1,224
Resilient Telecommunications	3,341	549
BBC Monitoring	24,600	24,600
Gold Standard	1,388	1,606
Emergency Planning College	740	567
Civil Contingencies Secretariat:		
London Fire and Emergency Planning Authority	606	615
Research and Doctrine	227	-
Other	-	(77)
Transformational Government		
Connecting People	802	-
Directgov	-	970
Other	-	5
Office of the Third Sector		
Capacitybuilders:		
Grant-in-Aid	30,178	32,800
Other expenditure	57	28
Futurebuilders:		
Resource Grants	2,641	7,408
Capital Grants	16,337	16,813
Other expenditure	4,543	820
v:		
Resource Grants	47,006	47,175
Grant-in-Aid	5,000	-
Youth Volunteering:		
Resource Grants	331	-
Grant-in-Aid	1,040	1,015
Strategic Programme:		
Resource Grants	5,827	6,184
Grant-in-Aid	-	1,000
Other expenditure	14	47
Participation:		
Resource Grants	5,302	8,218
Grant-in-Aid	5,421	5,289
Other expenditure	1,227	669
Community Assets:		
Capital Grants	3,372	-
Other expenditure	880	946

11. PROGRAMME COSTS - CONTINUED

¹ Other expenditure analysed by programme:	2008-09	2007-08
	£000	Restated £000
Grassroots Grants:		
Resource Grants	23,279	-
Capital Grants	4,273	-
Other expenditure	988	185
Social Enterprise:		
Resource Grants	2,509	822
Other expenditure	421	238
Public Service Delivery:		
Resource Grants	1,678	1,058
Other expenditure	467	540
Compact:		
Resource Grants	305	204
Grant-in-Aid	1,800	1,130
Other expenditure	3	218
Invest to Save Bid Projects:		
Resource Grants	1,071	629
Charity Act Implementation:		
Resource Grants	240	316
Other expenditure	143	207
Other:		
Resource Grants	3,548	3,166
Other expenditure	986	365
Other		
Resource Grants	30	1,299
Grant-in-Aid	2,434	2,997
Other expenditure	768	1,012
Other expenditure	242,710	223,680

NOTES

INTELLIGENCE, SECURITY AND RESILIENCE GROUP

SCOPE Programme - Expenditure in 2008-09 reflects costs associated with the SCOPE programme, including costs incurred following termination of the programme; see reference to Notes 12, 14, 31 and 33(a).

Government Security Zone - A programme to deliver improved protective security measures in the Whitehall area.

Information Assurance Technical Programme delivers Information Assurance Solutions to government and the wider public sector.

Electronic Communications Assurance Programme - UK secure communications.

Resilience 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.

The Emergency Planning College provides a programme of training for emergency preparedness, aimed at those with responsibility for preventing, planning for, responding to or recovering from a major incident.

Civil Contingencies Secretariat provides 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.

Research and Doctrine - A programme of independent research for the Civil Contingencies Secretariat.

TRANSFORMATIONAL GOVERNMENT

Connecting People, is a programme of small, innovative projects to pilot technologies for collaborative working and knowledge sharing within the Civil Service. It takes forward discussion and ideas raised at Civil Service Live 08.

Directgov is the citizen focused digital channel for government, offering a high quality experience for customers by delivering information and services all in one place. The responsibility for Directgov transferred from the Cabinet Office to the Central Office of Information on 1 April 2007.

OFFICE OF THE THIRD SECTOR

Capacitybuilders - To help third sector organisations work more effectively in delivering high quality, collaborative and sustainable sector support services and representation. This programme is delivered through an executive non-departmental public body (eNDPB), Capacity Builders (UK) Limited.

Futurebuilders provides new investment via grants and loans for third sector organisations delivering public services. During 2008-09, this 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 of the Third Sector aimed at encouraging volunteering and increasing the number of opportunities for young volunteers aged 16 to 25. **v** are an independent charity established by the government on 8th May 2006. **v** will deliver the recommendations of the Russell Commission published in March 2005 to create a step change in the quantity, quality and diversity of youth volunteering opportunities, with a vision of having one million more young volunteers within five years. Under a tri-partite agreement between Her Majesty's Treasury, Cabinet Office and **v**, the Treasury will match fund money **v** raises from the private sector on a pound for pound basis.

Youth Volunteering - To provide a step change in the quality, quantity and diversity of volunteering opportunities available to young people.

Strategic Programme - Grants to third sector organisations to enable greater voice and engagement in policy development.

Participation - Grant schemes, including strategic grants aimed at local community, volunteering and charitable giving organisations.

Community Assets - A new grant programme to provide grants for refurbishment of local authority buildings, to ensure that high-quality spaces and facilities are transferred to third sector ownership.

Grassroots Grants - A new grant programme to support the activities of small and local community groups.

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.

Public Service Delivery - Enabling better service delivery by the third sector and the sharing of innovation and good practice.

Compact - To enable the government and the sector to improve their relationship for mutual advantage and community gain. This programme is delivered through an eNDPB, Commission for the Compact Limited.

Invest to Save Bid (ISB) Projects - A joint Treasury/Cabinet Office initiative with an aim to create sustainable improvements in the capacity of third sector organisations to deliver public services in a more joined up manner.

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.

12. INCOME

	2008-09 £000	2007-08 Restated £000
Administration		
Central management of Principal Civil Service Pension Scheme	10,034	9,934
Services of the Office of the Parliamentary Counsel	12,342	11,973
Rental income on freehold properties	2,634	1,546
Emergency Planning College events	3,560	2,721
Departmental Capability Reviews	1,800	1,205
Fast Stream	2,250	51
Government Gateway Strategic Support Programme	2,360	3,108
Various cost recoveries	2,007	1,397
Income payable to the Consolidated Fund	2	1
	36,989	31,936
Programme		
Intelligence, Security and Resilience Group		
SCOPE Programme	5,348	8,842
Government Security Zone	5,710	10,062
Information Assurance Technical Programme	8,050	8,523
Gold Standard	10	61
Office of the Third Sector		
Futurebuilders interest income	-	5,080
Other	109	465
Various cost recoveries	-	1,250
Income payable to the Consolidated Fund	866	633
	20,093	34,916
Total	57,082	66,852

Notes on sources of income and cost sharing arrangements

Employers are responsible for the day-to-day administration of the **Principal Civil Service Pension Scheme (PCSPS)** / Civil Service Compensation Scheme (CSCS) and meet the associated costs from their running cost provision. An element of the accruing superannuation liability charge, paid by employers, is appropriated in aid of the Cabinet Office to offset central management costs. These include the costs associated with the management and development of Civil Service pension arrangements, the procurement of pension payroll and other services, maintenance and development of pension software used by scheme administrators and the publication of explanatory scheme material.

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). Two-thirds of the cost of the OPC is funded by the Cabinet Office with the balance coming from the largest users of the OPC's services.

The Emergency Planning College operates a charging regime for a programme of prospectus, non-prospectus, commercial and international events held on and off site. Charging requirements as set out in Treasury guidance are followed.

The Departmental Capability Reviews programme is part of the wider Civil Service reform agenda. The Programme is funded by the government departments that have been reviewed.

The **Fast Stream** is an accelerated development graduate entry route to the civil service with the objective of being a feeder route to the senior civil service. The Cabinet Office manages the policy and designs, develops and runs a number of Fast Stream Schemes each year including The Graduate Fast Stream Scheme, The Economic Fast Stream Scheme, The Statistical Fast Stream Scheme, The Technology in Business Fast Stream Scheme and the In-Service Fast Stream Scheme. All government departments participate in the scheme and they contribute towards the costs incurred by the Cabinet Office for marketing, recruitment and assignment.

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 have 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 are now to be recouped from DWP in respect of Cabinet Office's funding of GGSSP assets for current infrastructure and prior investments.

The costs of the **SCOPE programme** are shared by ten government departments and agencies; see reference to Notes 11, 14, 31 and 33(a).

Contributions to the cost of the **Government Security Zone** programme are met by twelve government departments to reflect the benefits accruing to them from the work undertaken.

The Information Assurance Technical Programme is a cross government programme funded by six government departments and agencies.

13. ANALYSIS OF NET OPERATING COST BY SPENDING BODY

	2008-09 £000		2007-08 Restated £000
	Estimate	Outturn	Outturn
Spending body:			
Core Department	237,932	237,778	196,937
Capacity Builders (UK) Limited (eNDPB)	30,178	30,178	32,800
Commission for the Compact Limited (eNDPB)	2,000	1,800	1,130
Total grants to local authorities	606	14,970	7,007
Total grants to other bodies	161,927	127,976	102,469
Net Resource Requirement/ Net Operating Cost	432,643	412,702	340,343

14. TANGIBLE FIXED ASSETS

	Land & Buildings excluding Dwellings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2008 ¹	186,863	14,400	12,686	7,350	3,530	10,239	33,797	268,865
Additions	138	-	2,120	235	18	-	6,782	9,293
Donations	-	-	-	-	-	57	-	57
Disposals ²	(1,550)	-	(2,330)	(1,043)	(1,601)	(7)	-	(6,531)
Reclassifications	5,301	-	7,113	-	-	-	(12,414)	-
Impairment ³	(1,551)	-	(505)	-	-	-	-	(2,056)
Revaluations ³	(32,036)	12,619	(281)	(53)	35	-	-	(19,716)
Write off ⁴	-	-	-	-	-	-	(24,388)	(24,388)
At 31 March 2009	157,165	27,019	18,803	6,489	1,982	10,289	3,777	225,524
Depreciation								
At 1 April 2008 ¹	16,532	502	6,042	3,820	2,867	-	-	29,763
Charged in year	3,859	172	3,216	750	359	-	-	8,356
Disposals ²	(1,548)	-	(2,330)	(1,043)	(1,601)	-	-	(6,522)
Reclassifications	-	-	-	-	-	-	-	-
Impairment ³	(40)	-	(256)	(1)	-	-	-	(297)
Revaluations ³	(13,989)	(674)	(129)	(25)	29	-	-	(14,788)
Write off ⁴	-	-	-	-	-	-	-	-
At 31 March 2009	4,814	-	6,543	3,501	1,654	-	-	16,512
Net book value at 31 March 2009	152,351	27,019	12,260	2,988	328	10,289	3,777	209,012
Net book value at 31 March 2008 Restated	170,331	13,898	6,644	3,530	663	10,239	33,797	239,102
Asset financing:								
Owned	152,351	27,019	12,260	2,988	328	10,289	3,777	209,012
Net book value at 31 March 2009	152,351	27,019	12,260	2,988	328	10,289	3,777	209,012

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.

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 SCOPE programme ceased in 2008-09 and assets under construction were written out of the books; see Notes 11, 12, 31 and 33(a).

NOTES

VALUATION

Land and Buildings and Dwellings

The Valuation Office Agency (VOA), independent chartered surveyors, valued London properties on the basis of existing use at 31 March 2009 as follows: 22-26 Whitehall £45 million, Admiralty Arch £28.6 million, Admiralty House £12.5 million, 36 Whitehall £7.8 million, 10-12 Downing Street £28.75 million, 70 Whitehall £27 million and the Civil Service Club £3.175 million. 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.

The Valuation Office Agency (VOA), independent chartered surveyors, valued on the basis of existing use, the Hannington Radio Mast Site, Hampshire as at 31 March 2009. The valuation was £2.3 million.

Strutt & Parker, independent chartered surveyors, valued 53 Parliament Street as at 31 March 2008 on the basis of open market value, since the property became surplus to requirement. The valuation was £5.74 million.

Donaldsons, independent chartered surveyors, valued the Emergency Planning College estate, The Hawkhill, Easingwold, near York as at 31 March 2007 on the basis of existing use value. The valuation was £7.25 million.

All surveyors are members of the Royal Institute of Chartered Surveyors (RICS).

Notional directly attributable acquisition costs, representing legal fees and stamp duty, are added onto existing use values to arrive at replacement cost for land, buildings and dwellings. The surveyors determine notional costs to be 5.75% of existing use values.

Art and Antiques

Sotheby's valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall Estate in Summer 2005 on the basis of insurance value being the likely cost of replacing the items.

Andrew Hartley Fine Arts valued art and antiques, including antique and other furniture, silver, plate and objects situated at The Hawkhill, Easingwold, near York on 15 April 2005 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 June 2005 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 HM Treasury.

DONATED ASSETS

Land and Buildings

The Civil Service Club has been recognised as a donated asset and its value credited to the donated asset reserve with effect from 31 March 2004. 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 23(b).

Art and Antiques

Gifts to past and present Prime Ministers are treated as donated assets within Art and Antiques and their value credited to the donated asset reserve – see Note 23(b).

ASSETS UNDER CONSTRUCTION

Included within assets under construction of £3.777 million (2007-08: £33.797 million) are:

£nil (2007-08: £27.773 million) spent on the SCOPE programme which has now ceased. Further details on the SCOPE programme are described at Notes 11, 12, 31 and 33(a);

£3.330 million (2007-08: £2.949 million) spent on refurbishment to Whitehall properties which has yet to be completed;

£0.017 million (2007-08: £0.168 million) spent on developments at the Emergency Planning College facilities based in York; and

£0.430 million (2007-08: £2.907 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 net book value of £4,235 (2007-08: £8,212).

LEASEHOLD IMPROVEMENTS

Included within Land and Buildings are improvements with a net book value of £4.888 million (2007-08: £7.113 million) relating to leasehold properties in London at 10 Great George Street, 35 Great Smith Street, Stockley House, 67 Tufton Street and 9 Whitehall.

15. INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise purchased software licences.

	Software licences £000	Total £000
Cost¹		
At 1 April 2008 ²	965	965
Additions	191	191
Disposals ³	(324)	(324)
At 31 March 2009	832	832
Amortisation		
At 1 April 2008 ²	936	936
Charged in year	28	28
Disposals ³	(324)	(324)
At 31 March 2009	640	640
Net book value at 31 March 2009	192	192
Net book value at 31 March 2008	29	29

¹ Intangible assets are recorded at purchase cost and are not re-valued since an appropriate index is not available.

² Restated opening balances.

³ Disposals include assets written out of the accounts; their values are fully written down and they are no longer in use.

16. FINANCIAL ASSETS

	Civil Service Sports Council Loan £000	London Hostels Association Loan £000	Total £000
Balance at 1 April 2008	8	384	392
Loan repayments	(8)	(20)	(28)
Balance at 31 March 2009	-	364	364

The Department's share of the assets and results of the above bodies is £nil as summarised below:

	Civil Service Sports Council Loan £000	London Hostels Association Loan £000
Net assets at 31 March 2009	-	-
Turnover	-	-
Surplus for the year (before financing)	-	-

17. STOCKS

	2008-09 £000	2007-08 £000
Stocks of insignia	493	523
	493	523

18. DEBTORS

18(a) ANALYSIS BY TYPE

	2008-09 £000	2007-08 Restated £000
Amounts falling due within one year:		
VAT	1,859	2,196
Trade debtors	5,516	1,989
Deposits and advances	509	490
Other debtors	224	134
Prepayments and accrued income	5,507	8,038
Amounts due from the Consolidated Fund in respect of Supply	-	3,747
	13,615	16,594

Included within Other debtors is £216,368 (2007-08: £113,927) that will be due to the Consolidated Fund once the debts are collected.

18(b) INTRA-GOVERNMENT BALANCES

	2008-09 £000	2007-08 Restated £000
Amounts falling due within one year:		
Balances with other central government bodies	7,260	10,811
Balances with local authorities	3,044	1,982
Balances with NHS Trusts	51	33
Balances with public corporations and trading funds	55	25
Subtotal: intra - government balances	10,410	12,851
Balances with bodies external to government	3,205	3,743
Total debtors at 31 March	13,615	16,594

19. CASH AT BANK AND IN HAND

	2008-09 £000	2007-08 £000
Balance at 1 April	74,008	104,444
Net change in cash balances	(65,356)	(30,436)
Balance at 31 March	8,652	74,008
The following balances at 31 March were held at:		
Office of HM Paymaster General	8,295	73,803
Commercial banks and cash in hand	357	205
Balance at 31 March	8,652	74,008

20. CREDITORS

20(a) ANALYSIS BY TYPE

	2008-09 £000	2007-08 Restated £000
Amounts falling due within one year:		
Other taxation and social security	2,093	1,891
Trade creditors	1,026	342
Other creditors	1,209	1,217
Accruals and deferred income	44,821	34,555
Amounts issued from the Consolidated Fund for Supply but not spent at year end	8,000	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
Received	652	77,755
Receivable	216	114
	58,017	115,874

20(b) INTRA-GOVERNMENT BALANCES

	2008-09 £000	2007-08 Restated £000
Amounts falling due within one year:		
Balances with other central government bodies	28,882	90,224
Balances with local authorities	1,660	207
Balances with NHS Trusts	14	13
Balances with public corporations and trading funds	1,529	1,587
Subtotal: intra - government balances	32,085	92,031
Balances with bodies external to government	25,932	23,843
Total creditors at 31 March	58,017	115,874

21. PROVISIONS FOR LIABILITIES AND CHARGES

	Early Departure Costs £000	Specific Dilapidations £000	Total £000
Balance at 1 April 2008	1,415	1,774	3,189
Provided in the year	771	1,440	2,211
Provisions not required written back	-	(203)	(203)
Provisions utilised in the year	(1,133)	-	(1,133)
Unwinding of discount	8	-	8
Balance at 31 March 2009	1,061	3,011	4,072

21.1 Early departure costs

The 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 HM Treasury discount rate of 2.2 per cent in real terms. Payments are made monthly and it is anticipated that all payments will have been made against the provision by 2015.

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. During the year an adjustment was made to ensure there was full provision for dilapidations at 31 March 2009. The expiry dates of these leases range from March 2010 to February 2027. It is anticipated that most of the expenditure will take place at the end of the lease.

A provision is written-back when there is evidence that it is no longer required. During the year provisions were written back in respect of a lease that was surrendered early whose owner did not require the Cabinet Office to put the building back into its original state of repair and in respect of an expired lease whose owner also did not require any changes to the building.

22. GENERAL FUND

The general fund represents the total assets less total liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

	2008-09 £000	2007-08 Restated £000
Balance at 1 April (Restated)	150,779	226,557
Net Parliamentary Funding:		
Drawn Down	378,281	336,000
Deemed	-	226
Year end adjustment:		
Supply (Creditor)/Debtor – current year	(8,000)	3,747
Assets and liabilities introduced and removed:		
Machinery of government transfer of function	-	(7,071)
Novation ¹ (Deputy Prime Minister's Office)	(12)	-
Net Transfer from Operating Activities:		
Net Operating Cost	(412,702)	(340,343)
Machinery of government transfer of function	-	(842)
CFERS repayable to Consolidated Fund	(868)	(77,869)
Non-Cash Charges:		
Cost of capital	6,621	8,457
Machinery of government transfer of function	-	197
Auditors' remuneration	242	218
Transfer from Revaluation Reserve	(78)	1,492
Transfer from Donated Asset Reserve	17	10
Balance at 31 March	114,280	150,779

¹ On 28 June 2007, the Deputy Prime Minister's Office disbanded and transferred its residual responsibilities to the Cabinet Office and on 1 April 2008 the Deputy Prime Minister's Office's closing debtors and creditors were novated to the Cabinet Office.

23. RESERVES

23 (a) REVALUATION RESERVE

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2008-09 £000	2007-08 £000
Balance at 1 April	55,917	50,053
Arising on revaluation during the year (net):		
Statement of Recognised Gains and Losses	(4,058)	7,356
Transferred to general fund in respect of realised element of revaluation reserve	78	(1,492)
Balance at 31 March	51,937	55,917

23 (b) DONATED ASSET RESERVE

The donated asset reserve reflects the net book value of assets donated to the Department.

	2008-09 £000	2007-08 £000
Balance at 1 April	4,889	4,647
Additions during the year	57	57
Arising on revaluation during the year (net):		
Statement of Recognised Gains and Losses	(870)	230
Release to the Operating Cost Statement	(37)	(35)
Transferred to general fund in respect of realised element of donated asset reserve	(17)	(10)
Balance at 31 March	4,022	4,889

Included in tangible fixed assets at Note 14 are donated assets classified under the following headings:

	2008-09 £000	2007-08 £000
Land and Buildings - Civil Service Club	3,175	4,041
Art and Antiques - Gifts to Prime Ministers	847	848
	4,022	4,889

24. NOTES TO THE CASH FLOW STATEMENT

24(a) (i) RECONCILIATION OF OPERATING COST TO OPERATING CASH FLOWS

	Note	2008-09 £000	2007-08 Restated £000
Net operating cost	13	(412,702)	(340,343)
Less machinery of government transfer of function passing through the General Fund	37	-	(842)
Adjustments for non-cash transactions	10,11	43,220	17,566
Less machinery of government transfer of function passing through the General Fund		-	1,219
Decrease in Stocks	17	30	87
Decrease in Debtors	18	2,979	1,108
<i>Less movements in debtors relating to items not passing through the OCS</i>			
Amounts relating to the Consolidated Fund for Supply		(3,747)	3,747
Amounts relating to early departure pre-funding		-	(5)
Amounts relating to machinery of government transfer of function	37	-	(5,083)
Amounts relating to novated assets	22	112	-
Increase / (Decrease) in Creditors	20	(57,857)	51,808
<i>Less movements in creditors relating to items not passing through the OCS</i>			
Amounts due to the Consolidated Fund for Supply		(8,000)	226
Amounts due to the Consolidated Fund for extra receipts		77,001	(72,613)
Other		10	(108)
Movement in amounts relating to finance lease	27.2	-	3,497
Movement in free rent accruals	10	144	140
Movement in capital accruals relating to investing activities	24(b)	2,111	(2,522)
Amounts relating to machinery of government transfer of function	37	-	3,616
Reclassification of provisions to creditors		-	(2,104)
Amounts relating to novated liabilities	22	(124)	-
Use of provisions	21	(1,133)	(782)
Net cash outflow from operating activities		(357,956)	(341,388)

24(a) (ii) CHANGES IN WORKING CAPITAL OTHER THAN CASH WITHIN THE RECONCILIATION OF RESOURCES TO CASH REQUIREMENT AT NOTE 4

	Note	2008-09 £000	2007-08 Restated £000
Decrease in Stocks	17	30	87
Decrease in Debtors	18	2,979	1,108
<i>less movements in debtors relating to items not passing through the OCS</i>			
Amounts relating to the Consolidated Fund for Supply		(3,747)	3,747
Amounts relating to early departure pre-funding		-	(5)
Movement in amounts receivable due to the Consolidated Fund when received		102	(208)
Amounts relating to machinery of government transfer of function	37	-	(5,083)
Amounts relating to novated assets	22	112	-
Increase / (Decrease) in Creditors (amounts falling due within one year)	20	(57,857)	51,808
<i>less movements in creditors relating to items not passing through the OCS</i>			
Amounts due to the Consolidated Fund for Supply		(8,000)	226
Amounts due to the Consolidated Fund for extra receipts		77,001	(72,613)
Other		10	(108)
Movement in free rent accruals		144	140
Amounts relating to machinery of government transfer of function	37	-	3,911
Reclassification of provisions to creditors		-	(2,104)
Amounts relating to novated assets	22	(124)	-
Changes in working capital other than cash	4	10,650	(19,094)

24(b) ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Note	2008-09 £000	2007-08 Restated £000
Tangible fixed asset additions	14	(9,293)	(17,622)
Intangible fixed asset additions	15	(191)	14
Amounts relating to machinery of government transfer of function for fixed assets additions		-	(1,528)
Net movement in creditors – capital accruals	24(c)	(2,111)	2,522
Amounts relating to machinery of government transfer of function for capital accruals		-	295
Proceeds of disposal of fixed assets	24(c)	8	2
Repayments from other bodies	16, 24(c)	28	22
Net cash outflow from investing activities		(11,559)	(16,295)

24(c) ANALYSIS OF CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT BY REQUEST FOR RESOURCES – see Note 4 Reconciliation of resources to cash requirement

	Capital expenditure £000	A in A £000	Net total £000
Request for resources 1:			
Purchase of fixed assets	11,595	-	11,595
Income from disposal of fixed assets	-	(8)	(8)
Income from loan repayments	-	(28)	(28)
Net movement in creditors – capital accruals	(2,111)	-	(2,111)
Total 2008-09	9,484	(36)	9,448
Total 2007-08 Restated	17,608	(24)	17,584

24(d) ANALYSIS OF FINANCING

	Note	2008-09 £000	2007-08 £000
From the Consolidated Fund (Supply) – current year	22	378,281	336,000
From the Consolidated Fund (Supply) – prior year	18(a)	3,747	-
Capital element of payments in respect of finance leases	20(a)	-	(3,497)
Net financing		382,028	332,503

24(e) RECONCILIATION OF NET CASH REQUIREMENT TO INCREASE/(DECREASE) IN CASH

	Note	2008-09 £000	2007-08 £000
Net cash requirement	4	(370,281)	(339,973)
From the Consolidated Fund (Supply) – current year	24(d)	378,281	336,000
From the Consolidated Fund (Supply) – prior year	24(d)	3,747	-
Amounts due to the Consolidated Fund Supply – received in a prior year and paid over	20(a)	(77,755)	(4,934)
Amounts due to the Consolidated Fund received and not paid over	20(a)	652	77,755
Movement on Commercial bank - Futurebuilders' Fund	19	-	(99,284)
Decrease in cash		(65,356)	(30,436)

25. NOTES TO THE STATEMENT OF NET OPERATING COSTS BY DEPARTMENTAL STRATEGIC OBJECTIVES

Allocation of net costs to objectives

When net operating costs fall under a single objective, they are allocated wholly to that objective; net expenditure that serves more than one objective is allocated in accordance with estimates made by relevant managers within the Department. Central expenditure not specific to individual objectives has been apportioned according to allocated headcount.

25(a) PROGRAMME GRANTS AND OTHER CURRENT EXPENDITURE NET OF INCOME

	2008-09 £000	2007-08 Restated £000
Objective 1	76,774	57,865
Objective 2	1,918	2,324
Objective 3	170,267	133,884
Objective 4	750	1,010
Objective 5	1,341	1,785
Objective 6	48	65
Total	251,098	196,933

25(b) CAPITAL EMPLOYED BY DEPARTMENTAL STRATEGIC OBJECTIVES AT 31 MARCH 2009

For the purposes of allocating the Cabinet Office's capital employed, capital employed directly relating to the SCOPE programme has been specifically allocated to the appropriate objective. The remaining capital employed, which largely relates to office accommodation, has been apportioned in proportion to allocated headcount. This then gives a fair basis on which to allocate to the six objective splits, reflecting the link between size of operations and the capital employed to manage them.

	2008-09 £000	2007-08 Restated £000
Objective 1	21,990	54,807
Objective 2	83,390	88,188
Objective 3	21,138	22,354
Objective 4	16,610	17,565
Objective 5	22,267	23,548
Objective 6	4,844	5,123
Total	170,239	211,585

26. CAPITAL COMMITMENTS

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for a range of capital goods and services. The majority of these relate to investment in the Cabinet Office estate.

	2008-09 £000	2007-08 £000
Contracted capital commitments at 31 March 2009 for which no provision has been made	1,649	835

27. COMMITMENTS UNDER LEASES

27.1 OPERATING LEASES

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires:

	2008-09 £000	2007-08 Restated £000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry after 1 year but not more than 5 years	1,102	1,472
Expiry thereafter	3,190	3,211
	4,292	4,683
Other:		
Expiry within 1 year	196	237
Expiry after 1 year but not more than 5 years	7,618	7,397
	7,814	7,634

27.2 FINANCE LEASES

There are no obligations under finance leases.

	2008-09 £000	2007-08 £000
Obligations under finance leases comprise:		
Rentals due within 1 year	-	-
Rentals due after 1 year but within 5 years	-	-
Rentals due thereafter	-	-
	-	-
Less interest element	-	-
	-	-

28. GRANT COMMITMENTS – FUTUREBUILDERS PROGRAMME

The Cabinet Office has the following grant commitments to Futurebuilders England Limited in respect of the Futurebuilders programme as at 31 March 2009:

	2008-09 £000	2007-08 Restated £000
Loans offered	86,544	71,858
Less loans drawn	(46,267)	(31,635)
Total loan commitments	40,277	40,223
Grants offered	19,322	14,829
Less grants drawn	(13,771)	(9,425)
Total grant commitments	5,551	5,404
Grant commitments at 31 March	45,828	45,627

Since its launch in 2004, Futurebuilders has provided loan and grant based finance to support charities, voluntary groups, social enterprises and other third sector organisations to develop their capacity to deliver better public services. The first phase focused on developing services in five key areas, children and young people, community cohesion, crime, health, and education. From 1 April 2008, the second phase opened up the fund to bids from third sector organisations delivering any public service.

Futurebuilders has been managed since 1 April 2008 by the Adventure Capital Fund through a wholly owned subsidiary company, Futurebuilders England Fund Management Limited, which is the sole member of Futurebuilders England Limited. The contract runs until 31 March 2011.

Futurebuilders has a total fund value of £215 million to cover the period 2003-04 through to 2010-11.

Against this total fund value, the Cabinet Office has made cumulative grant payments to Futurebuilders England Limited totalling £73.977 million (2007-08: cumulative £54.999 million) and service fees and related payments totalling £4.415 million (2007-08: £0.229 million); see Note 11.

Also, against this total fund value are commitments of £45.828 million (2007-08: £45.627 million), as shown in the table above, to Futurebuilders England Limited

relating to offers which they have made in respect of loans and grants to future investees. These have been approved by the Futurebuilders Board, where a commitment is measurable and there is reasonable certainty of disbursement. The loans and grants drawn represent that element of total grant drawdowns from the Cabinet Office rather than payments by Futurebuilders England Limited to investees and grant recipients. The prior year has been restated on this basis.

In most cases, a commitment arises where the actual payment of the loan investment takes place over several years after the offer is made because there are important conditions to be met before funds can be disbursed; building projects in particular can take time to be completed.

The services agreement contains a novation clause giving 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. This novation clause applies to the Futurebuilders Restricted Funds which have a value at 31 March 2009 of £40.779 million (2007-2008: £25.002 million) as reported in the accounts of Futurebuilders England Limited.

Further information about Futurebuilders England Limited (Registered company number 05066676) can be found at: www.futurebuilders-england.org.uk.

29. OTHER FINANCIAL COMMITMENTS

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for a range of services. The commitments of greatest value relate to facilities management and payroll services.

The payments to which the Department is committed during 2008-09, analysed by the period during which the commitment expires are as follows:

	2008-09 £000	2007-08 Restated £000
Expiry within 1 year	16,078	35,305
Expiry within 2 to 5 years	19,202	6,746
Expiry thereafter	3,880	-
	39,160	42,051

30. FINANCIAL INSTRUMENTS

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating 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.

31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS DISCLOSED UNDER FRS 12

The Department is pursuing a claim through legal processes where the outcome is uncertain. The claim is for recovery of monies expended in respect of one element of an information technology programme which has been terminated. The probable value of the contingent asset is in the range of £40-£50 million. The Cabinet Office has adopted a prudent accounting policy with regard to disputed assets. It does not consider it appropriate to make any provision in respect of any pending dispute resolution process. The full information usually required by FRS 12 is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the process. Further details at Notes 11, 12, 14, 31 and 33(a).

There are no other material contingent liabilities or contingent assets for disclosure under FRS 12 at 31 March 2009.

32. CONTINGENT LIABILITIES NOT REQUIRED TO BE DISCLOSED UNDER FRS 12 BUT INCLUDED FOR PARLIAMENTARY REPORTING AND ACCOUNTABILITY PURPOSES

There were no other material contingent liabilities at 31 March 2009.

33. LOSSES AND SPECIAL PAYMENTS

33(a) LOSSES STATEMENT

	Total number of cases	2008-09 £000	Total number of cases Restated	2007-08 Restated £000
Total	97	24,549	68	68

There is one individual case of loss over £250,000. At 31 March 2009 assets under construction relating to the SCOPE programme to the value of £24.388 million were written off to the operating cost statement since their future as assets ceased to be viable on termination of one element of the programme. After

critical milestones for key deliverables were not met the Department took the view that the contractor would not be able to meet its obligations under the contract to deliver the programme. Further details at Notes 11, 12, 14 and 31.

33(b) SPECIAL PAYMENTS

	Total number of cases	2008-09 £000	Total number of cases	2007-08 £000
Total	39	118	29	31

34. RELATED PARTY TRANSACTIONS

The Cabinet Office undertakes the majority of its business with other government departments, public corporations and grant giving bodies. The main recipients of grants from the Cabinet Office in this category in 2008-09 were v (an independent charity), Capacity Builders (UK) Limited an executive non-departmental body and Futurebuilders England Limited, and the main suppliers to the Cabinet Office were the British Broadcasting Corporation, Ecovert FM Limited and the Communications Electronics Security Group. The main customers of the Cabinet Office in 2008-09 were Her Majesty's Revenue and Customs, the Ministry of Defence, the Home Office, Department for Work and Pensions and the Department for Business, Enterprise and Regulatory Reform (now known as Department for Business, Innovation and Skills from 5 June 2009).

The Cabinet Office is the sponsor of the non-departmental public bodies shown at Note 35. These bodies are regarded as related parties with which the Department has had various transactions during the year.

During the year, no minister, board member, key manager or other related parties had undertaken any material transactions with the Cabinet Office. Although the Cabinet Office let a number of contracts with PricewaterhouseCoopers LLP (PwC) during the year, Roger Marsh (a senior partner on secondment from PwC) had no involvement with the letting of those contracts.

35. ENTITIES WITHIN THE DEPARTMENTAL BOUNDARY

The departmental boundary in this context relates to the boundary of the Departmental Resource Accounts.

ENTITIES WITHIN THE DEPARTMENTAL BOUNDARY

Advisory Non-Departmental Public Bodies (ANDPBs)

The Cabinet Office sponsors a number of 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
- Civil Service Appeal Board
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Main Honours Advisory Committee
- Security Commission
- Security Vetting Appeals Panel
- Senior Salaries Review Body
- Third Sector Advisory Body

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 2 and further information is detailed in the Public Appointments section.

ENTITIES OUTSIDE THE DEPARTMENTAL BOUNDARY

Executive Non-Departmental Public Bodies (eNDPBs)

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.

Entities outside the departmental boundary are not consolidated for accounting purposes but are consolidated for budgeting purposes. eNDPBs of the Cabinet Office include:

Capacity Builders (UK) Limited

Capacitybuilders is an Executive Non-Departmental Public Body funded by Grant-in-Aid and sponsored by the Office of the Third Sector within the Cabinet Office. Its purpose is to improve the quality of advice and support available to third sector organisations in England.

Capacitybuilders' vision is to help to create a more effective third sector by ensuring that all third sector organisations are able to access high quality support that meets their needs, when they need it. By improving the support available to third sector organisations, the sector will be strengthened, increasing its ability to create a better quality of life for individuals and communities.

It seeks to achieve this by: investing in improvements in the quality of advice and support available to third sector organisations; supporting the provision of resources for support providers at a national level; working with local and regional consortia of support providers to ensure that they collaborate effectively

in meeting the needs of third sector organisations; sharing knowledge, resources and best practice to improve the provision of support; ensuring support is inclusive and accessible to all communities; and influencing wider policy and practice relating to the provision of third sector support.

The legal form of Capacitybuilders is a Company Limited by Guarantee; it has not been established in statute. The Capacitybuilders Board comprises the Chair, up to ten non-executive members, the Chief Executive and the Director of Policy and Programmes.

Copies of the accounts for Capacity Builders (UK) Limited can be found at Companies House (registered company number 05708912).

For further information see:
www.capacitybuilders.org.uk

Commission for the Compact Limited

The Commission is an Executive Non-Departmental Public Body and Company Limited by Guarantee funded by Grant-in-Aid from the Cabinet Office. It has been established as an independent body sponsored by the Office of the Third Sector, but working closely with Compact Voice. It has not been established in statute. The current Commissioner for the Compact, Sir Herbert Massie CBE took up his post on 1 April 2008.

Copies of the accounts for Commission for the Compact Limited can be found at Companies House (registered company number 5932855).

For further information see: www.thecompact.org.uk

36. EVENTS AFTER THE BALANCE SHEET DATE

The following post balance sheet events occurred between 31 March 2009 and 13 July 2009, the point at which these accounts were authorised for issue by the Accounting Officer.

Shared Services

On 6 April 2009 the Cabinet Office went “live” with a Shared Services arrangement with the Department for Work and Pensions (DWP). The impact will be a change in the way human resources, finance, and procurement work is delivered within the department. Shared services provides an on-line and contact service centre for doing routine work in these areas whilst the Cabinet Office will still have in place in-house teams for specialised and strategic advice.

37. CORRESPONDING AMOUNTS

During the financial year 2008-09, the following machinery of government changes took place:

Transfers into the Cabinet Office

Statistical Reform Team

The UK Statistics Authority is an independent body operating at arm’s length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the Statistics and Registration Service Act 2007. Overall ministerial responsibility has moved from HM Treasury to the Cabinet Office. As part of this change in ministerial responsibility, three posts have transferred from HM Treasury to the Cabinet Office. The net operating costs have increased by £0.399 million. The headcount has increased by 3.

Transfers out of the Cabinet Office

Government Skills

Government Skills became part of the Department for Innovation, Universities and Skills (DIUS) on 1 April 2008. DIUS merged with the Department for Business, Enterprise and Regulatory Reform (BERR) on 5 June 2009 to create a new Department for Business, Innovation and Skills (BIS). The transfer from the Cabinet Office aims to create a stronger alignment with the team of ministers and officials charged with an economy-wide skills policy for England, putting Government Skills in a better position to drive forward the Skills Strategy. Government Skills continues to work closely with the Cabinet Office. The net operating costs have decreased by £0.823 million and the general fund has increased by £0.290 million. The headcount has decreased by 23.

e-Delivery Team

On 1 April 2008, the e-Delivery Team (eDT), transferred to the Department for Work and Pensions from the Cabinet Office Transformational Government Unit. eDT runs the Government Gateway, the online service which allows individuals, businesses and other organisations to interact securely with Government. The Government Gateway currently offers over 153 online services on behalf of 79 public sector organisations. It has been identified by the Government’s Chief Information Officer (CIO) Council as a champion asset for public sector employee, business, and citizen services. The net operating costs and the general fund have decreased by £0.418 million and £7.361 million respectively. The headcount has decreased by 27.

The table below summarises the impact of the transfers on corresponding amounts.

37. CORRESPONDING AMOUNTS - CONTINUED

	2007-08 Published Resource Accounts £000	Machinery of government transfers £000	2007-08 Restated £000
Net Operating Cost			
Expenditure:			
Staff costs	87,169	(3,596)	83,573
Administration costs	94,263	1,327	95,590
Programme costs excluding staff costs and grants	104,372	(19,746)	84,626
Programme grants	143,406	-	143,406
Total expenditure	429,210	(22,015)	407,195
Income:			
Administration	(31,177)	(759)	(31,936)
Programme	(56,848)	21,932	(34,916)
Total income	(88,025)	21,173	(66,852)
Total Net Operating Cost	341,185	(842)	340,343
Balance Sheet			
Total net assets:			
Tangible assets	245,001	(5,899)	239,102
Intangible assets	29	-	29
Financial assets	392	-	392
Stocks	523	-	523
Debtors	21,677	(5,083)	16,594
Cash at bank and in hand	74,008	-	74,008
Creditors	(119,785)	3,911	(115,874)
Provisions for liabilities and charges	(3,189)	-	(3,189)
	218,656	(7,071)	211,585
Taxpayers' equity:			
General fund	157,850	(7,071)	150,779
Revaluation reserve	55,917	-	55,917
Donated asset reserve	4,889	-	4,889
	218,656	(7,071)	211,585
Average number of persons employed:			
Permanent employed staff	1,322	(37)	1,285
Others ¹	58	(10)	48
Ministers	7	-	7
Special advisers	27	-	27
Total	1,414	(47)	1,367

¹ 'Others' category represents agency/temporary staff

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